



**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
AND
MANAGEMENT INFORMATION CIRCULAR**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 19, 2016**

March 18, 2016



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of common shares of Sienna Senior Living Inc. (the “**Company**”) will be held on Tuesday, April 19, 2016 at the hour of 10:00 a.m. (Toronto time) at the St. Andrew’s Club, Sun Life Financial Tower, 150 King Street West, 16th Floor, Toronto, Ontario for the following purposes:

1. **TO RECEIVE** the financial statements of the Company for the period ended December 31, 2015, together with the report of the auditors thereon;
2. **TO ELECT** the directors of the Company for the ensuing year;
3. **TO APPOINT** auditors of the Company and authorize the board of directors of the Company to fix the remuneration of the auditors;
4. **TO CONSIDER** and, if deemed advisable, to pass a resolution, the full text of which is attached as Appendix A to the Management Information Circular, with or without variation, to continue and further amend and restate the Amended and Restated Shareholder Rights Plan Agreement dated as of April 24, 2013 between the Company and Computershare Trust Company of Canada; and
5. **TO TRANSACT** such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying management information circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

DATED at Toronto, Ontario this 18th day of March, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

“Lois Cormack”

President and Chief Executive Officer
Sienna Senior Living Inc.

TABLE OF CONTENTS

	<u>Page</u>
INFORMATION CIRCULAR	1
PROXY SOLICITATION AND VOTING	1
Solicitation of Proxies	1
Appointment and Revocation of Proxies	1
Voting of Proxies	2
INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES	2
INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON	3
VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF	3
MATTERS TO BE CONSIDERED AT THE MEETING	3
Financial Statements	3
Election of Directors	3
Appointment of Auditors	9
Confirmation and Amendment of Shareholder Rights Plan	9
STATEMENT OF EXECUTIVE COMPENSATION	14
Compensation Discussion and Analysis	14
Compensation Objectives and Strategy	14
Role of the Compensation, Governance and Nominating Committee	14
Compensation Risk Management	15
Engagement of Compensation Consultants	15
Benchmarking and Changes to Compensation Framework	16
Elements of NEO Compensation	16
Fiscal 2015 Performance Goals and Metrics	22
Performance Graph	25
Summary Compensation Table	26
Equity Compensation Plans and Incentive Plan Awards	27
Employment Agreements	28
Termination and Change of Control Benefits	29
Director Compensation	30
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS ...	31
DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION	32
INDEBTEDNESS OF DIRECTORS AND OFFICERS	32
Aggregate Indebtedness	32
Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs	32
INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS	33

	<u>Page</u>
CORPORATE GOVERNANCE DISCLOSURE	33
Board of Directors	33
Position Descriptions	34
Orientation and Continuing Education	35
Ethical Business Conduct	35
Nomination of Directors	36
Compensation	36
Other Board Committees	36
Meetings Independent from Management	36
Director Assessment	37
Director Qualifications and Continuing Education	37
OTHER BUSINESS	37
ADDITIONAL INFORMATION	38
APPROVAL OF DIRECTORS	38
APPENDIX A SHAREHOLDER RESOLUTION — CONTINUING AND FURTHER AMENDING AND RESTATING THE AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT	A-1
APPENDIX B SECOND AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT TEXT	B-1
APPENDIX C MANDATE OF THE BOARD OF DIRECTORS	C-1
APPENDIX D BOARD SKILLS MATRIX	D-1



INFORMATION CIRCULAR

Unless otherwise indicated, or the context otherwise requires, “**Company**” or “**Sienna**” refers to Sienna Senior Living Inc. and its direct and indirect subsidiaries. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of management of Sienna, for use at the annual and special meeting (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of the Company to be held on Tuesday, April 19, 2016 at the hour of 10:00 a.m. (Toronto time) at the St. Andrew’s Club, Sun Life Financial Tower, 150 King Street West, 16th Floor, Toronto, Ontario, and at all postponements or adjournments thereof, for the purposes set forth in the accompanying notice of the Meeting (the “**Notice of Meeting**”).

PROXY SOLICITATION AND VOTING

Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally, in writing or by telephone by employees of the Company, at nominal cost. The Company will bear the cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of the Information Circular.

Appointment and Revocation of Proxies

Together with the Information Circular, the Shareholders will also be sent a form of proxy (a “**Form of Proxy**”). The persons named in such proxy are directors of the Company. **A Shareholder who wishes to appoint some other person to represent him, her or it at the Meeting may do so by crossing out the persons named in the enclosed Form of Proxy and inserting such person’s name in the blank space provided in the Form of Proxy or by completing another proper Form of Proxy. Such other person need not be a Shareholder of the Company.**

To be valid, proxies or instructions must be deposited at the offices of Computershare Trust Company of Canada (the “**Agent**”), 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, so as not to arrive later than 10:00 a.m. (Toronto time) on April 15, 2016, or be deposited with the chair of the Meeting (the “**Chair of the Meeting**”) prior to the commencement of the Meeting. If the Meeting is adjourned, proxies or instructions to the Agent must be deposited 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy or instructions are to be used, or be deposited with the Chair of the Meeting prior to the commencement of the Meeting or any reconvened meeting.

The document appointing a proxy must be in writing and completed and signed by a Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Instructions provided to the Agent by a Shareholder must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as officers, attorneys, executors, administrators, and trustees or similarly otherwise should so indicate and provide satisfactory evidence of such authority.

A Shareholder that has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it as aforesaid; (b) by depositing an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing: (i) at the registered office of the Company at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chair of the Meeting prior to the commencement of such Meeting

on the day of such Meeting or any adjournment thereof; or (c) in any other manner permitted by law. A Shareholder that has given instructions to their nominee with respect to the voting of the Common Shares may revoke the instructions: (a) by completing and signing instructions bearing a later date and depositing them as aforesaid; (b) by depositing an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing: (i) at the registered office of the Agent at any time up to and including the last business day preceding the day of the applicable Meeting, or any adjournment thereof, at which the instructions are to be relied on, or (ii) with the Chair of the Meeting prior to the commencement of such Meeting on the day of such Meeting or any adjournment thereof; or (c) in any other manner permitted by law.

Voting of Proxies

The persons named in the accompanying Form of Proxy will vote the Common Shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Shareholder as indicated on the proxy. In the absence of such specification, such Common Shares will be voted at the Meeting as follows:

- **FOR the election of each of the nominees to the board of directors listed under the heading “Matters to be Considered at the Meeting — Election of Directors”;**
- **FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Company and to authorize the board of directors to fix the auditor’s remuneration; and**
- **FOR the passing of a resolution, the text of which is included at Appendix A to the Information Circular, to continue and further amend and restate the Amended and Restated Shareholder Rights Plan Agreement dated as of April 24, 2013 between the Company and Computershare Trust Company of Canada (the “Rights Plan”).**

For more information on these issues, please see the section entitled “Matters to be Considered at the Meeting” in this Information Circular.

The persons appointed under the Form of Proxy are conferred with discretionary authority with respect to amendments to or variations of matters identified in the Form of Proxy and the Notice of Meeting and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed Form of Proxy to vote in accordance with their best judgment on such matter or business. At the time of printing of the Information Circular, the directors of the Company (the “**Directors**”, the “**Board**” or the “**Board of Directors**”) know of no such amendments, variations or other matters.

INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

Information set forth in this section is very important to persons who hold Common Shares otherwise than in their own names. A non-registered securityholder of the Company (a “**Beneficial Holder**”) who beneficially owns Common Shares, but whose Common Shares are registered in the name of an intermediary (such as a securities broker, financial institution, trustee, custodian or other nominee who holds securities on behalf of the Beneficial Holder or in the name of a clearing agency in which the intermediary is a participant) should note that only proxies or instructions deposited by securityholders whose names are on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting.

Common Shares that are listed in an account statement provided to a Beneficial Holder by a broker are likely not registered in the Beneficial Holder’s own name on the records of the Company and such Common Shares are more likely registered in the name of CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee.

Applicable regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from Beneficial Holders in advance of securityholders’ meetings. Every broker or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its broker is identical to that provided to registered securityholders. However,

its purpose is limited to instructing the registered securityholder how to vote on behalf of the Beneficial Holder. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Holders and asks Beneficial Holders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of the securities to be represented at the Meeting. A Beneficial Holder receiving a Broadridge voting instruction form cannot use that voting instruction form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Holders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of CDS or their broker or other intermediary, a Beneficial Holder may attend at the Meeting as proxy holder for the registered holder and vote their Common Shares in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their own Common Shares as proxy holder for the registered holder should enter their own names in the blank space on the Form of Proxy or voting instruction form provided to them and return the same to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

To the knowledge of management of the Company, other than as described in this Information Circular, no Director or executive officer of the Company, no proposed nominee for election as a Director of the Company, and no associate or affiliate of any such person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares. As of the date of this Information Circular, there were 36,541,603 Common Shares outstanding.

At the Meeting, each Shareholder of record at the close of business on March 18, 2016, the record date established for the Notice of Meeting (the “**Record Date**”), will be entitled to one vote for each Common Share held on all matters proposed to come before the Meeting, except to the extent such Shareholder has transferred any such Common Shares after the Record Date and the transferee of such Common Shares establishes ownership thereof and makes a written demand to the Corporate Secretary of the Company, not later than 10 days before the date of the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such Common Shares.

To the knowledge of the Directors, there are no persons that beneficially own or exercise control or direction over Common Shares carrying 10% or more of the votes attached to the issued and outstanding Common Shares.

MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

The consolidated financial statements of the Company for the fiscal year ended December 31, 2015 (“**Fiscal 2015**”), management’s discussion and analysis (MD&A) thereon and the accompanying auditors’ report that were filed by the Company and made available on www.sedar.com, and mailed to Shareholders with this Information Circular, will be placed before the Shareholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

Election of Directors

The number of Directors to be elected at the Meeting has been fixed at six. **The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, intend to vote for the election, as**

Directors, of the proposed nominees whose names are set out below. It is not contemplated that any of the proposed nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed Form of Proxy reserve the right to vote for another nominee at their discretion. Each nominee elected as a Director will hold office until the next annual meeting of the Shareholders or until his or her successor is elected or appointed. The individuals proposed to be nominated for election as Directors are:

Dino Chiesa

Lois Cormack

Janet Graham

Paula Jourdain Coleman

Jack MacDonald

John McLaughlin

The following tables set forth certain information for the individuals proposed to be nominated for election as Directors. The nominees make up the current Board of Directors of the Company. Biographies for each nominee, which include a summary of each nominee's principal occupation and employment within the five preceding years, as well as a discussion of each proposed nominee's independence, are set out in the Company's annual information form dated March 15, 2016 (the "AIF") and such information is incorporated by reference herein. The AIF can be found under the Company's profile at www.sedar.com. Upon request, the Company will promptly provide a copy of the AIF free of charge to a Shareholder of the Company.

Dino Chiesa, Board Chair
Toronto, Ontario, Canada

Director Since: March 2010
Independent



Mr. Chiesa served as the immediate past chair of Canada Mortgage and Housing Corporation, one of Canada's largest financial institutions, and is principal of Chiesa Group, a commercial real estate developer. He is a member of the Board of Trustees of Morguard North American Residential REIT. He is a former Trustee and Vice-Chair of Canadian Apartment Properties Real Estate Investment Trust and former CEO of its predecessor, a former director of Dynacare Laboratories Inc., and a former member of the Board of Trustees of Sunrise Senior Living Real Estate Investment Trust.

Mr. Chiesa has 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.

Equity Ownership/Control (as of March 15, 2016)		Committee Membership
Common Shares (voting securities)	Deferred Share Units (non-voting securities)	Audit Committee Compensation, Governance & Nominating Committee
18,500	117,511	
Public Board Membership		
Morguard North American Residential REIT (TSX: MRG.UN)		
2015 Meeting Attendance		
Board Meetings Attended		Applicable Committee Meetings Attended
5 of 5 Meetings		8 of 8 Meetings

Lois Cormack
Bradford, Ontario, Canada

Director Since: November 2013
Non-Independent



Ms. Cormack is the President and Chief Executive Officer of the Company. She has extensive experience and relationships in the health care and seniors' care sectors, including in the regulatory and policy environment in the Province of Ontario, as well as a wealth of experience in developing, leasing and operating LTC and retirement homes. Prior to joining the Company in 2013, Ms. Cormack served as the past President of Specialty Care Inc. Prior to joining Specialty Care Inc., Ms. Cormack operated her own independent consulting firm and held senior leadership roles in the health care and seniors' living sectors.

Ms. Cormack has served on a number of provincial and national committees, including as Chair of the Board of Directors of the Ontario Long-Term Care Association (OLTCA). Ms. Cormack currently sits on the Board of Governors of Seneca College. Ms. Cormack was recently named as one of Canada's top female entrepreneurs in Profit/Canadian Business's W100 for 2014 and 2015. She holds a Masters of Health Administration from the University of Toronto and is a graduate of the Ivey Executive Program, Richard Ivey School of Business, Western University, Ontario and is a Certified Health Executive with the Canadian College of Health Leaders.

Equity Ownership/Control (as of March 15, 2016)		Committee Membership
Common Shares (voting securities)	Deferred Share Units / Restricted Share Units (non-voting securities)	None
76,585	39,392 / 21,113	
Public Board Membership		
None		
2015 Meeting Attendance		
Board Meetings Attended		Applicable Committee Meetings Attended
5 of 5 Meetings		N/A

Janet Graham, Audit Committee Chair
Toronto, Ontario, Canada

Director Since: March 2010
Independent



Ms. Graham is a Managing Director of IQ Alliance Incorporated, a Toronto-based real estate advisory services firm. 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. She has held several senior positions at a Canadian chartered bank and its affiliated investment bank, specializing in corporate finance and lending.

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

Equity Ownership/Control (as of March 15, 2016)		Committee Membership
Common Shares (voting securities)	Deferred Share Units (non-voting securities)	Audit Committee (Chair) Compensation, Governance & Nominating Committee
10,000	23,067	
Public Board Membership		
Milestone Apartments Real Estate Investment Trust (TSX: MST.UN) Automotive Properties Real Estate Investment Trust (TSX: APR.UN)		
2015 Meeting Attendance		
Board Meetings Attended		Applicable Committee Meetings Attended
5 of 5 Meetings		8 of 8 Meetings

Paula Jourdain Coleman
Oakville, Ontario, Canada

Director Since: February 2014
Independent



Ms. Jourdain Coleman is the owner and President of Lakebridge Investments Inc., a privately-held investment company. She joined Sienna's board of directors in February 2014, following Sienna's 2013 acquisition of a portfolio of Specialty Care properties as well as its management business. Ms. Jourdain Coleman previously served as Chairman and CEO of Specialty Care Inc.

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

Equity Ownership/Control (as of March 15, 2016)		Committee Membership
Common Shares (voting securities)	Deferred Share Units (non-voting securities)	Audit Committee (Chair) Compensation, Governance & Nominating Committee
572,834	7,051	
Public Board Membership		
None		
2015 Meeting Attendance		
Board Meetings Attended		Applicable Committee Meetings Attended
5 of 5 Meetings		N/A ⁽¹⁾

Notes:

- (1) Ms. Jourdain Coleman was appointed a member of each of the Audit Committee and Compensation, Governance and Nominating Committee effective as of February 24, 2016.

Jack MacDonald
Burlington, Ontario, Canada

Director Since: March 2010
Independent



Mr. MacDonald served as Chair of Compass Group Canada & ESS North America until September, 2012. Prior to this role he was Chief Executive Officer of the company for the period 1996 to 2010.

Mr. MacDonald is the Chair of the Advisory Board of Micco Companies, a privately held company operating in Nova Scotia. Mr. MacDonald's previous board roles include Honorary Chair, Toronto Zoo Campaign — "Wild for Life"; Chair, Canadian Aboriginal Business Hall of Fame; member of the Province of Ontario Investment and Trade Advisory Council; Chair, Canadian Foundation for Dietetic Research; Chair, President's Advisory Council for Humber College; Director of the Colorectal Cancer Screening Initiative Foundation; and Director of the Canadian Physiotherapy Association.

Equity Ownership/Control (as of March 15, 2016)		Committee Membership
Common Shares (voting securities)	Deferred Share Units (non-voting securities)	Audit Committee Compensation, Governance & Nominating Committee
14,500	17,193	
Public Board Membership		
None		
2015 Meeting Attendance		
Board Meetings Attended		Applicable Committee Meetings Attended
5 of 5 Meetings		8 of 8 Meetings

John McLaughlin, Chair of Compensation, Governance & Nominating Committee
Oakville, Ontario, Canada

Director Since: March 2010
Independent



Mr. McLaughlin is President of Tall Oak Management Inc., a privately-held management consulting and investment company. Mr. McLaughlin is a former director of Futuremed Healthcare Products Corporation, serving as Chairman from 2006 to March 2012. He is also a former director of Aim Health Group, where he was Chair of the Audit Committee. Currently, he is a director of Medical Pharmacies Group Inc. and a director of the Darling Home for KIDS.

Mr. McLaughlin has served as Chief Executive Officer of a number of Canadian hospitals. He has served on the Board of the Ontario Long Term Care Association in several posts including Chair. He is a graduate of St. Mary's University and of the University of Western Ontario's Executive Development Program.

Equity Ownership/Control (as of March 15, 2016)		Committee Membership
Common Shares (voting securities)	Deferred Share Units (non-voting securities)	Audit Committee Compensation, Governance & Nominating Committee (Chair)
20,000	34,486	
Public Board Membership		
None		
2015 Meeting Attendance		
Board Meetings Attended		Applicable Committee Meetings Attended
5 of 5 Meetings		8 of 8 Meetings

Majority Voting

Effective March 15, 2011, the Board adopted, on a voluntary basis, majority voting principles for the election of Directors at annual Shareholders' meetings. This includes the practice of ensuring that the proxy forms used for the election of Directors by Shareholders enable Shareholders to vote in favour of, or withhold their vote for, each Director nominee separately. In an uncontested election, any Director nominee who receives a greater number of votes "withheld" than votes "for" shall promptly submit to the Board his or her resignation, which shall take effect only upon the acceptance by the Board.

The Board, upon recommendation of the Compensation, Governance and Nominating Committee, shall within 90 days following the date of the applicable meeting determine either to accept or not accept the Director's resignation, and the Board shall promptly disclose, via press release, the determination, including, in cases where the Board has determined not to accept a resignation, the reasons therefor. It is generally expected that the Compensation, Governance and Nominating Committee will recommend that the Board accept such resignation except in extraordinary circumstances. If a resignation is accepted, the Board may appoint a new Director to fill any vacancy, or may reduce the size of the Board.

Diversity in the Board and Management

The Company is committed to fostering an open and inclusive workplace culture. The Company's code of business conduct and ethics (described under the heading "Ethical Business Conduct", below) underscores a commitment to diversity, recognizing it as a tremendous asset. The code of business conduct and ethics explicitly states that the Company and its affiliates are firmly committed to providing equal opportunity in all aspects of employment.

Further, in February 2015, the Board adopted a Board Diversity Policy, in recognition that a board of directors comprised of highly qualified directors from diverse backgrounds, who understand the changing complexity of the business environment in which the Company operates, promotes better corporate governance. In support of this goal and in accordance with the Board Diversity Policy, the Nominating and Corporate Governance Committee will, when identifying candidates to nominate for election to the Board:

- (a) identify the experience, functional expertise and personal skills and qualities that are needed to enhance the effectiveness of the Company's board of directors;
- (b) consider only candidates that are highly qualified based on the experience, functional expertise and personal skills and qualities identified as necessary by the Board; and
- (c) consider the level of representation of both genders on the Board, along with other markers of diversity, including gender, age, ethnicity and geographic background, when making recommendations for nominees to the Board.

The Company aspires towards Board composition in which each gender comprises at least one-third of the independent directors, and has not adopted any specific targets for executive officers, as the preference is to permit the Company to maintain flexibility in identifying a qualified pool of candidates that adequately reflects the various diverse characteristics that the Company seeks to promote from time to time. While the Company has not established targets specifically addressing the representation of women in executive officer positions, women have been, and will continue to be, considered by the Company, the Board and the Compensation, Governance and Nominating Committee in the making of executive officer appointments.

Currently, three of the six members of the Board (50%), and three of the five NEOs of the Company (60%), are women.

Director Term Limits

The Board does not consider it necessary to have a mandatory retirement policy for members of the Board, except in the circumstances set out below. Rather, the Board is of the view that Directors who have served on the Board for an extended period of time are able to provide valuable insight and perspective into the operations and future of the Company, based on their experience with, and understanding of, the Company's history, policies and objectives. However, the Board also considers it important that the Company receive the benefit of

fresh approaches, new ideas and alternative viewpoints from new Board members from time to time and, accordingly, the Board reviews director rotation on an annual basis.

A Director who is an officer of the Company (other than a person who served as an officer in an interim capacity) is required to resign from the Board at the time he or she retires or otherwise ceases to be an active employee of the Company. Additionally, no Director will be permitted to sit on the Audit Committee or the CGNC beyond the tenth anniversary of the Director's first appointment or election to the Board. A Director may also be asked to resign from the Board in accordance with the Company's By-Laws if circumstances arise that materially impair such Director's ability to fulfill his or her obligations as a member of the Board.

Board Skills Matrix

The Company's Compensation, Governance and Nominating Committee has developed a Board Skills Matrix (see "Corporate Governance Disclosure") which identifies the professional skills, expertise and qualifications that the Board would ideally possess. The table attached as Appendix D to this Information Circular shows the mix of skills and experience of the Company's nominees to the board of directors.

To be effective, the election of each of the nominees to the board of directors listed above must be approved by a simple majority of the votes cast by Shareholders, present in person or represented by proxy, at the Meeting. **The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, will vote such proxies in favour of the election of each of the nominees to the board of directors set out in this Information Circular.**

Appointment of Auditors

PricewaterhouseCoopers LLP, Chartered Accountants ("PWC") has been the auditor of the Company since its inception. Specifically, PWC was first appointed on October 18, 2005 and continued to be the auditor of the Company following its initial public offering in March 2010.

The audit committee of the Company (the "**Audit Committee**") recommends to the Shareholders that PWC be appointed as the independent auditor of the Company, to hold office until the next annual meeting of the Shareholders or until their successor is appointed, and that the Directors be authorized to fix the remuneration of the auditors.

To be effective, the resolution to appoint PWC as auditors of the Company and to authorize the Directors to fix their remuneration must be approved by a simple majority of the votes cast by Shareholders, present in person or represented by proxy, at the Meeting. **The persons named in the enclosed Form of Proxy, if not expressly directed to the contrary in such Form of Proxy, will vote such proxies in favour of a resolution to appoint PWC as auditors of the Company and to authorize the Directors to fix their remuneration.**

Audit Committee Information

Reference is made to the AIF for information relating to the Audit Committee as required under Form 52-110F1. The AIF can be found under the Company's profile at www.sedar.com. Upon written request to the Corporate Secretary of the Company (at 302 Town Centre Blvd., Suite 300, Markham, Ontario, L3R 0E8), the Company will promptly provide a copy of the AIF free of charge to a securityholder of the Company.

Confirmation and Amendment of Shareholder Rights Plan

On March 23, 2010, following the Company's initial public offering, the Board of Directors of the Company adopted the original shareholder rights plan of the Company (the "**Original Rights Plan**"). In order to remain effective, the terms of the Original Rights Plan required that it be reconfirmed by shareholders at the third, sixth and ninth annual meeting of shareholders following the initial public offering. The Original Rights Plan, as amended and restated to reflect current Canadian best corporate practices and address institutional investor guidelines, was reconfirmed by shareholders at the Company's annual and special meeting of shareholders on April 24, 2013, and continued as the Rights Plan. The Board of Directors has determined that it is in the best interests of the Company that the Rights Plan be reconfirmed, and further amended and restated to reflect the proposed amendments discussed below.

On February 25, 2016, the Canadian securities administrators published certain amendments to the Canadian take-over bid regime (the “**TOB Amendments**”) that will require that all non-exempt take-over bids:

- meet a minimum tender requirement where bidders must receive tenders of more than 50% of the outstanding securities that are subject to the bid and held by disinterested shareholders;
- remain open for a minimum deposit period of 105 days, unless the target board states in a news release an acceptable shorter deposit period of not less than 35 days, or the target board states in a news release that it has agreed to enter into a specific alternative transaction (such as a plan of arrangement) in which case the 35 day period would apply to all concurrent take-over bids; and
- be extended for an additional 10 days after the minimum tender requirement is met and all other terms and conditions of the bid have been complied with or waived.

Under the previous regime, non-exempt take-over bids were only required to remain open for 35 days and were not subject to any minimum tender requirement or an extension requirement once the bidder had taken up deposited securities. The TOB Amendments will become effective for all Canadian issuers on May 9, 2016.

As a result of the TOB Amendments, a number of the initial purposes of the Rights Plan are no longer relevant as many of the protective features of Canadian shareholder rights plans have been adopted as part of the TOB Amendments. However, although the TOB Amendments include many of the protections provided by the Rights Plan, the TOB Amendments do not address the risk of a “creeping take-over bid” where an acquiror may acquire a controlling position in an issuer in reliance on exemptions from the take-over bid requirements and without having to make a take-over bid to all shareholders. As a result, the Board has determined that it is in the best interests of the Company to maintain the Rights Plan to attempt to prevent “creeping take-over bids” and the acquisition of control by a third party without paying an appropriate control premium.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass a resolution (the “**Rights Plan Resolution**”), the full text of which is attached as Appendix A to this Information Circular, with or without variation, to continue and further amend and restate the Rights Plan. The proposed amendments to the Rights Plan will be made by way of a second amended and restated rights plan (the “**Second Amended and Restated Rights Plan**”), and the Second Amended and Restated Rights Plan will continue in effect only if it is approved by a majority of the votes cast by Shareholders at the Meeting. If reconfirmed by Shareholders at the Meeting, the Rights Plan is required to be reconfirmed again by Shareholders at the 2019 annual meeting of Shareholders of the Company.

The Board of Directors believes that the Second Amended and Restated Rights Plan is consistent with the TOB Amendments, current Canadian corporate best practices and addresses institutional investor guidelines. Neither the Rights Plan nor the Second Amended and Restated Rights Plan is intended to prevent a take-over of the Company. Re-confirmation of the Right Plan is not being sought in response to, or in anticipation of, any pending or threatened take-over bid and the Board is not aware of any third party considering or preparing any proposal to acquire control of the Company.

Background

This summary of certain material provisions of the Rights Plan is qualified entirely by reference to the text of the Rights Plan, the full text of which is attached as Appendix B to this Information Circular. Capitalized terms used in this summary and not otherwise defined have the meaning ascribed thereto in the text of the Rights Plan in Appendix B. The Rights Plan can be found under the Company’s profile at www.sedar.com and on the Company’s website at www.siennaliving.ca. Upon written request to the Corporate Secretary of the Company (at 302 Town Centre Blvd., Suite 300, Markham, Ontario, L3R 0E8), the Company will promptly provide a copy of the Rights Plan free of charge to a securityholder of the Company.

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 to 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 (the “**Common Share Acquisition Date**”) of the first public announcement made by the Company or an Acquiring Person (as defined below) 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 the Company on closing of the Company’s initial public offering (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 initial public offering, 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 where the acquiror maintains their pro rata ownership interest in 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:

- (e) 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;
- (f) 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
- (g) 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.

Amendment and Restatement of the Rights Plan

The proposed amendments to the Rights Plan are non-substantive and of a housekeeping nature to reflect the legal name change of the Company effective May 1, 2015 to Sienna Senior Living Inc., and to reflect the minimum 105-day deposit period required by the Canadian take-over bid regime, as introduced by the Canadian Securities Administrators (CSA) and effective May 9, 2016, referred to above in connection with the TOB Amendments. According to the CSA, the 105-day requirement affords target boards sufficient time to respond to an unsolicited bid while providing bidders with a reasonable opportunity to rely on such compulsory acquisition provisions.

Apart from the above-mentioned amendments, and certain other amendments of a housekeeping nature for consistency, the Second Amended and Restated Rights Plan is identical to the Rights Plan in all material

respects. The Amended and Restated Rights Plan has been conditionally approved by the Toronto Stock Exchange, subject to the approval of the Company's shareholders. The Rights Plan Resolution must be approved by a simple majority of 50% plus one vote of the votes cast in favour of the Amended and Restated Rights Plan, whether in person or by proxy at the meeting. If the Rights Plan Resolution is passed at the Meeting, the Second Amended and Restated Rights Plan will be effective as of the date the resolution is passed. If the Rights Plan Resolution is not passed, the Rights Plan will become void and of no further force and effect and the Company will no longer have any form of shareholder rights plan.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information regarding all significant elements of compensation paid, payable, awarded, granted, given or otherwise provided by the Company to (i) the President and Chief Executive Officer, (ii) the Executive Vice-President and Chief Financial Officer, (iii) the Executive Vice-President, People, and Chief Administrative Officer, (iv) the Executive Vice-President, Operations — Long Term Care, and (v) the Vice-President and General Counsel (collectively, the “**Named Executive Officers**” or “**NEOs**”).

For Fiscal 2015, the Named Executive Officers are: Lois Cormack, President and Chief Executive Officer (the “**CEO**”); Nitin Jain, Executive Vice-President and Chief Financial Officer (the “**CFO**”); Michael Annable, Executive Vice-President, People, and Chief Administrative Officer (the “**CAO**”); Joanne Dykeman, Executive Vice-President, Operations — Long-Term Care; and Cristina Alaimo, Vice-President and General Counsel.

Compensation Objectives and Strategy

Compensation plays an important role in recognizing the achievement of the Company's short-term and long-term business objectives. The objectives of the Company's compensation program are to:

- attract, retain and motivate highly qualified employees with a history of proven success;
- align the interests of the employees with Shareholders' interests and with the successful execution of the Company's business strategy;
- establish performance goals that, if met, are expected to improve long-term Shareholder value; and
- tie compensation to those performance goals and provide meaningful short-term and long-term rewards for achieving them.

Role of the Compensation, Governance and Nominating Committee

The Company's Compensation, Governance and Nominating Committee (the “**CGNC**”) consists of four Directors, being Mr. Jack MacDonald (Chairman effective May 12, 2015), Mr. John McLaughlin (Chairman prior to May 12, 2015), Ms. Janet Graham and Mr. Dino Chiesa. All members of the CGNC are independent Directors of the Company. Among other things, and in accordance with the Committee's charter approved by the Board and adopted on November 12, 2014, the CGNC assists the Board in fulfilling its oversight responsibilities by carrying out the following duties:

- keeps itself apprised of matters relating to the selection and retention of executive officers, and ensures that a succession plan for such officers is in place; and further reviews the Chief Executive Officer's recommendations and/or decisions with respect to the recruitment, promotion, transfer and termination of other executive officers;
- annually reviews the Chief Executive Officer's goals and objectives for the upcoming year that are relevant to his or her compensation, evaluates the Chief Executive Officer's performance in meeting those goals and objectives, and reviews and makes recommendations to the Board regarding his or her compensation, as well as minimum equity ownership position and compliance with such requirement;
- administers and makes recommendations regarding the adoption and operation of incentive compensation plans, and approves the annual incentive awards for executive officers under such plans;

- reviews and makes recommendations to the Board concerning matters relating to the Directors, including with respect to Board size and composition, qualifications, remuneration, appointments and succession planning, as well as ensuring that new Directors receive the necessary orientation and resources and all Directors are provided with appropriate continuing education opportunities;
- annually reviews the effectiveness of the Board and each committee in fulfilling their mandated responsibilities and duties, as well as reviews the performance of each Director; and
- reviews and makes recommendations regarding the Company's overall approach to governance.

Compensation Risk Management

The Company has designed its compensation programs in a standardized and balanced manner to appropriately align management with Shareholders' interests by providing incentives to achieve both short-term and long-term performance objectives. The Company's executive compensation program continues to have, among other things, the following characteristics which mitigate the risks typically associated with compensation programs:

- Total compensation is benchmarked against the company's peer group by the CGNC. Total compensation is benchmarked and balanced between base salary, short-term and long-term incentives. The compensation plans are relatively consistent between executives, with increasing emphasis on long-term incentives for executives with higher levels of responsibility.
- The Board evaluates and approves the compensation structure for the Chief Executive Officer and approves the compensation structure of other Named Executive Officers of the Company, based on recommendations of the CGNC, and is responsible for the selection, performance management, compensation and succession planning of the Chief Executive Officer.
- Financial objectives support the Company's approved annual budget, and individual objectives support approved business strategies and priorities.
- The CGNC can use its discretion to ensure payouts are not overly influenced by an unusual result in a particular performance objective.
- Short-term performance is measured using several financial, business and individual performance objectives to determine incentive payouts. This balances the risks associated with relying on any one performance objective. The incentive opportunity is capped for non-financial performance metrics and a sliding scale applies to financial performance metrics, and payouts are generally determined based on audited financial statements.
- RSUs are designed to encourage a longer-term focus on Shareholder value and, subject to the discretion of the CGNC to accelerate vesting, do not vest until the third anniversary of the date upon which the RSUs are granted (see "Statement of Executive Compensation — Elements of NEO Compensation — Long-Term Incentive Program").
- Executive Deferred Share Units (deferred share units or "EDSUs") are designed to encourage a long-term focus on Shareholder value and, subject to the discretion of the CGNC to accelerate vesting, a participant's EDSU vests on the third anniversary of the date upon which the EDSUs are granted and are subject to matching by the Company in accordance with the terms and limits set out in the Amended and Restated Executive Deferred Share Unit Plan adopted by the Company effective May 13, 2015 (the "EDSUP") (see "Statement of Executive Compensation — Elements of NEO Compensation — Long-Term Incentive Program").
- The Company's Short-Term Incentive Program and Long-Term Incentive Program (described below under the heading "Elements of NEO Compensation") supports executives' personal long-term Common Share ownership, directly aligning their interests and Shareholders'.

Engagement of Compensation Consultants

In Fiscal 2014, the CGNC, on behalf of the Company, engaged Hugessen Consulting, an independent consulting firm, to review and advise on the Company's compensation framework for its senior executive officers, with a

specific focus on the Company's long-term incentive framework and comparative compensation benchmarking for its senior executives. The CGNC worked with Hugessen Consulting to structure a compensation framework with the goals of achieving a focus on long-term performance, building up management share ownership over time, and attracting, engaging, retaining and motivating senior management.

Executive Compensation — Related Fees

An amount of \$53,908 was paid to Hugessen Consulting during Fiscal 2014.

Benchmarking and Changes to Compensation Framework

The Company's compensation program is benchmarked relative to a peer group of companies whose Canadian operations are similar in terms of revenues, complexity and focus and are broadly representative of the talent market for the Company. In designing the Company's compensation program, the CGNC focuses on remaining competitive in the market with respect to total compensation for each executive. However, the CGNC does review each element of compensation for market competitiveness and may weigh a particular element more heavily based on the executive's role within the Company.

In Fiscal 2014, the CGNC worked with Hugessen Consulting to identify an appropriate comparator or peer group which was used for executive compensation benchmarking purposes for Fiscal 2014. The comparator group consisted of public companies in Canada listed on the Toronto Stock Exchange ("TSX") operating in an industry comparable to the Company (such as healthcare) and of similar size and complexity to the Company. For example, those companies having greater than 400 employees (with the focus on over 1,000 employees) and within a specified threshold in at least two of the following three metrics: total enterprise value, market capitalization and total revenue. The external advisor further undertook a comprehensive review of the Company's compensation framework for senior executive officers of the Company. The peer group identified comprised of Great Canadian Gaming Corp., Northern Property Real Estate Investment Trust, Whistler Blackcomb Holdings Inc., Uni-Select Inc., InnVest Real Estate Investment Trust, NorthWest Real Estate Investment Trust, Retrocom Real Estate Investment Trust and easyhome Ltd., and the following four publicly-traded long term care and retirement residence industry organizations with Canadian operations: Amica Mature Lifestyles Inc., Regal Lifestyle Communities Inc., Chartwell Retirement Residences and Extendicare Inc.

As a result of the Fiscal 2014 analysis of the Company's compensation program, the Board and CGNC, as applicable, implemented changes and improvements to the long-term incentive programs applicable to senior executives of the Company in order to reflect current market practices and further align with the overall objectives for executive compensation. In addition to the recommended alignment of the Chief Executive Officer base salary, the Board and CGNC, as applicable, implemented or adopted the following improvements to the executive compensation framework (each as described elsewhere in this Information Circular): (a) the implementation of the Executive Share Ownership Policy; (b) amendment to the Company's restricted share unit plan effective January 1, 2011 as amended on February 25, 2014 and November 11, 2014 (the "RSUP") to include cliff vesting provisions; (c) adoption of the Executive Deferred Share Unit Plan; (d) implementation of the EDSU matching program; and (e) amendment to the Company's long term incentive plan effective January 1, 2011 as amended on February 25, 2014 and November 11, 2014 (the "LTIP") to require that new participants shall only be permitted to participate in the LTIP if approved by the CGNC, on the recommendation of the Chief Executive Officer of the Company.

In Fiscal 2015, the Board and CGNC, as applicable, approved a change to the short-term incentive program applicable to senior executives of the Company. In order to further motivate improvement in financial and operating performance on an annual basis, a sliding performance bonus scale was introduced for the financial metrics applicable to the executive performance evaluation.

Elements of NEO Compensation

The Company's compensation for the Company's Named Executive Officers for Fiscal 2015 consisted primarily of three elements: base salary, short-term incentives and long-term incentives.

Base Salary

Competitive base salary enables the attraction and retention of talented executives who will contribute to the success of the Company. Salaries are determined following an analysis of peer group benchmarks, general compensation trends and individual performance, including contributions to financial and business results. Salary is reviewed annually by the CGNC.

Short-Term Incentive Program (“STIP”)

The STIP is designed to motivate improvement in financial and operating performance on an annual basis. STIP awards are based on performance achieved relative to pre-determined financial, business and individual performance targets. Awards are approved by the CGNC and earned awards are granted annually in cash, except as may otherwise be approved by the CGNC.

The performance metrics include: absolute growth in Adjusted Funds from Operations (“**AFFO**”) and Funds from Operations (“**FFO**”), absolute return to Shareholders, and relative return to Shareholders against the TSX REIT sector and industry competitors (the “**Financial Metrics**”), as well as individual goals related to the executive’s specific areas of accountabilities and the Company’s annual business plan objectives. Minimum performance thresholds for each performance metric must be accomplished before a payout or partial payout under the STIP is made. A sliding performance bonus scale is applied for the Financial Metrics, such that no payout is made for a Financial Metric when the performance threshold is below 90%, and varying payout amounts from 50% to 150% apply when the performance threshold is between 90% and 110% (the “**Scale**”).

Long-Term Incentive Program

The Company’s Long-Term Incentive Program is generally comprised of three components: the LTIP, the RSUP and the EDSUP, all of which are collectively intended to reward senior management for their sustained contributions to the Company and provide an incentive to enhance long-term performance and maximize Shareholder value. In addition, STIP awards to executive officers are eligible for contribution to the EDSUP in whole or in part (and without matching), thereby facilitating support for the achievement of ownership thresholds required by the Executive Share Ownership Policy, reducing the cash requirements of the Company, and further encouraging a longer-term focus on Shareholder value. EDSUs credited to a participant’s account in connection with an STIP award contribution vest immediately.

(i) Long-Term Incentive Plan

Under the LTIP, the CGNC may grant an award opportunity (each, an “**Incentive Amount**”) annually in respect of the prior fiscal year to eligible participants, which include the President of the Company, an Executive Vice-President of the Company, or an officer of the Company or any of its subsidiaries who performs a policy making function in respect of the Company and such other officers or employees of the Company as the CGNC may determine from time to time, upon the recommendation of the Chief Executive Officer of the Company. Each eligible participant is entitled to purchase, subject to the terms of the LTIP, that number of Common Shares (rounded down to the nearest whole number) (the “**Award Shares**”) equal to the quotient obtained by dividing such participant’s Incentive Amount by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the award date. The required number of Award Shares will be issued from treasury pursuant to the terms of the LTIP.

Each participant may borrow from the Company, at the prime rate of interest per annum established by the Company’s bank at the time the Award Shares are issued or at such other interest rate as determined by the CGNC at the time the Award Shares are issued, an amount not greater than 95% of the aggregate purchase price for the Award Shares (the “**Participant Loan**”) in order to acquire such Award Shares. The Participant Loan is due and payable on the date which is ten years from the date the related Award Shares are issued. Until the Participant Loan has been repaid in full, the related Award Shares are pledged to the Company as security against the outstanding balance of the Participant Loan, any cash dividends declared on such Award Shares will be applied against the outstanding balance of the Participant Loan and the holder thereof shall not be entitled to assign, or exercise any voting rights attached to, such Award Shares. No Participant Loan, or portion thereof,

shall be granted to any participant if such grant could result in the amounts then owing under all Participant Loans of such participant exceeding two times such participant's then base salary.

No Award Shares may be issued to any participant if such issuance could result, at any time, in: (a) the number of Common Shares reserved for issuance to participants, pursuant to the LTIP and any other common share compensation arrangement (including the RSUP), exceeding 10% of Common Shares then issued and outstanding; (b) the number of Common Shares issuable to insider participants, at any time under the LTIP and any other common share compensation arrangements (including the RSUP), exceeding 10% of Common Shares then issued and outstanding; or (c) the number of Common Shares issued to insider participants, within anyone-year period, under the LTIP and any other common share compensation arrangements (including the RSUP), exceeding 10% of Common Shares then issued and outstanding.

The LTIP is an "evergreen" plan, whereby the number of Common Shares equivalent to the number Award Shares and securities of any other common share compensation arrangement (including the RSUP) that have been issued, exercised, terminated, cancelled, redeemed, repurchased or expired, at any time, are immediately re-reserved for issuance under the LTIP and available for future issuances, subject to the limits contained in the LTIP. Accordingly, subject to certain exceptions, including regulatory restrictions, Award Shares that are not acquired following a grant of an Incentive Amount shall be available for subsequent Incentive Amount awards.

The LTIP provides that the CGNC reserves the right, in its absolute discretion, to amend, suspend or terminate the LTIP, or any portion thereof, at any time without obtaining the approval of Shareholders, subject to those provisions of applicable law and regulatory requirements (including the rules, regulations and policies of the TSX, if any, that require the approval of Shareholders). Such amendments may include, without limitation: (a) minor changes of a "house-keeping nature", including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the LTIP, or to correct or supplement any provision of the LTIP that is inconsistent with any other provision of the LTIP; (b) amending any rights already acquired by a participant under the LTIP, including such rights that relate to the effect of termination of a participant's employment; provided that (except with respect to any amendments described in (c) below) if such amendment materially and adversely alters or impairs such rights, including such participant's entitlement to any Award Shares previously granted to him or her under the LTIP, the CGNC shall first obtain the consent of such participant; (c) amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSX, including with respect to the treatment of Award Shares issued under the LTIP; (d) amendments respecting the administration of the LTIP; (e) amendments necessary to suspend or terminate the LTIP; (f) a change relating to the eligibility of any participant in the LTIP; and (g) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX.

Notwithstanding the foregoing, the Company will be required to obtain the approval of the Shareholders for any amendment related to: (i) any reduction in the purchase price of Award Shares issuable under the LTIP; (ii) any amendment to remove or exceed the participation limit of insider participants; (iii) any increase to the maximum number of Common Shares issuable under the LTIP as Award Shares and the RSUP upon redemption of the RSUs (as defined below) together, as a fixed number or a fixed percentage of the Company's outstanding Common Shares represented by such securities; (iv) amendments to the eligible participants under the LTIP that may permit the introduction of non-employee directors on a discretionary basis; (v) any amendment which would permit the Award Shares issued under the LTIP may be transferable or assignable (other than pursuant to a pledge in favour of the Company as security against the outstanding balance of the related Participant Loan) prior to the repayment in full of the amounts owing under the related Participant Loan; or (vi) amendments to the amending provisions.

Participation in the LTIP shall be immediately terminated, and any outstanding amounts will be immediately due and payable, upon the Retirement, Death, Termination without Cause, Incapacity to Work, Resignation or Termination for Cause of a Participant (all as defined in LTIP).

A participant is not entitled to transfer, assign, charge, pledge or hypothecate, or otherwise alienate, whether by operation of law or otherwise, (a) the participant's Incentive Amount or any rights the participant has in the LTIP, and (b) except pursuant to the Participant Loan and pledge agreement, any Award Shares until any and all amounts owing under the related Participant Loan have been repaid in full.

On February 25, 2014, the LTIP was amended to clarify that eligible participants includes all executive officers of the Company and to extend the Participant Loan repayment period from 5 years to 10 years in order to encourage long-term Common Share ownership by participants. On November 11, 2014, the LTIP was amended to provide (i) that new participants shall only be permitted to participate in the LTIP if approved by the CGNC, on the recommendation of the Chief Executive Officer of the Company, and (ii) that participation in the LTIP shall be immediately terminated, and any outstanding amounts will be immediately due and payable, upon the Retirement, Death, Termination without Cause, Incapacity to Work, Resignation or Termination for Cause of a Participant (all as defined in LTIP).

(ii) Restricted Share Unit Plan

Under the RSUP, the CGNC may grant an award in the form of RSUs (each, an “**RSU Award**”) annually in respect of the prior fiscal year to eligible participants, which include the President of the Company, an Executive Vice-President of the Company, or an officer of the Company or any of its subsidiaries who performs a policy making function in respect of the Company and such other officers or employees of the Company as the CGNC may determine from time to time. In respect of each RSU Award, the eligible participant is credited that number of RSUs (rounded down to the nearest whole number) equal to the quotient obtained by dividing the value of such participant’s award by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date of the award. An “RSU Account” will be maintained by the Company for each participant and will show the RSUs credited to such participant from time to time.

Subject to the discretion of the CGNC to accelerate vesting, a participant’s RSU Award will vest on the third anniversary of the date upon which the RSUs are granted (the “**Vesting Date**”). RSUP participants are notionally entitled to receive distributions per RSU equal to the amount of dividends paid per Common Share. Such distributions will be credited to the participant’s RSU Account in the form of additional RSUs. The number of RSUs to be credited for each dividend will be equal to the aggregate amount of such dividend divided by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date such dividend was declared. For purposes of vesting, all such RSUs shall be deemed to have the same grant date as those RSUs for which the applicable dividends were notionally declared.

Effective as of a given Vesting Date, subject to a participant’s option to redeem all or a portion of vested RSUs in cash, the Company will redeem each vested RSU by issuing one Common Share for each RSU so redeemed. Any lump sum payment in cash will be calculated by multiplying the number of RSUs to be redeemed for cash by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the applicable Vesting Date.

No RSUs may be credited to any participant if such credit could result, at any time, in: (a) the number of Common Shares reserved for issuance to participants, pursuant to the redemption of RSUs and any other common share compensation arrangement (including the LTIP), exceeding 10% of Common Shares then issued and outstanding; (b) the number of Common Shares issuable to insider participants pursuant to the redemption of RSUs, at any time under the RSUP and any other common share compensation arrangements (including the LTIP), exceeding 10% of Common Shares then issued and outstanding; or (c) the number of Common Shares issued to insider participants pursuant to redemption of RSUs, within anyone-year period, under the RSUP and any other common share compensation arrangements (including the LTIP), exceeding 10% of Common Shares then issued and outstanding.

RSUs that cannot be redeemed as a result of having terminated or expired, or having been redeemed for cash in accordance with the RSUP, shall be available for subsequent RSU Awards. The RSUP is an “evergreen” plan whereby the number of Common Shares equivalent to the number of RSUs and securities of any other common share compensation arrangement (including the LTIP) that have been issued, exercised, terminated, cancelled, redeemed, repurchased or expired, at any time, are immediately re-reserved for issuance under the RSUP and available for future issuances subject to the limits contained in the RSUP.

The RSUP provides that the CGNC reserves the right, in its absolute discretion, to amend, suspend or terminate the RSUP, or any portion thereof, at any time without obtaining the approval of Shareholders, subject to those provisions of applicable law and regulatory requirements (including the rules, regulations and policies of the

TSX, if any, that require the approval of Shareholders). Such amendments may include, without limitation: (a) minor changes of a “house-keeping nature”, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the RSUP or to correct or supplement any provision of the RSUP that is inconsistent with any other provision of the RSUP; (b) amending any rights already acquired by a participant under the RSUP, including such rights that relate to the effect of termination of a participant’s employment; provided that (except with respect to any amendments described in (c) below) if such amendment materially and adversely alters or impairs such rights, including such participant’s entitlement to any RSUs previously granted to him or her under the RSUP, the CGNC shall first obtain the consent of such participant; (c) amendments necessary to comply with the provisions of applicable law or the applicable rules of the TSX, including with respect to the treatment of RSUs issued under the RSUP; (d) amendments respecting the administration of the RSUP; (e) amendments necessary to suspend or terminate the RSUP; (f) a change relating to the eligibility of any participant in the RSUP; and (g) any other amendment, fundamental or otherwise, not requiring shareholder approval under applicable laws or the applicable rules of the TSX.

Notwithstanding the foregoing, the Company will be required to obtain the approval of the Shareholders for any amendment related to: (i) any amendment to remove or exceed the participation limit of insider participants; (iii) any increase to the maximum number of Common Shares issuable under the LTIP as Award Shares and the RSUP upon redemption of the RSUs together, as a fixed number or a fixed percentage of the Company’s outstanding Common Shares represented by such securities; (iv) amendments to the eligible participants under the RSUP that may permit the introduction of non-employee directors on a discretionary basis; (v) any amendment which would permit the RSUs granted under the RSUP to be transferable or assignable (other than for normal estate settlement purposes) prior; or (vi) amendments to the amending provisions.

On Resignation of a participant or Termination for Cause, any unvested amounts shall be immediately forfeited to the Company. On Termination without Cause or Incapacity to Work, participants shall receive a pro rata amount reflecting that portion of the three year vesting period during which they were employed by the Company. Upon fully agreed Retirement or death, subject to the Board’s discretion, participants may participate in all awards at the established vesting dates.

A participant is not entitled to transfer, assign, charge, pledge or hypothecate, or otherwise alienate, whether by operation of law or otherwise, the participant’s RSUs or any rights the participant has in the RSUP, other than for normal estate settlement purposes.

On February 25, 2014, the RSUP was amended to clarify that eligible participants include all executive officers of the Company. On November 11, 2014, the RSUP was amended to provide (i) that the RSUs shall vest at the end of three years from the Grant Date (as defined in RSUP), (ii) that on Resignation or Termination for Cause, any unvested amounts shall be immediately forfeited to the Company, (iii) that on Termination without Cause or Incapacity to Work, participants shall receive a pro rata amount reflecting that portion of the three year vesting period during which they were employed by the Company, (iv) that upon fully agreed Retirement or death, subject to the Board’s discretion, participants may participate in all awards at the established vesting dates, and (v) for an update of the Change of Control provision to be consistent with current market practices and to provide additional clarity.

(iii) Executive Deferred Share Unit Plan

Effective November 12, 2014, following the CGNC’s comprehensive review of the executive compensation framework in Fiscal 2014, the Board approved the adoption of the executive deferred share unit plan for executive officers and such other officers or employees as the Board may determine from time to time. The EDSUP was amended and restated effective May 13, 2015 to add to and amend certain of the plan provisions to clarify the intent and confirm certain questions arising as to the interpretation of certain of the plan terms.

The EDSUP is intended to allow participants to participate in the long-term success of the Company and promote a greater alignment of interests between the participants and Shareholders of the Company, while reducing the cash requirements of the Company, to the extent that participants elect to receive all or a percentage of their annual short and long-term incentive awards in the form of notional Common Shares (deferred share units or EDSUs). Each participant in the EDSUP, at his or her discretion, is entitled to elect to have up to 100% of his or her annual STIP and long-term incentive awards contributed to the EDSUP. In

satisfaction of such contribution, the participant is credited that number of EDSUs equal to the quotient obtained by dividing the amount of the contribution by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date of payment. The Company will match the number of EDSUs so credited to the participant's account pursuant to the Long-Term Incentive Program (but not the STIP), up to a maximum number of EDSUs representing 25% (in the case of all executive officers other than the CEO) and 35% (in the case of the CEO) of the participant's total annual long-term incentive award (currently comprised of issuances pursuant to the RSUP), or such other amount as the Board may determine.

Subject to the discretion of the CGNC to accelerate vesting, a participant's EDSU will vest on the third anniversary of the date upon which the EDSUs are granted, except for EDSUs contributed pursuant to a participant's STIP award which vests immediately. EDSUP participants are notionally entitled to receive distributions per EDSU equal to the amount of dividends paid per Common Share. Such distributions will be credited to the participant's EDSU account in the form of additional EDSUs. The number of EDSUs to be credited for each dividend will be equal to the aggregate amount of such dividend divided by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date such dividend was declared. For purposes of vesting, all such EDSUs shall be deemed to have the same grant date as those EDSUs for which the applicable dividends were notionally declared. Participants are not entitled to transfer, assign, charge, pledge or hypothecate or otherwise alienate EDSUs other than for normal estate settlement purposes.

EDSUs may be redeemed only when a participant no longer serves as an executive officer (or officer or employee) of the Company for any reason, including in the event of the death of the participant. Redemptions are paid out in cash. Each participant is required to elect annually the amount of his or her annual short and long-term incentive awards that will be contributed to the EDSUP for the upcoming year. Participants may change their election from year to year.

On May 13, 2015, the EDSUP was amended and restated to effect minor changes of a "house-keeping nature" and to cure ambiguity in certain plan provisions by the insertion of clarifying language. The changes included replacing the name of the Company with "Sienna Senior Living Inc." following the Company rebranding, and to clarify that participants may elect to contribute up to 100% of their STIP award to the plan, without matching by the Company.

Copies of the LTIP, RSUP and EDSUP are available from the Corporate Secretary of the Company upon written request to 302 Town Centre Blvd., Suite 300, Markham, Ontario, L3R 0E8), or may also be found on SEDAR at www.sedar.com and on the Company's website at www.siennaliving.ca.

Minimum Share Ownership Policy

Effective November 12, 2014, following the CGNC's comprehensive review of the executive compensation framework in Fiscal 2014, the CGNC adopted an executive officer share ownership policy (the "**Executive Share Ownership Policy**") requiring executive officers to hold, by the earlier of December 31, 2019 or five (5) years from the date of hire, a combination of Common Shares, RSUs and/or EDSUs equal to: three times the annual base salary for the Chief Executive Officer, and one time the annual base salary for all other executive officers.

Additionally, executive officers must receive at least 25% of their long-term incentive award pursuant to the Long-Term Incentive Program in EDSUs, and can receive up to a maximum of 100% of the grant in EDSUs at such executive officer's election. The remaining portion of the award not received in EDSUs will be granted in RSUs. Unless otherwise determined by the CGNC, the Company will match the number of EDSUs so credited to the participant's account pursuant to the Long-Term Incentive Program (but not the STIP), up to a maximum number of EDSUs representing 25% (in the case of all executive officers other than the CEO) and 35% (in the case of the CEO) of the participant's total annual long-term incentive award.

Fiscal 2015 Performance Goals and Metrics

The performance goals and metrics for the Company's NEOs in Fiscal 2015 were as follows:

Chief Executive Officer

Upon the achievement of specific performance goals established by the Company, the CEO is awarded an annual performance bonus of up to 75% of her base salary, generally payable in cash in accordance with the Company's STIP, and up to 37.5% of her base salary as a grant of RSUs pursuant to the Company's RSUP. The CEO is also eligible to be awarded up to 37.5% of her base salary as an incentive opportunity pursuant to the Company's LTIP. In Fiscal 2014, in support of the Executive Share Ownership Policy whereby the CEO is required to achieve ownership of a combination of Common Shares, RSUs and/or EDSUs equal to three times her annual base salary, the CGNC determined to permit the CEO to elect to receive \$145,437 of her \$245,437 cash STIP award in the form of EDSUs. In Fiscal 2015, the CEO elected to receive \$248,673 of her \$331,564 cash STIP award in the form of EDSUs.

The performance categories and weightings used in determining the CEO's Fiscal 2015 annual performance bonus are as follows:

<u>Performance Area</u>	<u>Performance Weighting %</u>	<u>Performance Achievement %</u>
Absolute Growth in AFFO/share	20%	Per the Scale — 98.4%
Absolute Growth in FFO/share	20%	Per the Scale — 97.2%
Payout Ratio Target	5%	Per the Scale — 98.0%
Return to Shareholders exceeding the median return of TSX REIT sector and comparator group	10%	Per the Scale — 150.0%
Overall Growth — Establish three year strategy for growth	25%	100%
Brand Strategy — Implement new brand strategy and supporting requirements	10%	100%
Capital Strategy — Develop financing strategy for redevelopment and acquisitions activities	5%	100%
Succession Planning — Key executive leadership	5%	100%
Total	<u>100%</u>	<u>104.02%</u>

Executive Vice President and Chief Financial Officer

Upon the achievement of specific performance goals established by the Company, the CFO is awarded an annual performance bonus of up to 50% of his base salary, payable in cash in accordance with the Company's STIP, and up to 30% of his base salary as a grant of RSUs pursuant to the Company's RSUP. The CFO is also eligible to be awarded up to 20% of his base salary as an incentive opportunity pursuant to the Company's LTIP.

The performance categories and weightings used in determining the CFO's Fiscal 2015 annual performance bonus are as follows:

<u>Performance Area</u>	<u>Performance Weighting %</u>	<u>Performance Achievement %</u>
Absolute Growth in AFFO/share	20%	Per the Scale — 98.4%
Absolute Growth in FFO/share	20%	Per the Scale — 97.2%
Payout Ratio Target	5%	Per the Scale — 98.0%
Return to Shareholders compared to TSX REIT sector for comparator group	10%	Per the Scale — 150.0%
Investment and Financing Activities	10%	100%
Operating Plan	15%	100%
Investor Relations and Capital Markets Strategy	10%	100%
Succession Planning	10%	100%
Total	<u>100%</u>	<u>104.02%</u>

Executive Vice President, People, and Chief Administrative Officer

Upon the achievement of specific performance goals established by the Company, the CAO is awarded an annual performance bonus of up to 40% of his base salary payable in cash in accordance with the Company's STIP and up to 35% of his base salary as a grant of RSUs pursuant to the Company's RSUP. In Fiscal 2015, the CAO elected to receive \$23,423 of his \$93,693 cash STIP award in the form of EDSUs.

The performance categories and weightings used in determining the CAO's Fiscal 2015 annual performance bonus are as follows:

<u>Performance Area</u>	<u>Performance Weighting %</u>	<u>Performance Achievement %</u>
Absolute Growth in AFFO/share	15%	Per the Scale — 98.4%
Absolute Growth in FFO/share	15%	Per the Scale — 97.2%
Total Return to Shareholders compared to TSX REIT sector for comparator group	5%	Per the Scale — 150.0%
Operating Plan — IT	15%	100%
Operating Plan — People	25%	100%
Upgrade of the Payroll System and Processes	15%	100%
Succession Planning — All leadership positions	10%	100%
Total	<u>100%</u>	<u>101.84%</u>

Executive Vice President, Operations — Long Term Care

Upon the achievement of certain performance goals established by the Company, the Executive Vice President, Operations — Long Term Care is awarded an annual performance bonus of up to 30% of her base salary payable in cash in accordance with the Company's STIP and up to 25% of her base salary as a grant of RSUs pursuant to the Company's RSUP. In Fiscal 2015, the Executive Vice President, Operations — Long Term Care elected to receive all of her \$71,318 cash STIP award in the form of EDSUs.

The performance categories and weightings used in determining the Fiscal 2015 annual performance bonus for the Executive Vice President, Operations — Long Term Care are as follows:

<u>Performance Area</u>	<u>Performance Weighting %</u>	<u>Performance Achievement %</u>
Absolute Growth in AFFO/share	10%	Per the Scale — 98.4%
Absolute Growth in FFO/share	10%	Per the Scale — 97.2%
NOI — Long Term Care	15%	Per the Scale — 106.5%
Total Return to Shareholders compared to TSX REIT Sector for comparator group	5%	Per the Scale — 150.0%
Growth Strategy — Long Term Care — Establish model for integration of managed homes	5%	100%
Operating Plan — Long Term Care Quality of Care and Service	25%	100%
Quality of Care — Long Term Care	20%	100%
Succession Planning — Key leadership positions in Long Term Care	10%	100%
Total	<u>100%</u>	<u>103.36%</u>

Vice President and General Counsel

Upon the achievement of certain performance goals established by the Company, the Vice President and General Counsel is awarded an annual performance bonus of up to 50% of her base salary payable in cash in accordance with the Company’s STIP.

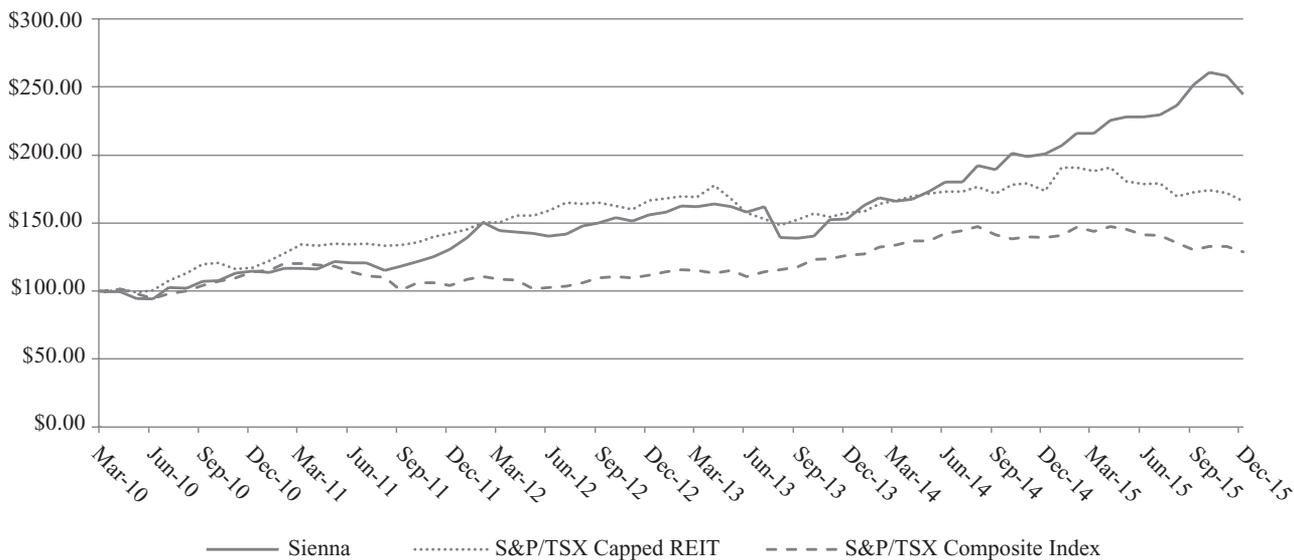
The performance categories and weightings used in determining the Fiscal 2015 annual performance bonus for the Vice President and General Counsel are as follows:

<u>Performance Area</u>	<u>Performance Weighting %</u>	<u>Performance Achievement %</u>
Growth Strategy — Transactional investigation and involvement, C-Level Support	40%	100%
Corporate Governance and Public Company — Updates and improvements, C-Level Support	20%	100%
Legal Cost Containment and Management	40%	100%
Total	<u>100%</u>	<u>100%</u>

Performance Graph

The following graph compares the percentage change in the cumulative Shareholder return for \$100 invested in Common Shares with the total cumulative return of the S&P/TSX Capped REIT Total Return Index and the S&P/TSX Composite Index for the periods from January 1, 2011 to December 31, 2011, from January 1, 2012 to December 31, 2012, from January 1, 2013 to December 31, 2013, from January 1, 2014 to December 31, 2014 and from January 1, 2015 to December 31, 2015. On December 31, 2015, the Common Shares closed at \$16.14 per Common Share. During the period, the total cumulative return for \$100 invested in Common Shares was \$244.88 as compared to \$166.02 for the S&P/TSX Capped REIT Total Return Index and \$128.61 for the S&P/TSX Composite Index.

**Cumulative Total Return on \$100 Investment Assuming Distributions are Re-Invested
January 1, 2011 – December 31, 2015**



<u>Date</u>	<u>03/23/10</u>	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>	<u>12/31/13</u>	<u>12/31/14</u>	<u>12/31/15</u>
Sienna	\$100	\$114.44	\$130.54	\$155.80	\$152.87	\$200.65	\$244.88
S&P/TSX Capped REIT Index	\$100	\$117.12	\$142.51	\$166.60	\$157.43	\$173.51	\$166.02
S&P/TSX Composite Index	\$100	\$114.06	\$104.11	\$111.59	\$126.08	\$139.37	\$128.61

The compensation paid to the NEOs is not directly tied to the total return to Shareholders during the period shown in the chart above. However, one of the factors used to determine the annual incentive awards for the CEO, CFO, CAO, the Executive Vice President, Operations — Long Term Care (four of the NEOs) is the total return to Shareholders for the fiscal year just completed relative to the returns on a broad market index. Part of the total compensation payable to all of the NEOs is paid in RSUs, and this type of compensation provides a direct alignment of management and Shareholder interests.

Summary Compensation Table

For each of the Company's NEOs in Fiscal 2015, the following table provides a summary of the compensation for the Company's three most recently completed financial years.

Name and Principal Position	Year	Salary (\$)	Share- Based Awards ⁽¹⁾ (\$)	Option- Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation ⁽²⁾ (\$)	Total Compensation (\$)
					Short- Term Incentive Plans	Long- Term Incentive Plans			
LOIS CORMACK <i>President and Chief Executive Officer</i>	2015	438,461	463,829	—	82,890 ⁽³⁾	—	—	38,779	1,023,959
	2014	351,346	325,108	—	100,000 ⁽⁴⁾	—	—	34,567	811,022
	2013	244,061	184,942	—	169,884	—	—	19,936	618,823
NITIN JAIN ⁽⁵⁾ <i>Executive Vice-President and Chief Financial Officer</i>	2015	252,120	95,156	—	131,975	—	—	23,585	502,836
	2014	142,338	90,939	—	121,500	—	—	13,230	368,700
	2013	—	—	—	—	—	—	—	—
MICHAEL ANNABLE <i>Executive Vice-President, People and Chief Administrative Officer</i>	2015	238,846	124,789	—	70,269 ⁽³⁾	—	—	23,054	456,958
	2014	226,462	80,214	—	64,170	—	—	22,347	393,192
	2013	64,653	20,295	—	20,295	—	—	6,586	111,830
JOANNE DYKEMAN ⁽⁶⁾ <i>Executive Vice-President, Operations — Long Term Care</i>	2015	201,692	173,193	—	— ⁽³⁾	—	—	19,568	394,453
	2014	—	—	—	—	—	—	—	—
	2013	—	—	—	—	—	—	—	—
CRISTINA ALAIMO ⁽⁷⁾ <i>Vice-President and General Counsel</i>	2015	180,769	—	—	90,385	—	—	12,000	283,154
	2014	—	—	—	—	—	—	—	—
	2013	—	—	—	—	—	—	—	—

Notes:

- (1) Share-based awards include the RSU Awards granted pursuant to the RSUP and EDSUs granted pursuant to the EDSUP (see definitions below under "Equity Compensation Plans and Incentive Plan Awards"). In addition to the RSU Awards and EDSU grants, certain of the Company's NEOs were awarded Incentive Amounts pursuant to the LTIP. In the case of Ms. Cormack, share based awards include an RSU Award in the amount of \$100,000 granted in February 2014 in respect of special contributions made in Fiscal 2014. Remaining RSU Awards and EDSU grants in respect of Fiscal 2014 were granted in February 2015 in satisfaction of performance bonuses. RSU Awards and EDSU grants in respect of Fiscal 2015 were granted in February 2016 in satisfaction of performance bonuses.
- (2) Includes a car allowance, wellness allowance and matching contributions by the Company to a registered retirement savings plan.
- (3) Reflects awards granted in February 2016 in satisfaction of performance bonuses for Fiscal 2015. Represents the value of the STIP award actually received in cash for Fiscal 2015 in part satisfaction of his or her respective performance bonus, with the balance elected to be taken in EDSUs.
- (4) Reflects award granted in February 2015 in satisfaction of performance bonus for Fiscal 2014. Represents the value of the STIP award actually received in cash for Fiscal 2014 in part satisfaction of her performance bonus, with the balance elected to be taken in EDSUs.
- (5) Mr. Jain was appointed to his position as Executive Vice-President and Chief Financial Officer effective May 20, 2014.
- (6) Ms. Dykeman was appointed to her position as Executive Vice-President, Operation — Long Term Care effective February 17, 2015. In connection with the commencement of employment, Ms. Dykeman received a signing bonus of \$30,000 in the form of RSUs.
- (7) Ms. Alaimo was appointed to her position as Vice-President and General Counsel effective January 26, 2015.

Equity Compensation Plans and Incentive Plan Awards

The following table sets out all outstanding Common Share-based awards for each NEO as at December 31, 2015. All such awards are RSUs held under the RSUP.

Name and Principal Position	Option-Based Awards				Share-Based Awards		
	Number of Common Shares Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised "In-The-Money" Options (\$)	Number of Common Shares That Have Not Vested ⁽¹⁾ (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested ⁽²⁾ (\$)	Market or Payout value of vested share-based awards not paid out or distributed (\$)
LOIS CORMACK <i>President and Chief Executive Officer</i>	N/A	N/A	N/A	N/A	16,906	272,870	N/A
NITIN JAIN <i>Executive Vice-President and Chief Financial Officer</i>	N/A	N/A	N/A	N/A	3,898	62,906	N/A
MICHAEL ANNABLE <i>Executive Vice-President, People and Chief Administrative Officer</i>	N/A	N/A	N/A	N/A	4,672	75,405	N/A
JOANNE DYKEMAN <i>Executive Vice-President, Operations — Long Term Care</i>	N/A	N/A	N/A	N/A	2,143	34,583	N/A
CRISTINA ALAIMO <i>Vice-President and General Counsel</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) The number of Common Shares that have not vested includes additional RSUs that have been credited in respect of the payment of dividends on Common Shares, pursuant to the terms of the RSUP.
- (2) Estimates of fair market value based on the \$16.14 closing price of Common Shares on the TSX on December 31, 2015.

The following table sets out the value of incentive plan awards vested or earned for each NEO during Fiscal 2015.

Name and Principal Position	Option-Based Awards — Value Vested During the Year (\$)	Share-Based Awards — Value Vested During the Year (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation — Value Earned During the Year (\$) ⁽²⁾
LOIS CORMACK <i>President and Chief Executive Officer</i>	N/A	78,765	360,235
NITIN JAIN <i>Executive Vice-President and Chief Financial Officer</i>	N/A	N/A	38,063
MICHAEL ANNABLE <i>Executive Vice-President, People, and Chief Administrative Officer</i>	N/A	8,627	64,413
JOANNE DYKEMAN <i>Executive Vice-President, Operations, Long-Term Care</i>	N/A	N/A	100,068
CRISTINA ALAIMO <i>Vice-President and General Counsel</i>	N/A	N/A	N/A

Notes:

- (1) Represents the redemption of vested RSUs by Ms. Cormack (5,360 RSUs) and Mr. Annable (588 RSUs) at the applicable market price under the RSUP on each of the applicable vesting dates. All vested RSUs were redeemed for Common Shares.

- (2) In support of the Executive Share Ownership Policy whereby executive officers are required to achieve the specified ownership threshold of a combination of Common Shares, RSUs and/or EDSUs, elections were made by certain NEOs to receive some or all of their respective cash STIP award in the form of EDSUs. The values set out in the table represent the value of the respective cash STIP award earned in Fiscal 2015 for which a contribution to the EDSUP was made. Refer to the “Summary Compensation Table” above for a summary of the breakdown of actual equity and non-equity compensation received by each such NEO in connection with Fiscal 2015.

Employment Agreements

Lois Cormack, President and Chief Executive Officer

Pursuant to the terms of an employment agreement with Sienna, Ms. Cormack serves as Sienna’s President and Chief Executive Officer for an indefinite term. The agreement provides for an annual base salary, which for Fiscal 2015 was \$425,000 (which amount is subject to annual review) and an annual performance bonus of up to 75% of her base salary payable in cash in accordance with the Company’s STIP and up to 37.5% of her base salary granted as RSUs pursuant to the Company’s RSUP, as well as eligibility to be awarded up to 37.5% of her base salary as an Incentive Amount pursuant to the Company’s LTIP, upon the achievement of annual performance objectives, and EDSU matching by the Company of up to 35% of the Long Term Incentive Program awards that are contributed to the EDSUP. In addition, Ms. Cormack is entitled to customary benefits, including a monthly travel allowance, wellness allowance and RRSP matching contributions. The Company may terminate the agreement without cause upon making a lump sum payment in lieu of notice equal to the equivalent of 18 months’ total compensation (which includes base salary for the year of termination and average annual STIP awards and average annual RRSP matching contributions during her tenure). The agreement may also be terminated by the Company for cause without giving notice.

Nitin Jain, Executive Vice-President and Chief Financial Officer

Pursuant to the terms of an employment agreement with Sienna, Mr. Jain serves as Sienna’s Executive Vice-President and Chief Financial Officer for an indefinite term. The agreement provides for an annual base salary, which for Fiscal 2015 was \$253,740 (which amount is subject to annual review) and an annual performance bonus of up to 50% of his base salary payable in cash in accordance with the Company’s STIP and up to 30% of his base salary granted as RSUs pursuant to the Company’s RSUP, as well as eligibility to be awarded up to 20% of his base salary as an Incentive Amount pursuant to the Company’s LTIP, upon the achievement of annual performance objectives, and EDSU matching by the Company of up to 25% of the Long Term Incentive Program awards that are contributed to the EDSUP. In addition, Mr. Jain is entitled to customary benefits, including a monthly travel allowance, wellness allowance and RRSP matching contributions. The Company may terminate the agreement without cause upon making a lump sum payment in lieu of notice equal to the equivalent of 12 months’ total compensation (which includes base salary for the year of termination and average annual STIP awards and average annual RRSP matching contributions during his tenure). The agreement may also be terminated by the Company for cause without giving notice.

Michael Annable, Executive Vice-President, People, and Chief Administrative Officer

Pursuant to the terms of an employment agreement with Sienna, Mr. Annable serves as Sienna’s Executive Vice-President, People, and Chief Administrative Officer for an indefinite term. The agreement provides for an annual base salary, which for Fiscal 2015 was \$230,000 (which amount is subject to annual review) and an annual performance bonus of up to 40% of his base salary payable in cash in accordance with the Company’s STIP and up to 35% of his base salary granted as RSUs pursuant to the Company’s RSUP, as well as EDSU matching by the Company of up to 25% of the Long Term Incentive Program awards that are contributed to the EDSUP. In addition, Mr. Annable is entitled to customary benefits, including a monthly travel allowance, wellness allowance and RRSP matching contributions. The Company may terminate the agreement without cause upon making a lump sum payment in lieu of notice equal to the equivalent of 12 months’ total compensation (which includes base salary for the year of termination, benefits and average annual STIP awards over a three year period, and average annual RRSP matching contributions during his tenure). The agreement may also be terminated by the Company for cause without giving notice.

Joanne Dykeman, Executive Vice-President, Operations — Long Term Care

Pursuant to the terms of an employment agreement with Sienna, Ms. Dykeman serves as Sienna's Executive Vice-President, Operations — Long Term Care for an indefinite term. The agreement provides for an annual base salary, which for Fiscal 2015 was \$230,000 (which amount is subject to annual review) and an annual performance bonus of up to 30% of her base salary payable in cash in accordance with the Company's STIP and up to 25% of her base salary granted as RSUs pursuant to the Company's RSUP, as well as EDSU matching by the Company of up to 25% of the Long Term Incentive Program awards that are contributed to the EDSUP. In addition, Ms. Dykeman is entitled to customary benefits, including a monthly travel allowance, wellness allowance and RRSP matching contributions. The Company may terminate the agreement without cause upon making a lump sum payment in lieu of notice equal to the equivalent of 12 months' total compensation (which includes base salary for the year of termination, benefits and average annual STIP awards and average annual RRSP matching contributions during her tenure). The agreement may also be terminated by the Company for cause without giving notice.

Cristina Alaimo, Vice-President and General Counsel

Pursuant to the terms of an employment agreement with Sienna, Ms. Alaimo serves as Sienna's Vice-President and General Counsel for an indefinite term. The agreement provides for an annual base salary, which for Fiscal 2015 was \$200,000 (which amount is subject to annual review) and an annual performance bonus of up to 50% of her base salary payable in cash in accordance with the Company's STIP. In addition, Ms. Alaimo is entitled to customary benefits, including a monthly travel allowance and RRSP matching contributions. The Company may terminate the agreement without cause upon making a lump sum payment in lieu of notice equal to the equivalent of 6 months' total compensation, plus one month for each completed year of service to a maximum of 12 months (which includes base salary for the year of termination, benefits and average annual STIP awards and average annual RRSP matching contributions during her tenure). The agreement may also be terminated by the Company for cause without giving notice.

Termination and Change of Control Benefits

Pursuant to the employment agreements outlined in greater detail above, the following table provides, for each of the foregoing NEOs, an estimate of the payments payable by the Company (or its subsidiaries), assuming a termination for any reason other than cause, or in connection with a change of control, taking place on December 31, 2015:

<u>Name and Principal Position</u>	<u>Termination Payment (\$)</u>	<u>Fiscal 2015 Short Term Incentive Award (\$)</u>	<u>Vesting of Stock Based Compensation⁽¹⁾ (\$)</u>	<u>Employee Benefits (\$)</u>	<u>Total (\$)</u>
LOIS CORMACK <i>President and Chief Executive Officer</i>	637,500	416,866	535,486	58,168	1,648,020
NITIN JAIN <i>Executive Vice-President and Chief Financial Officer</i>	253,740	131,975	104,849	23,585	514,149
MICHAEL ANNABLE <i>Executive Vice-President, People, and Chief Administrative Officer</i>	230,000	77,741	112,391	23,054	443,186
JOANNE DYKEMAN <i>Executive Vice-President, Operations — Long-Term Care</i>	230,000	71,318	34,583	23,054	385,955
CRISTINA ALAIMO <i>Vice-President and General Counsel</i>	180,769	90,385	0	20,700	291,854

Notes:

(1) Stock based compensation includes the RSU Awards granted pursuant to the RSUP or EDSUs granted pursuant to the EDSU Plan. On termination or change of control, RSUs and EDSUs generally vest only at the discretion of the CGNC or else are forfeited or

continue on the vesting schedule described above under “Elements of NEO Compensation — Long Term Incentive Program”. The value of vesting RSUs and EDSUs is determined based on the \$16.14 closing price of Common Shares on the TSX on December 31, 2015.

Director Compensation

Director Fees

Each of the non-employee Directors of the Company is entitled to receive an annual retainer of \$25,000. The Chairman of the Board is entitled to an additional annual retainer of \$30,000 effective fiscal 2016 (\$25,000 for Fiscal 2015). The chair of the Audit Committee is entitled to receive an additional annual retainer of \$10,000. The chair of the CGNC is entitled to receive an additional annual retainer of \$7,500. Each of the non-employee Directors of the Company is entitled to receive a fee of \$2,000 for each Board or committee meeting which such Director attends in person and \$500 per meeting for attending by telephone. In addition, non-employee Directors who, at the request of the Board or management of the Company, attend to business matters or affairs of the Company that are unrelated to Board or Committee meetings are entitled to receive a fee of \$2,000 per diem while attending to such business matters or affairs. Non-employee Directors are also reimbursed for all reasonable travel and ancillary expenses.

Deferred Share Unit Plan

On February 22, 2012, the Board of Directors established a deferred share unit plan (the “**DSU Plan**”) for Directors. The DSU Plan is intended to allow participants to participate in the long-term success of Sienna and promote a greater alignment of interests between the participants and Shareholders of the Company, while reducing the cash requirements of Sienna, to the extent that participants elect to receive their fees in the form of notional Common Shares (deferred share units or “**DSUs**”). Each member of the Board that is not also an employee of the Company, at his or her discretion, is eligible to participate in the DSU Plan. Under the DSU Plan, each such Director is entitled to elect to have up to 100% of his or her annual retainer fees in respect of his or her services as a Director and/or committee chair contributed to the DSU Plan. In satisfaction of such fees, the participant is credited that number of DSUs equal to the quotient obtained by dividing the fees payable by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date of payment. In addition, the Company matches all DSUs so credited, such that the number of DSUs credited to such Director is equal in value to two times the contributed fees.

Participants are notionally entitled to receive distributions per DSU equal to the amount of dividends paid per Common Share. Such distributions are credited to the participant as additional DSUs. The number of DSUs so credited for each dividend is equal to the aggregate amount of such dividend divided by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date such dividend was paid.

DSUs vest and may be redeemed only when a participant no longer serves on the Board of Directors for any reason (and is not otherwise employed by the Company). Redemptions are paid out in cash. Each Director is required to elect annually the amount of his or her fees that will be contributed to the DSU Plan for the upcoming year. Directors may change their election from year to year. Fees payable to a Director in respect of his or her attendance at meetings are not eligible for purposes of the DSU Plan. Effective July 23, 2012, the DSU Plan was amended to permit the issuance of DSUs at such time and in such amounts as the Board of Directors may determine rather than annually.

The following table describes Director compensation for the year ended December 31, 2015.

Name ⁽¹⁾	Fees Earned ⁽²⁾ (\$)	Share-based award ⁽³⁾ (\$)	Option-based Award (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Fees Earned (\$)
DINO CHIESA	24,500	100,000	N/A	N/A	N/A	N/A	124,500
JANET GRAHAM	24,500	70,000	N/A	N/A	N/A	N/A	94,500
JOHN McLAUGHLIN	24,500	53,750	N/A	N/A	N/A	N/A	78,250
JACK MACDONALD	24,500	61,250	N/A	N/A	N/A	N/A	85,750
PAULA JOURDAIN COLEMAN	8,500	50,000	N/A	N/A	N/A	N/A	58,500
TOTAL	106,500	335,000	N/A	N/A	N/A	N/A	441,500

Notes:

- (1) As CEO of the Company, Lois Cormack receives no compensation for serving as a Director.
- (2) Includes only those fees that were paid in cash. See note (3) below.
- (3) Share-based awards consist of the annual retainer fees which Directors elected to receive in the form of DSUs, plus the Company's matching contribution pursuant to the DSU Plan.

Minimum Share Ownership Guidelines

The Board has adopted a policy requiring each Director to hold, within two years of becoming a Director, Common Shares and/or DSUs equal in value to three times the annual retainer received by such Director. All of the current Directors meet this minimum requirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table shows, as of December 31, 2015, compensation plans under which Common Shares are authorized to be issued from treasury both for plans previously approved by Shareholders and plans not previously approved by Shareholders (of which there are none).

Plan Category	(a) Number of securities to be issued upon exercise of outstanding rights (#)	(b) Weighted average exercise price of outstanding rights (\$)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (#))
Equity compensation plans approved by Shareholders (RSUP and LTIP) ⁽¹⁾	33,564 ⁽²⁾		546,355 ⁽³⁾
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
Total:	33,564		546,355

Notes:

- (1) Vested RSUs granted under the RSUP may be redeemed for Common Shares or cash at the participant's option. Eligible participants under the LTIP are entitled to purchase Common Shares equal to the quotient obtained by dividing such participant's award opportunity by the volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the award date. See "Elements of NEO Compensation — Long Term Incentive Program".
- (2) Reflects Common Shares issuable in connection with RSU vesting.
- (3) Reflects Common Shares remaining available for future issuance under the RSUP. Common Shares remaining available for issuance pursuant to the LTIP are 522,439.

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION

The Company has obtained a directors' and officers' liability insurance policy, which covers corporate indemnification of Directors and officers and individual Directors and officers of the Company in certain circumstances. In addition, the Company has entered into indemnification agreements with its Directors and officers for liabilities and costs in respect of any action or suit against them in connection with the execution of their duties, subject to customary limitations prescribed by applicable law.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As of the date hereof, except as described below, no individual who is a Director or executive officer of the Company, or at any time during the most recently completed financial year of the Company, was a Director or executive officer of the Company or any of its subsidiaries, no individual proposed as a nominee for election as a Director of the Company and no associates of any such Director, executive officer or proposed nominee, is indebted to the Company.

Aggregate Indebtedness

The aggregate indebtedness to Sienna for the purchase of securities of the Company as at March 15, 2016 of all executive officers, Directors, employees and former executive officers, Directors and employees of the Company, excluding "routine indebtedness" (as defined under applicable securities laws), was approximately \$1,062,159. The table below represents the approximate aggregate indebtedness, excluding routine indebtedness, outstanding as at March 15, 2016 entered into in connection with a purchase of securities and all other indebtedness.

<u>Purpose</u>	<u>Aggregate Indebtedness to the Company or its subsidiaries (\$)</u>	<u>To Another Entity</u>
Share purchases	1,062,159	N/A
Other	N/A	N/A

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

The table below represents amounts outstanding for each individual who is, or at any time during the year ended December 31, 2015 was, a Director or executive officer of Sienna, each proposed nominee for election as Director of Sienna, and each associate of any such Director, executive officer or proposed nominee.

<u>Name and Principal Position</u>	<u>Involvement of Company or Subsidiary</u>	<u>Largest Amount Outstanding During the Year Ended December 31, 2015 (\$)</u>	<u>Amount Outstanding as at March 15, 2016 (\$)</u>	<u>Financially Assisted Securities Purchases During the Year Ended December 31, 2015 (#)</u>	<u>Security for Indebtedness</u>	<u>Amount Forgiven During the Year Ended December 31, 2015 (\$)</u>
Securities Purchase Programs⁽¹⁾						
LOIS CORMACK ⁽²⁾ <i>President & Chief Executive Officer</i>	Lender	656,912	775,573	8,364 Common Shares	Common Shares	nil
NITIN JAIN ⁽³⁾ <i>Executive Vice-President and Chief Financial Officer</i>	Lender	46,086	92,587	3,305 Common Shares	Common Shares	nil

Other Programs — N/A

Notes:

(1) Under the LTIP, each participant may borrow from the Company, at the prime rate of interest per annum established by the Company's bank at the time Award Shares are issued or at such other interest rate as determined by the CGNC at the time such Award Shares are issued, an amount not greater than 95% of the aggregate purchase price for the Award Shares in order to acquire such Award Shares. Each such loan is due and payable on the date which is ten years from the date the related Award Shares are

issued. Until such loan has been repaid in full, the related Award Shares are pledged to the Company as security against the outstanding balance of such loan, any cash dividends declared on such Award Shares will be applied against the outstanding balance of such loan and the holder thereof shall not be entitled to assign, or exercise any voting rights attached to, such Award Shares.

- (2) On May 24, 2013, the Company loaned Ms. Cormack \$500,000 to effect the purchase of Common Shares. The loan bears fixed interest at 3.00% and is due on demand. The loan was issued independently of the LTIP, and was used for the purchase of 39,063 Common Shares. On March 19, 2014, the Company loaned Ms. Cormack \$80,684.93 in connection with Award Shares granted, for Fiscal 2013 performance, pursuant to the LTIP. The loan bears fixed interest at 3.00% and was contributed to the purchase price of the Award Shares. In connection therewith, Ms. Cormack received 6,905 Common Shares. On March 23, 2015, the Company loaned Ms. Cormack \$116,582.81 in connection with Award Shares granted, for Fiscal 2014 performance, pursuant to the LTIP. The loan bears fixed interest at 3.00% and was contributed to the purchase of the Award Shares. In connection therewith, Ms. Cormack received 8,364 Common Shares. On February 24, 2016, the Company loaned Ms. Cormack \$151,406.25 in connection with Award Shares granted, for Fiscal 2015 performance, pursuant to the LTIP. The loan bears fixed interest at 3.00% and was contributed to the purchase of the Award Shares. In connection therewith, Ms. Cormack received 10,079 Common Shares. All of the Common Shares have been pledged as security against the loans, which are personally guaranteed by Ms. Cormack.
- (3) On March 23, 2015, the Company loaned Mr. Jain \$46,075 in connection with Award Shares granted, for Fiscal 2014 performance, pursuant to the LTIP. The loan bears fixed interest at 3.00% and was contributed to the purchase of the Award Shares. In connection therewith, Mr. Nitin received 3,305 Common Shares. On February 24, 2016, the Company loaned Mr. Jain \$48,212.50 in connection with Award Shares granted, for Fiscal 2015 performance, pursuant to the LTIP. The loan bears fixed interest at 3.00% and was contributed to the purchase of the Award Shares. In connection therewith, Mr. Jain received 3,209 Common Shares. All of the Common Shares have been pledged as security against the loans, which are personally guaranteed by Mr. Jain.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors of the Company, no informed person (as defined in National Instrument 51-102 — *Continuous Disclosure Obligations*) of the Company, no proposed Director of the Company and no known associate or affiliate of any such informed person or proposed Director, during Fiscal 2015, has or has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction which has or would materially affect Sienna or any of its subsidiaries, except as set forth in the AIF, which is incorporated by reference in this Information Circular and can be accessed on SEDAR at www.sedar.com.

CORPORATE GOVERNANCE DISCLOSURE

In Fiscal 2014, the Board engaged Meridien Consulting Services to advise the Board on governance best practices, and to assist the Board in undertaking its annual Board evaluation process, facilitate a Director peer feedback initiative (the “**Director Peer Feedback**”), and design a board skills matrix (the “**Board Skills Matrix**”) with input from all Directors. In connection with the foregoing, in November 2014, the Board adopted the new Board Skills Matrix, updated the Board and Committee mandates, and further assessed and improved the position descriptions for The Chair of the Board of Directors and Committee Chairs.

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. Additionally, National Instrument 58-101 — *Disclosure of Corporate Governance Practices* prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

Board of Directors

- (a) The independent members of the Board are Dino Chiesa, Paula Jourdain Coleman, Janet Graham, Jack MacDonald and John McLaughlin.
- (b) Lois Cormack is the CEO of Sienna and is, therefore, not considered independent under National Instrument 51-110 — *Audit Committees*.
- (c) Five of the six members of the Board are independent.
- (d) Janet Graham is a member of the Board of Trustees of Milestone Apartments Real Estate Investment Trust and Automotive Properties Real Estate Investment Trust. Dino Chiesa is a member of the Board of Trustees of Morguard North American Residential REIT.

- (e) The independent Directors functioned independently of the non-independent Directors by holding *in camera* meetings after each regularly-scheduled Board meeting and informally conferring on Board matters as such members determined necessary or desirable. The opinions of independent Directors are also actively solicited by the Chair of the Board at each meeting of the Board of Directors.
- (f) The Chair of the Board, Dino Chiesa, is an independent Director. Mr. Chiesa's responsibilities include establishing, in consultation with the Chief Executive Officer of the Company, the Directors and appropriate members of management, the agendas for each meeting of the Board. The agenda for each committee meeting is established by the Chair of that committee in consultation with appropriate members of the committee and management.

The following table summarizes the number of Board of Directors and Committee meetings held and attendance by Directors for Fiscal 2015:

<u>Director</u>	<u>Board Meetings Attended (in person or by telephone)</u>	<u>Committee Meetings Attended (in person or by telephone)</u>
DINO CHIESA	5 of 5	8 of 8
JANET GRAHAM	5 of 5	8 of 8
JACK MACDONALD	5 of 5	8 of 8
JOHN MCLAUGHLIN	5 of 5	8 of 8
PAULA JOURDAIN COLEMAN ⁽¹⁾	5 of 5	N/A
LOIS CORMACK ⁽²⁾	5 of 5	N/A

Notes:

- (1) Ms. Jourdain Coleman has since been appointed as a member of the Audit Committee and Compensation, Nominating and Governance Committee, effective as of February 24, 2016.
- (2) Ms. Cormack is not a member of any Committee of the Board.

Mandate of the Board of Directors

The Board, directly as well as through its committees, oversees the conduct of the business and affairs of the Company. The mandate of the Board of Directors was adopted on November 12, 2014 and is attached to this Information Circular as Appendix C. This mandate has been adopted by the Board to help assure that it will have the necessary framework to review and evaluate the Company's business operations, manage risk and to make decisions and arrive at conclusions that are independent of the Company's management. Among the priorities and responsibilities, the Board is responsible for satisfying itself that appropriate policies and procedures are in place to identify and manage the risks applicable to the Company. At least annually, the Board, or its committees, meet with management regarding the risks applicable to the Company. Management has adopted an enterprise risk management framework to identify key risks faced by the Company and to annually assess these risks based on inherent likelihood, impact to the Company and management's effectiveness in managing the risks. Key risks are incorporated into the Company's annual operating plan and monitored and reported on regularly.

Position Descriptions

The Chair of the Board of Directors and Committee Chairs

On November 12, 2014, the Board of Directors adopted a written position description for the Chair of the Board, which sets out the Chair's key responsibilities, including duties relating to setting Board meeting agendas, chairing Board and Shareholder meetings, ensuring Directors are apprised of matters which are material to Directors on a timely basis, and providing advice, counsel and mentorship to the Company's management team. The Board has also adopted written position descriptions for the chair of the Audit Committee and for the chair of the CGNC, which position descriptions set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings, working with the respective

committee members and management to ensure, to the greatest extent possible, the effective functioning of the committee, and ensuring processes established by the Board for assessing the performance of the committee occurs and responsibilities assigned to the committee under the terms of its charter are discharged on a timely and diligent basis.

The Chief Executive Officer

On November 12, 2014, the Board of Directors adopted a written position description describing the appointment, role and responsibilities for the Chief Executive Officer of the Company. The Chief Executive Officer is generally responsible for the development and implementation of the Company's approved strategic plan. In discharging his or her responsibility for oversight of the Company's business, subject always to the oversight of the Board, the Chief Executive Officer is required to, among other things, develop, or supervise the development of, and recommend to the Board a long-term strategy and vision for the Company that leads to enhancement of shareholder value; strive to achieve the Company's financial and operating goals and objectives and report regularly to the Board on the progress against these goals, and on the overall condition of the Company's business; ensure that the day-to-day business affairs of the Company are appropriately managed; and provide leadership and direction to the other members of the management team. The Board retains discretion in the making of material decisions outside the ordinary course of the company's business, the appointment and removal of senior officers of the Company, and such other matters as the Board may determine from time to time.

Orientation and Continuing Education

The Board encourages the Directors to take relevant continuing education programs to expand their knowledge about best practices in corporate governance, the nature and operations of the Company, and broader industry issues affecting the Company. It is within the mandate of the CGNC to recommend to the Board continuing education activities or programs for Directors. The Company arranges for guest speakers to attend Board or committee meetings on a quarterly basis to provide information and education to Directors on a variety of subjects relevant to the Company and the role of its Directors.

The Company has an orientation program for new Directors under which a new Director meets separately with members of the executive team to discuss the role of the Board, its committees and its Directors, as well as the nature and operation of the Company's business. In addition, a new Director is presented with a Director manual that contains reference information to assist in the new Director's orientation to the Company and his or her role, including key Company policies and procedures, the Company's current strategic plan, the most recent annual and quarterly reports of the Company, and materials relating to key business issues.

Ethical Business Conduct

The Board of Directors has adopted a code of business conduct and ethics (the "Code") that sets out the principles that should guide the behaviour of Directors, officers and employees of Sienna. The Code addresses, among others, the following issues:

- conflicts of interest;
- protection and proper use of corporate assets and opportunities;
- confidentiality of corporate information;
- fair dealing with the Company's competitors and persons with whom Sienna has a business relationship;
- compliance with laws, rules and regulations; and
- reporting of any illegal or unethical behaviour.

Through the Company's whistleblower policy, the Board has established procedures that allow employees of the Company to confidentially and anonymously submit concerns to the chair of the Audit Committee (who is independent of management of Sienna) regarding any accounting or auditing matter or any other matter of a

financial nature which such employee believes to be in violation of the Code. Any complaints received are acknowledged and promptly investigated, and a log of all complaints that are received is maintained, tracking their receipt, investigation and resolution. Any complaints that relate to a questionable accounting or auditing matter will be immediately brought to the attention, and reviewed under the direction, of the Audit Committee.

The Board of Directors (or any committee to which that authority has been delegated) can grant waivers of compliance with the Code. No such waiver has been granted since the adoption of the Code and consequently, the Company filed no material change report during the last fiscal year pertaining to any conduct of a Director or executive officer of the Company that constitutes a departure from the Code.

A copy of the Code is available upon written request to the Corporate Secretary of the Company (at 302 Town Centre Blvd., Suite 300, Markham, Ontario, L3R 0E8), or may also be found on SEDAR at www.sedar.com and on the Company's website at www.siennaliving.ca.

To ensure the Directors exercise independent judgment, in considering transactions, agreements or decisions in respect of which a Director or executive officer has a material interest, the Director or executive officer is required to recuse himself or herself from the Board meeting at the time such transaction, agreement or decision is considered by the Board and such individual will not be permitted to cast a vote on the matter.

Recognizing that "related party transactions" can present perceived or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Company's and its Shareholders' best interests, the Company has adopted a Related Party Transaction policy. That policy sets out defined criteria and procedures for the review, approval or ratification by the CGNC of any potential Related Party Transactions involving the Company.

Nomination of Directors

The CGNC has carefully reviewed and assessed the professional skills and abilities, the personality and other qualifications of each proposed nominee for election to the Board, including the time and energy that the nominee is able to devote to the task as well as the specific contribution that he or she can make to the Board. The CGNC is comprised entirely of independent Directors.

Compensation

The CGNC approves the compensation of the Company's Directors and executive officers. In doing so, the committee reviews, as appropriate, industry data published by compensation consultants for comparable positions. The CGNC reviews performance annually. The CGNC is comprised entirely of independent Directors.

Compensation, Governance and Nominating Committee

The CGNC consists of five (5) Directors, each of whom is an independent Director of the Company. In addition to the role it plays in compensation matters discussed above under the heading "Statement of Executive Compensation", the CGNC is also responsible for developing the Company's approach to governance issues, monitoring and overseeing the quality and effectiveness of the corporate governance practices and policies of the Company, making recommendations to the Board with respect to new members of the Board and reviewing the effectiveness of the Directors and the contribution of individual Directors.

Other Board Committees

Other than the Audit Committee and the CGNC, the Board does not have (and does not currently intend to have) any other standing committees.

Meetings Independent from Management

Directors hold "in camera" sessions, in the absence of non-Independent Directors or senior executives of the Company, at every regularly scheduled Board and Committee meeting. For Fiscal 2015, the Board held five (5) regularly scheduled meetings, each having an agenda, which specifically provided for an "in camera" session.

The two Committees of the Board are composed entirely of Independent Directors and, as with the Board meetings, each Committee meeting has an agenda, which specifically provides for an “in camera” session. In Fiscal 2015, four (4) such Audit Committee meetings were held and four (4) such CGNC meetings were held.

Director Assessment

The Board, its committees and individual Directors are regularly assessed through surveys of their effectiveness and contribution in order for the Board to satisfy itself that the Board, its committees, and its individual Directors are performing effectively.

Director Qualifications and Continuing Education

In developing a strategy for Board composition, the CGNC uses the Board Skills Matrix to identify and evaluate Director capabilities and experience around specific targeted competencies that the Board would ideally possess. At Sienna, the key focus areas are: Real Estate/Development Experience, Seniors Housing Knowledge (experience gained from working in the sector or having significant business dealings with organizations in the sector), Senior Executive Experience (broad business experience as a CEO or director of a public company or other large organization), Financial and Accounting Literacy, Corporate Governance (experience in best practices in public company corporate governance structures, policies and processes), Risk Management (ability to identify and understand key risks to the organization, understanding of risk assessments and systems and mitigation measures), and Legal and Regulatory (well versed in capital market activities, continuous disclosure, regulatory requirements and corporate law). While an individual Director may have one or more of the skills, the objective is to ensure that all required skills are held collectively.

The Company has an orientation and education program in place for new Directors. All new Directors receive an Orientation Manual containing a record of historical public information about the Company, as well as the charters of the Board and Committee mandates, copies of all Board governance documents and other relevant corporate and business information. The orientation also includes a thorough review of key issues on the forefront of the Company’s agenda, a review of corporate strategy and plans, a snapshot of current performance, a familiarization with Board documents and information sources, and a tour of the Company’s various sites.

With respect to the Director Peer Feedback process, the CGNC, comprised entirely of Independent Directors, surveys all six (6) Directors to provide feedback on the effectiveness of the Board and individual Directors. The Chair of the CGNC compiles the results and the CGNC assesses the operation of the Board and the Committees, the adequacy of information given to Directors, and the strategic direction and processes of the Board and Committees. If concerns are raised, the Chair of the CGNC reviews the Director Peer Feedback individually with each Director on a confidential basis to encourage the relevant Director to develop action plans to continue to hone and improve their contribution to the Board.

The Board as a group discusses the Director Peer Feedback survey results in order to identify and address areas requiring attention or improvement. The CGNC also assesses the performance of the Chairman of the Board, as well as the CEO.

Additionally, external experts are regularly brought in to Board meetings for continuing education on topics related to the Company and the industry in which it operates. Funds are also set aside for Directors to attend conferences and seminars as they deem appropriate to further their knowledge and ability to carry out their responsibilities. The Company also pays for industry publication subscriptions for the Independent Directors to keep informed of industry trends.

OTHER BUSINESS

The Directors are not aware of any matters intended to come before the Meeting other than those items of business set forth in the attached Notice of Meeting accompanying this Information Circular. If any other matters properly come before the Meeting, it is the intention of the persons named in the Form of Proxy to vote in respect of those matters in accordance with their judgment.

ADDITIONAL INFORMATION

Financial information is provided in the Company's comparative financial statements and the Company's management's discussion and analysis for Fiscal 2015 (the "MD&A"). Copies of the Company's financial statements for Fiscal 2015, together with the auditors' report thereon, the MD&A, the AIF (together with any document incorporated therein by reference) and this Information Circular are available from the Corporate Secretary of the Company upon written request to 302 Town Centre Blvd., Suite 300, Markham, Ontario, L3R 0E8. The Company may require payment of a reasonable charge if the request is made by a person who is not a Shareholder. These documents and additional information relating to the Company may also be found on SEDAR at www.sedar.com and on the Company's website at www.siennaliving.ca.

APPROVAL OF DIRECTORS

The contents and the sending of this Information Circular to the Shareholders have been approved by the Board of Directors.

BY ORDER OF THE BOARD OF DIRECTORS

"Lois Cormack"

President and Chief Executive Officer
Sienna Senior Living Inc.

Dated: March 18, 2016

APPENDIX A

CONTINUING AND FURTHER AMENDING AND RESTATING THE AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT RIGHTS PLAN RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS THAT:

1. The Amended and Restated Shareholder Rights Plan Agreement dated as of April 24, 2013 between the Company and Computershare Trust Company of Canada, as rights agent, be continued and further amended and restated in the form substantially set forth in Appendix B to the management information circular of the Company dated March 18, 2016 (the “**Second Amended and Restated Rights Plan**”); and
2. Any one director or officer of the Company is hereby authorized, for and on behalf of the Company, to execute and, if appropriate, deliver all other documents and instruments and do all other things as in the opinion of such director or officer may be necessary or advisable to implement the Second Amended and Restated Rights Plan, this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

APPENDIX B
SECOND AMENDED AND RESTATED RIGHTS PLAN AGREEMENT

**SECOND AMENDED AND RESTATED
SHAREHOLDER RIGHTS PLAN AGREEMENT**

DATED AS OF ~~APRIL 24, 2013~~ ●, 2016

BETWEEN

~~LEISUREWORLD~~ SIENNA SENIOR ~~CARE CORPORATION~~ LIVING INC.

AND

COMPUTERSHARE TRUST COMPANY OF CANADA

AS RIGHTS AGENT

**SECOND AMENDED AND RESTATED
SHAREHOLDER RIGHTS PLAN AGREEMENT**

SECOND AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT dated as of ~~April 24, 2013~~ April 24, 2016 (amending and restating the Amended Shareholder Rights Plan Agreement dated as of April 24, 2013 ~~which amended and restated the Shareholder Rights Plan Agreement dated as of~~ March 23, 2010) between ~~LEISUREWORLD SIENNA SENIOR CARE CORPORATION~~ LIVING INC. (the “Company”), a company incorporated under the laws of the Province of British Columbia, and **COMPUTERSHARE TRUST COMPANY OF CANADA**, a company existing under the laws of Canada (the “Rights Agent”);

WHEREAS:

- (a) effective March 23, 2010, the Board of Directors of the Company, in the exercise of its fiduciary duties ~~has~~ is ~~was~~ was advisable and in the best interests of the Company to ~~continue to~~ have in place a shareholder rights plan ~~(as amended hereby)~~ (the “Rights Plan”) to ensure, to the extent possible, that all shareholders of the Company are treated fairly in connection with any take-over bid for the Company;
- (b) effective April 21, 2015, the Company changed its name from “Leisureworld Senior Care Corporation” to the Company, “Sienna Senior Living Inc.”;
- (c) ~~(b)~~ the Board of Directors has determined that the Rights Plan shall continue its ongoing effectiveness, upon receiving the requisite approval of Independent Shareholders;
- (d) ~~(c)~~ in order to continue the Rights Plan, the Board of Directors has confirmed its authorization and issuance of:
 - (i) one Right effective at the Record Time in respect of each Common Share outstanding at the Record Time; and
 - (ii) one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time;
- (e) ~~(d)~~ each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Company pursuant to the terms and subject to the conditions set forth in this Agreement;
- (f) ~~(e)~~ the Company has appointed the Rights Agent to act on behalf of the Company and the holders of Rights, and the Rights Agent has agreed to act on behalf of the Company in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to in this Agreement; and
- (g) ~~(f)~~ capitalized terms used above without definition have the meanings given to such terms in Article 1 of this Agreement;

NOW THEREFORE, in consideration of the premises and the respective agreements set forth herein, the Company and the Rights Agent agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated;

- (a) “**Acquiring Person**” means any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Securities; provided, however, that the term “Acquiring Person” shall not include:

- (i) the Company or any Subsidiary of the Company;
- (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Securities as a result of one or any combination of:
 - (A) a Voting Security Reduction,
 - (B) a Permitted Bid Acquisition,
 - (C) an Exempt Acquisition,
 - (D) a Convertible Security Acquisition, or
 - (E) a Pro Rata Acquisition;

provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the outstanding Voting Securities by reason of one or any combination of (A), (B), (C), (D) or (E) above and thereafter becomes the Beneficial Owner of additional Voting Securities in an amount greater than 1% of the outstanding Voting Securities (other than pursuant to one or any combination of (A), (B), (C), (D) or (E) above), then as of the date such Person becomes the Beneficial Owner of such additional Voting Securities, such Person shall become an “Acquiring Person”;

- (iii) for a period of 10 days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Securities as a result of such Person becoming disqualified from relying on Clause (B) of the definition of “Beneficial Owner” solely because such Person makes or proposes to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person (for the purposes of this definition, “**Disqualification Date**” means the first date of public announcement that any Person is making or has announced an intention to make a Take-over Bid, either alone, through such Person’s Affiliates or Associates or by acting jointly or in concert with any other Person, and includes, without limitation, a report filed pursuant to Section 101 of the Securities Act);
 - (iv) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Voting Securities in connection with a distribution to the public of securities of the Company, which includes, without limitation, a distribution of securities pursuant to a prospectus or by way of private placement; or
 - (v) a Person (a “**Grandfathered Person**”) who is the Beneficial Owner of 20% or more of the outstanding Voting Securities of the Company determined as at the Record Time, provided, however, that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of additional Voting Securities in an amount greater than 1% of the outstanding Voting Securities (other than pursuant to one or any combination of a Voting Security Reduction, a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition).
- (b) “**Affiliate**”, when used to indicate a relationship with a Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person.
 - (c) “**Agreement**” means this shareholder rights plan agreement, as the same may be amended or supplemented from time to time; “**hereof**”, “**herein**”, “**hereto**” and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement.

- (d) “**Associate**”, when used to indicate a relationship with a specified Person, means (i) a spouse of that Person, (ii) any Person of the same or opposite sex with whom that Person is living in a conjugal relationship outside marriage, (iii) a child of that Person, or (iv) a relative of that Person or of a Person mentioned in items (i), (ii) or (iii) of this definition if that relative has the same residence as that Person.
- (e) A Person shall be deemed the “**Beneficial Owner**” of, to have “**Beneficial Ownership**” of, and to “**Beneficially Own**”:
- (i) any securities as to which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;
 - (ii) any securities as to which such Person or any of such Person’s Affiliates or Associates has the right to become the owner at law or in equity (whether such right is exercisable immediately or within a period of 60 days thereafter and whether or not on condition or the happening of any contingency) pursuant to any agreement, arrangement, pledge or understanding, including but not limited to any lock-up agreement or similar agreement, arrangement or understanding that is not a Permitted Lock-up Agreement, whether or not in writing (other than (A) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities and (B) pledges of securities in the ordinary course of business), or upon the exercise of any conversion right, exchange right, share purchase right (other than the Rights), warrant or option; and
 - (iii) securities which are Beneficially Owned within the meaning of Clauses 1.1(e)(i) or (ii) by any other Person with whom such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the “**Beneficial Owner**” of, or to have “**Beneficial Ownership**” of, or to “**Beneficially Own**”, any security because:

- (A) the holder of such security has agreed pursuant to a Permitted Lock-up Agreement to deposit or tender such security to a Take-over Bid made by such Person, made by any of such Person’s Affiliates or Associates or made by any other Person acting jointly or in concert with such Person, or such security has been deposited or tendered pursuant to any Take-over Bid made by such Person, made by any of such Person’s Affiliates or Associates or made by any other Person acting jointly or in concert with such Person, until such deposited or tendered security has been taken up or paid for, whichever shall first occur;
- (B) such Person, any of such Person’s Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security provided that:
 - (1) the ordinary business of any such Person (the “**Investment Manager**”) includes the management of mutual funds or other investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and the Investment Manager holds such security in the ordinary course of such business in the performance of such Investment Manager’s duties for the account of any other Person (a “**Client**”), including non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable law,
 - (2) such Person (the “**Trust Company**”) is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an “**Estate Account**”) or in

relation to other accounts (each an “**Other Account**”) and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts,

- (3) such Person is established by statute for purposes that include, and the ordinary business or activity of such Person (the “**Statutory Body**”) includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies,
- (4) such Person is a Crown agent or agency (a “**Crown Agent**”), or
- (5) such Person (the “**Administrator**”) is the administrator or trustee of one or more pension funds or plans (a “**Plan**”) or is a Plan registered under the laws of Canada or any province thereof or the laws of the United States of America or any State thereof;

provided, in any of the above cases, that the Investment Manager, the Trust Company, the Statutory Body, the Crown Agent, the Administrator or the Plan, as the case may be, is not then making a Take-over Bid or has not then announced an intention to make a Take-over Bid, other than an Offer to Acquire Voting Securities or other securities by means of a distribution by the Company or by means of ordinary market transactions (including prearranged trades) executed through the facilities of a stock exchange or organized over-the-counter market, in each case, alone or by acting jointly or in concert with any other Person;

- (C) such Person is (1) a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, (2) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or (3) a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;
 - (D) such Person is the registered holder of securities solely as the result of carrying on the business of or acting as a nominee of a securities depository; or
 - (E) such Person is (1) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (2) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or (3) a Plan and such security is owned at law or in equity by the Administrator of the Plan.
- (f) “**Board of Directors**” means the board of directors of the Company.
 - (g) “**Business Day**” means any day other than a Saturday, Sunday or a day on which banking institutions in City of Toronto, Ontario are authorized or obligated by law to close.
 - (h) “**Canadian Dollar Equivalent**” of any amount, which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. – Canadian Exchange Rate in effect on such date.
 - (i) “**Canadian – U.S. Exchange Rate**” means, on any date, the inverse of the U.S. – Canadian Exchange Rate in effect on such date.
 - (j) [“**Certificate**” means either a physical paper certificate or a Direct Registration System \(DRS\) form evidencing the ownership of Common Shares or Rights.](#)

(k) ~~(+)~~ “**Close of Business**” on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal transfer office in the City of Toronto, Ontario of the transfer agent for the Common Shares (or, after the Separation Time, the principal transfer office in Toronto of the Rights Agent) is closed to the public.

(l) ~~(+)~~ “**Common Shares**” means the common shares in the capital of the Company.

(m) ~~(+)~~ “**Competing Permitted Bid**” means a Take-over Bid that:

- (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid (in this definition, the “**Prior Bid**”);
- (ii) satisfies all the provisions of the definition of a Permitted Bid, other than the requirement set out in Clause (ii) of the definition of Permitted Bid; and
- (iii) contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:
 - (A) no Voting Securities shall be taken up or paid for pursuant to such Take-over Bid (x) prior to the Close of Business on a date that is not earlier than the later of the last day on which the Take-over Bid must be open for acceptance after the date of such Take-over Bid under applicable Canadian provincial securities legislation and the earliest date on which Voting Securities may be taken up or paid for under any Prior Bid; and (y) then only if, at the time that such Voting Securities are first taken up or paid for, more than 50% of the then outstanding Voting Securities held by Independent Shareholders have been deposited or tendered pursuant to such Take-over Bid and not withdrawn; and
 - (B) in the event that the requirement set forth in Subclause (iii)(A)(y) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Common Shares for not less than 10 ~~Business Days~~ days from the date of such public announcement;

provided always that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided that, at such time, any acquisition of Voting Securities made pursuant to such Competing Permitted Bid, including any acquisitions of Voting Securities theretofore made, will cease to be a Permitted Bid Acquisition.

(n) ~~(+)~~ A Person is “**controlled**” by another Person if:

- (i) in the case of a body corporate:
 - (A) securities entitled to vote in the election of directors carrying more than 50 per cent of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person;
 - (B) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation;
- (ii) in the case of a Person that is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or on behalf of the Person or Persons;

and “controls”, “controlling” and “under common control with” shall be interpreted accordingly.

- (o) ~~(+)~~ “**Convertible Securities**” means, at any time, any securities issued by the Company from time to time (other than the Rights) carrying any purchase, exercise, conversion or exchange right pursuant to which the holder thereof may acquire Voting Securities or other securities which are convertible into, exercisable into or exchangeable for Voting Securities (in each case, whether such right is exercisable immediately or after a specified period and whether or not on condition or the happening of any contingency).
- (p) ~~(+)~~ “**Convertible Security Acquisition**” means the acquisition by a Person of Voting Securities upon the exercise of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Pro Rata Acquisition.
- (q) ~~(+)~~ “**Co-Rights Agents**” has the meaning ascribed thereto in Subsection 4.1(a).
- (r) ~~(+)~~ “**Disposition Date**” has the meaning ascribed thereto in Subsection 5.2(c).
- (s) ~~(+)~~ “**Election to Exercise**” has the meaning ascribed thereto in Clause 2.2(d)(ii).
- (t) ~~(+)~~ “**Exempt Acquisition**” means an acquisition of Voting Securities or a Convertible Securities Acquisition (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Section 5.2, (ii) pursuant to a distribution of Voting Securities or Convertible Securities (and the conversion or exchange of such Convertible Securities) made by the Company pursuant to a prospectus or private placement provided that the Person does not acquire a greater percentage of the securities offered in the distribution than the percentage of Voting Securities Beneficially Owned by that Person immediately prior to the distribution, or (iii) pursuant to an amalgamation, merger or other statutory procedure requiring shareholder approval.
- (u) ~~(+)~~ “**Exercise Price**” means, the price at which a holder may purchase the securities issuable upon exercise of one whole Right which, subject to adjustment in accordance with the terms hereof, shall be \$100 per Common Share determined as at the Separation Time.
- (v) ~~(+)~~ “**Expansion Factor**” has the meaning ascribed thereto in Clause 2.3(a)(x).
- (w) ~~(+)~~ “**Expiration Time**” means the close of business on that date which is the earliest of the date of termination of this Agreement pursuant to Section 5.17 or, if this Agreement is reconfirmed pursuant to Section 5.17, the close of business on the tenth anniversary of the date hereof.
- (x) ~~(+)~~ “**Flip-in Event**” means a transaction in or pursuant to which any Person becomes an Acquiring Person.
- (y) ~~(+)~~ “**holder**” has the meaning ascribed thereto in Section 2.8.
- (z) ~~(+)~~ “**Independent Shareholders**” shall mean holders of Voting Securities, other than:

 - (i) any Acquiring Person;
 - (ii) any Offeror, other than any Person who by virtue of Clause (B) of the definition of “Beneficial Owner” is not deemed to Beneficially Own the Voting Securities held by such Person;
 - (iii) any Affiliate or Associate of any Acquiring Person or Offeror;
 - (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror; and

- (v) any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of the Company unless the beneficiaries of the plan or trust direct the manner in which the Voting Securities are to be voted or direct whether the Voting Securities are to be tendered to a Take-over Bid.

(aa) ~~(z)~~ “**Market Price**” per security of any securities on any date of determination shall mean the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the adjustment provided for in Section 2.3 or as the Board of Directors shall otherwise determine in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per security of any securities on any date shall be:

- (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal Canadian stock exchange (as determined by the Board of Directors) on which such securities are listed or admitted to trading;
- (ii) if for any reason none of such prices is available on such day or the securities are not listed or posted for trading on a Canadian stock exchange, the last sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal national United States securities exchange (as determined by the Board of Directors) on which such securities are listed or admitted to trading;
- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last sale price or, in case no sale takes place on such date, the average of the high bid and low asked prices for each of such securities in the over-the-counter market, as quoted by any reporting system then in use (as determined by the Board of Directors); or
- (iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or quoted by any such reporting system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected by the Board of Directors;

provided, however, that if for any reason none of such prices is available on such day, the closing price per share of such securities on such date means the fair value per share of such securities on such date as determined by a nationally recognized investment dealer or investment banker. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof.

(bb) ~~(aa)~~ “**Nominee**” has the meaning ascribed thereto in Subsection 2.2(c).

(cc) ~~(bb)~~ **“Offer to Acquire”** includes:

- (i) an offer to purchase or a solicitation of an offer to sell Voting Securities or Convertible Securities; and
- (ii) an acceptance of an offer to sell Voting Securities or Convertible Securities, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.

(dd) ~~(ee)~~ **“Offeror”** means a Person who has announced a current intention to make or who is making a Take-over Bid;

(ee) ~~(dd)~~ **“Offeror’s Securities”** means Voting Securities Beneficially Owned by an Offeror on the date of the Offer to Acquire.

(ff) ~~(ee)~~ **“Permitted Bid”** means a Take-over Bid made by an Offeror by way of take-over bid circular which also complies with the following provisions:

- (i) the Take-over Bid is made to all holders of Voting Securities, other than the Offeror, as registered on the books of the Company;
- (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Securities will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date which is not less than ~~60~~105 days following the date of the Take-over Bid and only if at such date more than 50% of the Voting Securities held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
- (iii) the Take-over Bid contains an irrevocable and unqualified provision that unless the Take-over Bid is withdrawn, Voting Securities may be deposited pursuant to such Take-over Bid at any time during the period of time described in Clause 1.1(~~ee~~ff)(ii) and that any Voting Securities deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- (iv) the Take-over Bid contains an irrevocable and unqualified provision that in the event that the provisions set forth in Clause 1.1(~~ee~~ff)(ii) are satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Securities for not less than 10 ~~Business Days~~days from the date of such public announcement;

provided always that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided that, at such time, any acquisition of Voting Securities made pursuant to such Permitted Bid, including any acquisition of Voting Securities theretofore made, will cease to be a Permitted Bid Acquisition.

(gg) ~~(ff)~~ **“Permitted Bid Acquisition”** means an acquisition of Voting Securities made pursuant to a Permitted Bid or a Competing Permitted Bid.

(hh) ~~(gg)~~ **“Permitted Lock-up Agreement”** means an agreement between a Person and one or more holders of Voting Securities or Convertible Securities (each a **“Locked-up Person”**) (the terms of which are publicly disclosed and a copy of which is made available to the public (including the Company) not later than the date the Lock-up Bid (as defined below) is publicly announced or, if the Lock-up Bid has been made prior to the date on which such agreement is entered into,

forthwith, and in any event not later than the date of such agreement), pursuant to which each such Locked-up Person agrees to deposit or tender Voting Securities or Convertible Securities (or both) to a Take-over Bid (the “**Lock-up Bid**”) made or to be made by the Person or any of such Person’s Affiliates or Associates or any other Person referred to in Clause (iii) of the definition of Beneficial Owner; provided that:

- (i) the agreement:
 - (A) permits the Locked-up Person to terminate its obligation to deposit or tender, and permits the Locked-up Person to withdraw if already deposited or tendered, the Voting Securities or Convertible Securities (or both) from the Lock-up Bid in order to tender or deposit such securities to another Take-over Bid or to support another transaction that represents an offering price for each Voting Security or Convertible Security that exceeds, or provides a value that is greater than, the offering price or value represented or proposed to be represented by the Lock-up Bid; or
 - (B)
 - (1) permits the Locked-up Person to terminate its obligation to deposit or tender, and permits the Locked-up Person to withdraw if already deposited or tendered, the Voting Securities or Convertible Securities) from the agreement in order to tender or deposit the Voting Securities or Convertible Securities to another Take-over Bid, or to support another transaction that provides for a consideration for each Voting Security or Convertible Security that exceeds by as much as or more than a specified amount (the “**Specified Amount**”) the consideration for each Voting Security or Convertible Security contained in or proposed to be contained in, and is made for at least the same number of Voting Securities or Convertible Securities as, the Lock-up Bid; and
 - (2) does not by its terms provide for a Specified Amount that is greater than 7% over the consideration for each Voting Security or Convertible Security contained in or proposed to be contained in the Lock-up Bid;

and, for greater clarity, the agreement may contain a right of first refusal or permit a period of delay to give such Person an opportunity to at least match a higher consideration in another Take-over Bid and may provide for any other similar limitation on a Locked-up Person’s right to withdraw Voting Securities or Convertible Securities (or both) from the agreement, as long as the Locked-Up Person can accept another bid or tender to another transaction; and

- (ii) no “break-up” fees, “top-up” fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:
 - (A) the cash equivalent of 21/2% of the price or value payable under the Lock-up Bid to a Locked-up Person; and
 - (B) 50% of the amount by which the price or value payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid,

is payable by a Locked-up Person pursuant to the agreement in the event a Locked-up Person fails to deposit or tender Voting Securities or Convertible Securities (or both) to the Lock-up Bid, withdraws Voting Securities or Convertible Securities (or both) previously tendered thereto or supports another transaction.

(ii) ~~(hh)~~ **“Person”** includes any individual, firm, partnership, association, trust, body corporate, corporation, unincorporated organization, syndicate, governmental entity or other entity.

(jj) ~~(ii)~~ **“Pro Rata Acquisition”** means an acquisition by a Person of Voting Securities or Convertible Securities pursuant to:

- (i) a stock distribution, stock split or other event in respect of securities of the Company of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Voting Securities or Convertible Securities on the same pro rata basis as all other holders of securities of the particular class, classes or series;
- (ii) the acquisition or the exercise by the Person of only those rights to purchase Voting Securities distributed to that Person in the course of a distribution to all holders of securities of the Company of one or more particular classes or series pursuant to a rights offering (other than the Rights) or pursuant to a prospectus provided that the Person does not thereby acquire a greater percentage of such Voting Securities, or securities convertible into or exchangeable for Voting Securities, so offered than the Person’s percentage of Voting Securities Beneficially Owned immediately prior to such acquisition; or
- (iii) a distribution of Voting Securities, or securities convertible into or exchangeable for Voting Securities (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a prospectus or by way of a private placement, provided that the Person does not thereby acquire a greater percentage of such Voting Securities, or securities convertible into or exchangeable for Voting Securities, so offered than the Person’s percentage of Voting Securities Beneficially Owned immediately prior to such acquisition.

(kk) ~~(jj)~~ **“Record Time”** means the close of business on March 23, 2010.

(ll) ~~(kk)~~ **“Redemption Price”** has the meaning ascribed thereto in Subsection 5.1(a).

(mm) ~~(ll)~~ **“Right”** means a right to purchase a Common Share upon the terms and subject to the conditions set forth in this Agreement.

(nn) ~~(mm)~~ **“Rights Certificate”** means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment 1.

(oo) ~~(nn)~~ **“Rights Register”** has the meaning ascribed thereto in Subsection 2.6(a).

(pp) ~~(oo)~~ **“Securities Act”** means the *Securities Act* (Ontario) as amended from time to time, and the regulations thereunder, and any comparable or successor laws or regulations thereto.

(qq) ~~(pp)~~ **“Separation Time”** shall mean the close of business on the 10th Trading Day after the earlier of:

- (i) the Stock Acquisition Date;
- (ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Company or any Subsidiary of the Company) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and
- (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such;

or, in the case of clauses (ii) and (iii) of this definition such later date as may be determined by the Board of Directors in good faith; provided that if any such Take-over Bid expires, is cancelled,

terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this provision, never to have been made.

(rr) ~~(qq)~~ “**Shareholder Approval**” means approval by a majority of the votes cast by the holders of Voting Securities at a meeting called and held in accordance with applicable laws and the articles and by-laws of the Company or a written resolution approved by holders of a majority of the outstanding Voting Securities excluding, in all cases, Voting Securities held by Persons who are not Independent Shareholders.

(ss) ~~(tt)~~ “**Stock Acquisition Date**” shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, the filing of an early warning report pursuant to the Securities Act) by the Company or an Acquiring Person that an Acquiring Person has become such.

(tt) ~~(ss)~~ A corporation shall be deemed to be a “**Subsidiary**” of another corporation if:

- (i) it is controlled by:
 - (A) that other;
 - (B) that other and one or more corporations each of which is controlled by that other; or
 - (C) two or more corporations each of which is controlled by that other; or
- (ii) it is a Subsidiary of a corporation that is that other’s Subsidiary.

(uu) ~~(tt)~~ “**Take-over Bid**” means an Offer to Acquire Voting Securities, or securities convertible into Voting Securities, where the Voting Securities subject to the Offer to Acquire, together with (i) the Voting Securities into which securities subject to the Offer to Acquire are convertible and (ii) the Offeror’s Securities, constitute in the aggregate 20% or more of the outstanding Voting Securities at the date of the Offer to Acquire.

(vv) ~~(uu)~~ “**Trading Day**”, when used with respect to any securities, means a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day.

(ww) ~~(vv)~~ “**U.S. – Canadian Exchange Rate**” means, on any date:

- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and
- (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Board of Directors from time to time acting in good faith.

(xx) ~~(ww)~~ “**U.S. Dollar Equivalent**” of any amount, which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian – U.S. Exchange Rate in effect on such date.

(yy) ~~(xx)~~ “**Voting Security Reduction**” means an acquisition or redemption by the Company of Voting Securities or any other transaction which, by reducing the number of Voting Securities outstanding, increases the proportionate number of Voting Securities Beneficially Owned by any person to 20% or more of the Voting Securities then outstanding.

(zz) ~~(yy)~~ “**Voting Securities**” shall mean the Common Shares of the Company and any other securities in the capital of the Company entitled to vote generally for the election of directors.

1.2 Currency

All sums of money, which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Headings

The division of this Agreement into Articles, Sections, Subsections, Clauses, Paragraphs, Subparagraphs or other portions hereof and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Securities

For purposes of this Agreement, the percentage of Voting Securities Beneficially Owned by any Person, shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

$100 \times A/B$ where:

A = the number of votes for the election of all directors generally attaching to the Voting Securities Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Voting Securities.

For the purposes of the foregoing formula, where any Person is deemed to Beneficially Own unissued Voting Securities which may be acquired pursuant to Convertible Securities, such Voting Securities shall be deemed to be outstanding for the purpose of calculating the percentage of Voting Securities Beneficially Owned by such Person in both the numerator and the denominator, but no other unissued Voting Securities which may be acquired pursuant to any other outstanding Convertible Securities shall, for the purposes of that calculation, be deemed to be outstanding.

1.5 Acting Jointly or in Concert

For the purposes of this Agreement, a Person is acting jointly or in concert with every other Person who, as a result of any agreement, commitment, or understanding, whether formal or informal, with the first Person acquires or offers to acquire Voting Securities or Convertible Securities, and an Affiliate of such Person (other than (A) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities by way of prospectus or private placement; or (B) pledges of securities in the ordinary course of business).

ARTICLE 2 – THE RIGHTS

2.1 Issuance and Evidence of Holdings of Rights

One Right in respect of each Common Share outstanding at the Record Time and each Common Share which may be issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time shall be issued in accordance with the terms hereof. Notwithstanding the foregoing, one Right in respect of each Common Share issued after the Record Time upon the exercise of rights pursuant to Convertible Securities outstanding at the Record Time may be issued after the Separation Time but prior to the Expiration Time.

Certificates representing Common Shares which are issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall also evidence one Right for each Common Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

“Until the Separation Time (as defined in the Shareholder Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights described in a Shareholder Rights Plan Agreement dated as of March 23, 2010, as may be amended or supplemented from time to time (the “**Shareholder Rights Agreement**”) between ~~Leisureworld~~, Sienna Senior Care Corporation Living Inc. (the “**Company**”) and Computershare Trust Company of Canada (the “**Rights Agent**”), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. Under certain circumstances set out in the Shareholder Rights Agreement, the rights may expire, may be amended or redeemed, may become null and void or may be evidenced by separate certificates and no longer evidenced by this certificate. The Company will mail or arrange for the mailing of a copy of the Shareholder Rights Agreement to the holder of this certificate without charge as soon as practicable, after the receipt of a written request therefor.”

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share represented thereby, notwithstanding the absence of the foregoing legend, until the earlier of the Separation Time and the Expiration Time.

Registered holders of Common Shares who have not received a share certificate and are entitled to do so on the earlier of the Separation Time and the Expiration Time shall be entitled to Rights as if such certificates had been issued and such Rights shall for all purposes hereof be evidenced by the corresponding entries on the Company’s securities register for shares.

2.2 Exercise of Rights; Detachment of Rights

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase one Common Share for the Exercise Price (which Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Company or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
 - (i) the Rights shall not be exercisable and no Right may be exercised; and
 - (ii) each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to represent a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (c) From and after the Separation Time and prior to the Expiration Time:
 - (i) the Rights shall be exercisable; and
 - (ii) the registration and transfer of Rights shall be separate from and independent of the Common Shares.

Promptly following the Separation Time, the Company will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person, and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a “**Nominee**”) at such holder’s address as shown by the records of the Company (the Company hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):

- (x) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem

appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule or regulation or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and

(y) a disclosure statement describing the Rights,

provided that a Nominee shall be sent the materials provided for in (x) and (y) in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person.

- (d) Rights may be exercised, in whole or in part, on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:
- (i) the Rights Certificate evidencing such Rights;
 - (ii) an election to exercise such Rights (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate appropriately completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
 - (iii) payment by certified cheque, banker’s draft or money order payable to the order of the Company, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.
- (e) Upon receipt of a Rights Certificate, together with a duly completed Election to Exercise executed in accordance with Clause 2.2(d)(ii), which does not indicate that such Right is null and void as provided by Subsection 3.1(b), and payment as set forth in Clause 2.2(d)(iii), the Rights Agent (unless otherwise instructed by the Company in the event that the Company is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
- (i) requisition from the transfer agent for the Common Shares certificates representing the number of such Common Shares to be purchased (the Company hereby irrevocably agreeing to authorize its transfer agent to comply with all such requisitions);
 - (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuing fractional Common Shares;
 - (iii) after receipt of the certificates referred to in Clause 2.2(e)(i), deliver the same to or upon the order of the registered holder of such Rights Certificates, registered in such name or names as may be designated by such holder;
 - (iv) after receipt of the certificates referred to in Clause 2.2(e)(i), deliver any cash referred to in Clause 2.2(e)(ii) to or to the order of the registered holder of such Rights Certificate; and
 - (v) tender to the Company all payments received on exercise of the Rights.
- (f) In case the holder of any Rights exercises less than all the Rights evidenced by such holder’s Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to the provisions of Subsection 5.6(a)) will be issued by the Rights Agent to such holder or to such holder’s duly authorized assigns.

- (g) The Company covenants and agrees that it will:
- (i) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable.
 - (ii) take all such actions as may be necessary and within its power to comply with the requirements of its constating documents, the Securities Act and the securities laws or comparable legislation of each of the provinces and territories of Canada and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;
 - (iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the stock exchanges on which such Common Shares were traded immediately prior to the Stock Acquisition Date;
 - (iv) cause to be reserved and kept available out of the authorized and unissued Common Shares, the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
 - (v) pay when due and payable, if applicable, any and all federal, provincial and municipal transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Company to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, or certificates for Common Shares to be issued upon exercise of any Rights, provided that the Company shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being transferred or exercised; and
 - (vi) after the Separation Time, except as permitted by Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3.

- (a) In the event the Company at any time after the Separation Time and prior to the Expiration Time:
- (i) declares or pays a dividend on Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other capital stock) other than pursuant to any optional dividend reinvestment plan or a dividend payable in Voting Securities in lieu of a regular periodic cash dividend;
 - (ii) subdivides or changes the then outstanding Common Shares into a greater number of Common Shares;
 - (iii) consolidates or changes the then outstanding Common Shares into a smaller number of Common Shares; or
 - (iv) otherwise issues any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) in respect of, in lieu of or in exchange

for existing Common Shares in a reclassification, amalgamation, merger, statutory arrangement, or consolidation,

the Exercise Price, the number of Rights outstanding and the securities purchasable upon exercise of the Rights shall be adjusted as of the record or effective date as follows:

- (x) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (the “**Expansion Factor**”) that a holder of one Common Share immediately prior to such distribution, subdivision, change, consolidation or issuance would hold thereafter as a result thereof (assuming the exercise of any such exchange, conversion or acquisition rights); and
- (y) each Right held prior to such adjustment shall become that number of Rights equal to the Expansion Factor and the adjusted number of Rights will be deemed to be allocated among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such distribution, subdivision, change, consolidation or issuance, so that each such Common Share will have exactly one Right associated with it.

To the extent that any such exchange, conversion or acquisition rights are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would be in effect, based on the number of Common Shares actually issued on the exercise of such rights.

In the event the Company at any time after the Record Time and prior to the Separation Time issues any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares), each such Common Share shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such associated Common Share.

- (b) If, after the Separation Time and prior to the Expiration Time, the Company shall issue any equity securities other than Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire shares of any such capital stock) in a transaction of a type described in Clause 2.3(a)(i) or (iv), the shares of such capital stock shall be treated herein as nearly equivalent to Common Shares to the extent practicable and appropriate under the circumstances, as determined by the Board of Directors, and the shares purchasable upon exercise of Rights shall be adjusted as necessary such that the shares purchasable upon exercise of each Right after such adjustment will be the shares that a holder of the shares purchasable upon exercise of one Right immediately prior to such issuance would hold thereafter as a result of such issuance. Notwithstanding Section 5.5, the Company and the Rights Agent are authorized and agree to amend this Agreement in order to give effect to the foregoing.
- (c) In the event that at any time after the Record Time and prior to the Expiration Time there shall occur:
 - (i) a reclassification or redesignation of the Common Shares or any change of the Common Shares into other shares (other than as the result of an event described in Subsection 2.3(a));
 - (ii) a consolidation, merger or amalgamation of the Company with or into another body corporate (other than a consolidation, merger or amalgamation which does not result in a reclassification of the Common Shares or a change of the Common Shares into other shares); or
 - (iii) the transfer of all or substantially all of the assets of the Company to another body corporate;

a holder of a Right shall thereafter be entitled to receive and shall accept upon exercise of such Right, in lieu of the number of Common Shares to which such holder was theretofore entitled to acquire upon such exercise, the kind and amount of shares and/or other securities or property which such holder would have been entitled to receive as a result of such occurrence if, on the effective date thereof, such holder had been the holder of the number of Common Shares to which such holder was then entitled upon exercise of such Right. The Company shall take all necessary steps so that holders of Rights shall thereafter be entitled to acquire such shares and/or other securities or property, subject to adjustment thereafter in accordance with provisions the same, as nearly as may be possible, as those contained in this Section 2.3.

- (d) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent in the Exercise Price; provided, however, that any adjustments which by reason of this Subsection 2.3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a share. Notwithstanding the first sentence of this Subsection 2.3(d), any adjustment required by this Section 2.3 shall be made no later than the earlier of:
 - (i) three years from the date of the transaction which gives rise to such adjustment; and
 - (ii) the Expiration Time.
- (e) irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.
- (f) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Company, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Company, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.
- (g) Notwithstanding anything contained in this Section 2.3 to the contrary, the Company shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Board of Directors shall determine to be advisable, in order that any:
 - (i) consolidation or subdivision of Common Shares;
 - (ii) issuance (wholly or in part for cash) of Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares;
 - (iii) stock distributions; or
 - (iv) issuance of rights, options or warrants, hereafter made by the Company to holders of its Common Shares,shall not be taxable to such shareholders.
- (h) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon exercise of the Rights is made pursuant to this Section 2.3, the Company shall promptly and in any

event, where such change or adjustment occurs prior to the Separation Time, not later than the Separation Time:

- (i) file with the Rights Agent and with each transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or change; and
- (ii) cause notice of the particulars of such adjustment or change to be given to the holders of the Rights.

Failure to file such certificate or to cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of such adjustment or change.

- (i) The Company covenants and agrees that, after the Separation Time, it will not, except as permitted by the provisions hereof, take (or permit any Subsidiary of the Company to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.4 Date on Which Exercise Is Effective

Each Person in whose name any certificate for Common Shares or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares or other securities, if applicable, represented thereon, and such certificate shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Subsection 2.2(d) (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Company are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

- (a) The Rights Certificates shall be executed on behalf of the Company by its President, Chief Executive Officer or Vice-President, Chief Financial Officer under the corporate seal of the Company reproduced thereon. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices either before or after the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Company learns of the Separation Time, the Company will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Company to the Rights Agent for countersignature, and the Rights Agent shall manually or by facsimile signature countersign (in a manner satisfactory to the Company) and send such Rights Certificates to the holders of the Rights pursuant to Subsection 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Transfer and Exchange

- (a) After the Separation Time, the Company will cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the “**Rights Registrar**”) for the purpose of maintaining the Rights Register for the Company and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts

such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Subsection 2.6(c), the Company shall execute, and the Rights Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Company, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Company or the Rights Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Company shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Company and the Rights Agent prior to the Expiration Time:
 - (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and
 - (ii) such security or indemnity as may be reasonably required by each of them in their sole discretion to save each of them and any of their agents harmless;

then, in the absence of notice to the Company or the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Company shall execute and upon the Company's request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Company or the Rights Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights, duly issued hereunder.

2.8 Persons Deemed Owners of Rights

The Company, the Rights Agent and any agent of the Company or the Rights Agent may deem and treat the Person, in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. In this Agreement, unless the context otherwise requires, the term “holder” of any Right means the registered holder of such Right (or, prior to the Separation Time, the associated Common Share).

2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Company may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable laws, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Company on request.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of Rights that:

- (a) such holder of Rights shall be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share certificate representing such Right;
- (c) after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Company, the Rights Agent and any agent of the Company or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary;
- (e) such holder of Rights has waived his right to receive any fractional Rights or any fractional shares or other securities upon exercise of a Right (except as provided herein); and
- (f) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.
- (g) subject to the provisions of Section [5.45.5](#), without the approval of any holder of Rights or Voting Securities and upon the sole authority of the Board of Directors, acting in good faith, this

Agreement may be supplemented or amended from time to time pursuant to and as provided herein.

2.11 Rights Certificate Holder Not Deemed a Shareholder

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive distributions or be deemed for any purpose whatsoever the holder of any Common Share or any other share or security of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Right or Rights Certificate, as such, any right, title, benefit or privilege of a holder of Common Shares or any other shares or securities of the Company or any right to vote at any meeting of shareholders of the Company whether for the election of directors or otherwise or upon any matter submitted to holders of Common Shares or any other shares of the Company at any meeting thereof, or to give or withhold consent to any action of the Company, or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares of the Company except as expressly provided herein, or to receive distributions, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3 – ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

3.1 Flip-in Event

- (a) Subject to Subsection 3.1(b) and Sections 5.1 and 5.2, in the event that prior to the Expiration Time a Flip-in Event shall occur, the Company shall take such action as shall be necessary to ensure and provide, within 10 Business Days thereafter or such longer period as may be required to satisfy the requirements of the applicable securities laws or comparable legislation so that, except as provided below, each Right shall thereafter constitute the right to purchase from the Company, upon exercise thereof in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after such occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Stock Acquisition Date by:
 - (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such Person acting jointly or in concert with an Acquiring Person); or
 - (ii) a transferee of Rights, directly or indirectly, from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), where such transferee becomes a transferee concurrently with or subsequent to the Acquiring Person becoming such in a transfer that the Board of Directors has determined is part of a plan, understanding or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such Person acting jointly or in concert with an Acquiring Person), that has the purpose or effect of avoiding this Clause 3.1(b),

shall become null and void without any further action, and any holder of such Rights (including transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement and further shall thereafter not have any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise.

- (c) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Clause 3.1(b)(i) or (ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon the transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

“The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person or a Person who was acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Shareholder Rights Plan Agreement). This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Subsection 3.1(b) of the Shareholder Rights Plan Agreement.”

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall impose such legend only if instructed to do so by the Company in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend.

ARTICLE 4 – THE RIGHTS AGENT

4.1 General

- (a) The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents (the “**Co-Rights Agents**”) as it may deem necessary or desirable subject to the approval of the Rights Agent. In the event the Company appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Company may determine. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements reasonably incurred in the execution and administration of this Agreement and the exercise and performance of its duties hereunder, with the prior approval of the Company. The Company also agrees to indemnify the Rights Agent and its directors, officers, employees and agents for, and to hold them harmless against, any loss, liability, or expense, incurred without gross negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement.
- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of, any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.
- (c) The Company shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and, at any time upon request shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Company.

4.2 Merger, Amalgamation or Consolidation or Change of Name of Rights Agent

- (a) Any corporation into which the Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case, at the time such successor Rights Agent succeeds to the agency created by this Agreement, any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights ~~Certificate~~Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.
- (b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, all of which the Company and the holders of certificates for Common Shares and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) the Rights Agent may at the Company's expense retain and consult with legal counsel (who may be legal counsel for the Company) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the prior approval of the Company, consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert or advisor;
- (b) whenever in the performance of its duties under this Agreement, the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the President, Chief Executive Officer or Vice-President, Chief Financial Officer of the Company and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken, omitted or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;
- (c) the Rights Agent will be liable hereunder only for its own gross negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates

(except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Company only;

- (e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any certificate for a Common Share or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Subsection 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;
- (f) the Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept instructions in writing with respect to the performance of its duties hereunder from any person believed by the Rights Agent to be the President, Chief Executive Officer or Vice-President, Chief Financial Officer of the Company, and to apply to such persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken, omitted or suffered by it in good faith in accordance with instructions of any such person;
- (h) the Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement;
- (i) nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity; and
- (j) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in good faith in the selection and continued employment thereof.

4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 days' notice (or such lesser notice as is acceptable to the Company) in writing mailed to the Company and to each transfer agent of Common Shares by registered or certified mail. The Company may remove the Rights Agent upon 60 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail and to the holders of the Rights in accordance with Section 5.10. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Company will appoint a successor to the Rights Agent. If the Company fails to make such appointment within a period of 60 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then by prior written notice to the Company the resigning Rights Agent or the holder of any Rights (which holder shall, with such notice, submit such

holder's Rights Certificate, if any, for inspection by the Company), may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on ~~the business of a trust company~~ in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent upon receipt of any and all outstanding amounts owing by the Company to the Rights Agent pursuant to this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and mail a notice thereof in writing to the holders of the Rights in accordance with Section 5.10. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the any successor Rights Agent, as the case may be.

4.5 Compliance with Money Laundering Legislation

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Company, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

4.6 Privacy Provision

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Company will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

ARTICLE 5 – MISCELLANEOUS

5.1 Redemption of Rights

- (a) Until the occurrence of a Flip-in Event, as to which the application of Section 3.1 has not been waived pursuant to Section 5.2, the Board of Directors, may at any time, with the consent of the holders of Voting Securities or Rights (obtained as described set forth in Subsection 5.5(b) or 5.5(c), respectively), elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.0001 per Right, appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3, if an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").
- (b) If a Person acquires, pursuant to a Permitted Bid or a Competing Permitted Bid or pursuant to an Exempt Acquisition occurring under Subsection 5.2(b) hereof, outstanding Voting Securities, the Board of Directors of the Company shall, immediately upon such acquisition and without further formality, be deemed to have elected to redeem the Rights at the Redemption Price.

- (c) Where a Take-over Bid that is not a Permitted Bid or Competing Permitted Bid expires, is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all of the outstanding Rights at the Redemption Price.
- (d) If the Board of Directors elects to or is deemed to have elected to redeem the Rights (i) the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price, and (ii) subject to Subsection 5.1(f), no further Rights shall thereafter be issued.
- (e) Within 10 Business Days of the Board of Directors electing or having been deemed to have elected to redeem the Rights, the Company shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears upon the Rights Register of the Rights Agent, or, prior to the Separation Time, on the share register maintained by the Company's transfer agent or transfer agents. Each such notice of redemption shall state the method by which the payment of the Redemption Price shall be made.
- (f) Upon the Rights being redeemed pursuant to Subsection 5.1(c), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement, the Separation Time shall be deemed not to have occurred.

5.2 Waiver of Flip-In Events

- (a) Subject to the prior consent of the holder of Voting Securities obtained as set forth in Subsection 5.5(b), the Board of Directors may, at any time prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of Voting Securities otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular to all holders of Voting Securities or otherwise than in the circumstances set forth in Subsection 5.2(c), waive the application of Section 3.1 to such Flip-in Event by written notice delivered to the Rights Agent. In such event, the Board of Directors shall extend the Separation Time to a date at least 10 Business Days subsequent to the meeting of Shareholders called to approve such waiver.
- (b) The Board of Directors may, at any time prior to the occurrence of a Flip-in Event that would occur as a result of a Take-over Bid made by way of a take-over bid circular sent to all holders of Voting Securities, waive the application of Section 3.1 to such Flip-in Event by written notice delivered to the Rights Agent; provided, however, that if the Board of Directors waives the application of Section 3.1 to such a Flip-in Event, the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a take-over bid circular to all holders of Voting Securities prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this Subsection 5.2(b).
- (c) The Board of Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board of Directors has determined that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Subsection 5.2(c) must be on the condition that such Person, within 14 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "**Disposition Date**"), has reduced its Beneficial Ownership of Voting Securities such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and Section 3.1 shall apply thereto.

5.3 Expiration

No Person shall have any rights whatsoever pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Subsection 4.1(a) of this Agreement.

5.4 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.5 Supplements and Amendments

- (a) The Company may, at any time without the approval of shareholders of the Company or holders of Rights, make amendments to this Agreement to correct any clerical or typographical error or which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation or regulations or rules thereunder. Notwithstanding anything in this Section 5.5 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.
- (b) Subject to Subsection 5.5(a), the Company may, with the prior consent of the holders of Voting Securities obtained as set forth below, at any time prior to the Separation Time, supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Voting Securities duly called and held in compliance with applicable laws and the articles of the Company.
- (c) The Company may, with the prior consent of the holders of Rights, at any time on or after the Separation Time, ~~amend~~ supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders and representing 50% plus one of the votes cast in respect thereof.
- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Company's articles of incorporation and by-laws with respect to meetings of shareholders of the Company.
- (e) Any amendments made by the Company to this Agreement pursuant to Subsection 5.5(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation or regulation thereunder shall:
 - (i) if made before the Separation Time, be submitted to the holders of Voting Securities of the Company at the next meeting of holders of Voting Securities and the holders of

Voting Securities may, by the majority referred to in Subsection 5.5(b), confirm or reject such amendment;

- (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Company and the holders of Rights may, by resolution passed by the majority referred to in Subsection 5.5(d), confirm or reject such amendment.

Any such amendment shall, unless the Board of Directors otherwise stipulates, be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights, as the case may be.

5.6 Fractional Rights and Fractional Shares

- (a) The Company shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, in lieu of issuing fractional Rights, the Company shall pay to the holders of record of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Subsection 3.1(b), at the time such fractional Rights would otherwise be issuable), an amount in cash equal to the fraction of the Market Price of one whole Right that the fraction of a Right that would otherwise be issuable is of one whole Right.
- (b) The Company shall not be required to issue fractions of Common Shares upon exercise of Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Company shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one Common Share that the fraction of a Common Share that would otherwise be issuable upon the exercise of such Right is of one whole Common Share at the date of such exercise.

5.7 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights. Any holder of Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce such holder's right to exercise such holder's Rights, or Rights to which such holder is entitled, in the manner provided in such holder's Rights and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

5.8 Regulatory Approvals

Any obligation of the Company or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority. Without limiting the generality of the foregoing, any issuance of or delivery of equity securities of the Company upon the exercise of Rights and any amendment or supplement to this Agreement shall be subject to the prior necessary approvals of the Toronto Stock

Exchange and any other exchange upon which the Common Shares may be listed to the extent required by the rules of the Toronto Stock Exchange or other exchange at the relevant time.

5.9 Declaration as to Non-Canadian Holders

If in the opinion of the Board of Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Company with the securities laws or comparable legislation of a jurisdiction outside Canada, the Board of Directors acting in good faith shall take such actions as it may deem appropriate to ensure such compliance. In no event shall the Company or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes. If it would be necessary in any jurisdiction other than Canada to register any of the Rights or securities issuable on exercise of Rights prior to such issue or delivery, the Company will use its best efforts to establish procedures whereby shareholders entitled to such Rights, or holders of Rights entitled to securities upon the exercise of Rights, will have the ability to trade or exercise such Rights, or and be issued such securities, without the need to register those securities in the jurisdiction in which they reside, through the establishment of a trustee to hold and sell such securities in Canada, or such other mechanism as the Board of Directors believes is appropriate.

5.10 Notices

- (a) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Company shall be sufficiently given or made if delivered, sent by first class mail, postage prepaid, or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

~~Leisureworld~~[Sienna](#) Senior ~~Care Corporation~~[Living Inc.](#)
302 Town Centre Blvd, Suite 200
Markham, Ontario L3R 0E8

Attention: Chief Executive Officer
Facsimile No.: 905-489-0790

With a copy to:

Goodmans LLP
Bay Adelaide Centre
333 Bay St. Suite 3400
Toronto, ON M5H 2S7

Attention: Stephen Pincus
Facsimile No.: 416-979-1234

- (b) Notices or demands authorized or required by this Agreement to be given or made by the Company or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered, sent by first class mail, postage prepaid, or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Computershare Trust Company of Canada
100 University Avenue, 9⁸th Floor
Toronto Ontario M5J 2Y1

Attention: Manager, Client Services
Facsimile No.: 416-981-9679

- (c) Notices or demands authorized or required by this Agreement to be given or made by the Company or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Company for the Common Shares. Any notice which is mailed or sent in the manner herein provided shall be deemed given, whether or not the holder receives the notice.
- (d) Any notice given or made in accordance with this Section 5.10 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of telegraphing, telecopying or sending of the same by other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter).
- (e) Each of the Company and the Rights Agent may from time to time change its address for notice under Subsection 5.10(a) or (b) by notice to the other given in the manner aforesaid.

5.11 Costs of Enforcement

The Company agrees that if the Company fails to fulfil any of its obligations pursuant to this Agreement, then the Company will reimburse the holder of any Rights for the costs and expenses (including legal fees) reasonably incurred by such holder to enforce his rights pursuant to any Rights or this Agreement.

5.12 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

5.13 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; further, this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the holders of the Rights.

5.14 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and for all purposes shall be governed by and construed in accordance with the laws of such Province applicable to contracts to be made and performed entirely within such Province.

5.15 Severability

If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective only as to such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining terms and provisions hereof in such jurisdiction or the application of such term or provision in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

5.16 Effective Date

This Agreement is effective and in full force and effect in accordance with its terms from and after March 23, 2010.

5.17 Reconfirmation

This Agreement must be reconfirmed by a resolution passed by a majority of greater than 50% of the votes cast by all holders of Voting Securities who vote in respect of such reconfirmation at ~~the every~~ the every third, ~~sixth and ninth~~ annual ~~meetings~~ meeting following the ~~closing of the Company's initial public offering meeting at which this Agreement is confirmed.~~

If the Agreement is not so reconfirmed or is not presented for reconfirmation at such annual meeting, the Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the date of termination of the annual meeting; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Subsection 5.2), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.17.

5.18 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors, in good faith, shall not subject the Board of Directors or any director of the Company to any liability whatsoever to the holders of the Rights.

5.19 Time of the Essence

Time shall be of the essence in this Agreement.

5.20 Execution in Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

5.21 Fiduciary Duties of Directors

Nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Voting Securities reject or accept any Take-over Bid or take any other action including the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to shareholders that the directors believe are necessary or appropriate in the exercise of their fiduciary duties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

LEISUREWORLD SIENNA SENIOR CARE LIVING CORPORATION INC.

By: *“David Veneziano”*
Name: **David Veneziano**
Title: **Vice President and General Counsel**

COMPUTERSHARE TRUST COMPANY OF CANADA

By: *“Paul Allen”*
Name: **Paul Allen**
Title: **Professional, Client Services**

By: *“Eric Caramancion”*
Name: **Eric Caramancion**
Title: **Professional, Client Services**

ATTACHMENT 1

~~LEISUREWORLD~~SIENNA SENIOR ~~CARE CORPORATION~~LIVING INC.

SHAREHOLDER RIGHTS PLAN AGREEMENT

FORM OF RIGHTS CERTIFICATE

Certificate No. _____

Rights _____

THE RIGHTS ARE SUBJECT TO TERMINATION ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(b)) OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES OR TRANSFEREES OF AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, MAY BECOME VOID.

Rights Certificate

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement, dated as of March 23, 2010, as the same may be amended or supplemented from time to time (the “**Shareholder Rights Agreement**”), between ~~Leisureworld~~Sienna Senior ~~Care Corporation~~Living Inc., a corporation incorporated under the laws of the Province of British Columbia (the “**Company**”) and Computershare Trust Company of Canada, a company incorporated under the laws of Canada (the “**Rights Agent**”) (which term shall include any successor Rights Agent under the Shareholder Rights Agreement), to purchase from the Company at any time after the Separation Time (as such term is defined in the Shareholder Rights Agreement) and prior to the Expiration Time (as such term is defined in the Shareholder Rights Agreement), one fully paid common share of the Company (a “**Common Share**”) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise (in the form provided hereinafter) duly executed and submitted to the Rights Agent at its principal office in the City of Toronto. The Exercise Price shall be \$100, expressed in Canadian dollars, (as such term is defined in the Shareholder Rights Agreement) per Common Share at the Separation Time, subject to adjustment in certain events as provided in the Shareholder Rights Agreement.

This Rights Certificate is subject to all of the terms and provisions of the Shareholder Rights Agreement, which terms and provisions are incorporated herein by reference and made a part hereof and to which Shareholder Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Company and the holders of the Rights Certificates. Copies of the Shareholder Rights Agreement are on file at the registered office of the Company.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

No fractional Common Shares will be issued upon the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Shareholder Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive distributions or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof; nor shall anything contained in the Shareholder Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a holder of Voting Securities of the Company or any right to vote for the election of directors or upon any matter submitted to holder of Voting Securities at any meeting thereof, or to give or

withhold consent to any corporate action, or to receive notice of meetings or other actions affecting holders of Voting Securities (except as provided in the Shareholder Rights Agreement), or to receive distributions or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Shareholder Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal.

Date _____

~~LEISUREWORLD~~ SIENNA SENIOR CARE LIVING CORPORATION INC.

By: _____
Authorized Signature

Countersigned:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____
Authorized Signature

By: _____
Authorized Signature

FORM OF ELECTION TO EXERCISE

(To be exercised by the registered holder if such holder desires to exercise the Rights represented by this Certificate.)

TO: _____

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Common Shares or other securities, if applicable, issuable upon the exercise of such Rights and requests that certificates for such securities be issued in the name of:

(Name)

(Address)

(City and Province)

(Social Insurance Number or other taxpayer identification number)

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

(Name)

(Address)

(City and Province)

(Social Insurance Number or other taxpayer identification number)

Dated: _____

Signature: _____

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a member firm of a recognized stock exchange in Canada, a Canadian Schedule I chartered bank, a trust company in Canada or a member a recognized Medallion (STAMP, MSP or SEMP) Program.

CERTIFICATE

(To be completed if true.)

The undersigned party exercising Rights hereunder hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Agreement.

Signature

(please print name of signatory)

NOTICE

In the event the certification set forth above in the Form of Election to Exercise is not completed upon exercise of the Right(s) evidenced hereby, the Company will deem the Beneficial Owner of the Right(s) evidenced by this Rights Certificate to be an Acquiring Person (as defined in the Rights Agreement) and, accordingly, such Rights shall be null and void and not transferable or exercisable.

(To be attached to each Rights Certificate.)

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights represented by this Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

(Please print name and address of transferee.)

the Rights represented by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Rights on the books of the Company, with full power of substitution.

Dated: _____ Signature: _____

Signature Guaranteed: (Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a member firm of a recognized stock exchange in Canada, a Canadian Schedule I chartered bank, a trust company in Canada or a member of a recognized Medallion (STAMP, MSP or SEMP) Program.

CERTIFICATE

(To be completed if true.)

The undersigned party transferring Rights hereunder hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Agreement.

Signature

(please print name of signatory)

(To be attached to each Rights Certificate.)

NOTICE

In the event the certification set forth above in the Form of Assignment is not completed, the Company will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person (as defined in the Rights Agreement) and, accordingly, such Rights shall be null and void and not transferable or exercisable.

APPENDIX C

Sienna Senior Living Inc. (the “Company”)

BOARD MANDATE (the “Mandate”)

APPROVED BY THE BOARD OF DIRECTORS ON November 12, 2014

The board of directors of the Company (the “**Board**”) has developed this Mandate to help it fulfill its responsibility to shareholders to oversee the management of the business and affairs of the Company in accordance with the bylaws of the Company, applicable law, and stock exchange rules and requirements. This Mandate has been adopted by the Board to help assure that it will have the necessary framework to review and evaluate the Company’s business operations and to make decisions and arrive at conclusions that are independent of the Company’s management. The Mandate is also intended to align the interests of directors and management of the Company with those of the Company’s shareholders.

The Company’s Compensation, Governance and Nominating Committee (the “**CGNC**”) will review and assess this Mandate at least annually and suggest to the Board such changes, as the CGNC deems appropriate. As part of its annual review, the CGNC will review the board practices of other well-managed entities, as well as practices that are the focus of commentators on corporate governance. The Board is strongly committed to sound governance practices.

ROLE OF THE BOARD

The role of the Board is to provide guidance and strategic oversight to management, both collectively and individually, in order to realize the Company’s business objectives and to maximize shareholder value. The Board acts as an advisor and counselor to senior management and oversees its management of the business and affairs of the Company.

In fulfilling its responsibilities, the Board is responsible for, among other things:

- (a) overseeing the Company’s strategy and achievement of business objectives;
- (b) overseeing the Company’s continuous disclosure and financial reporting;
- (c) satisfying itself of the adequacy of the Company’s information systems;
- (d) reviewing and monitoring the Company’s disclosure controls and internal controls and procedures for financial reporting;
- (e) overseeing compliance with the Company’s bylaws and with applicable law;
- (f) overseeing the Company’s enterprise risk management framework,
- (g) determining the amount and timing of distributions to shareholders;
- (h) developing the Company’s approach to corporate governance;
- (i) approving major decisions regarding the Company outside of the ordinary course, subject to the delegation of approval authority to management;
- (j) CEO selection, evaluation, compensation and succession planning; and
- (k) overseeing compliance with the Company’s Code of Business Conduct and Ethics (the “**Code**”) to satisfy itself as to the integrity of the CEO and other executive members and to ensure that the Company maintains a culture of integrity and accountability.

ROLE OF MANAGEMENT

Management is responsible for developing and implementing strategy, safeguarding the Company's assets and for delivering the primary benefits of the Company's business activities to shareholders. When Management performance is inadequate, the Board has the responsibility to bring about appropriate change.

Management of the Company is under the direction and the control of the Chief Executive Officer of the Company (the "**Chief Executive Officer**"). Senior management, through the Chief Executive Officer, reports to and is accountable to the Board.

Management is responsible for the preparation of a business plan, which includes an annual operating and capital budget together with an outline of strategic initiatives, for review and approval of the Board. The Board's approval of the business plan provides a mandate for management to conduct the affairs of the Company. Material deviations from the plan are reported to and considered by the Board.

COMPOSITION, ORIENTATION AND COMPENSATION OF THE BOARD

Director Independence

At least two-thirds of the members of the Board will be Independent Directors (within the meaning of NI 58-201). At least annually, the Board will review the independence of each director and directors will be asked to self-assess their independence status through a questionnaire.

Selection of Directors

Based on the recommendation of the CGNC, the Board is responsible for selecting nominees for election as directors and recommending them for election by the shareholders.

Director Skills Matrix

The Board, through the CGNC, will utilize a board skills matrix as a tool to facilitate the screening and selection of Board nominees.

Directors who experience a significant change in their personal circumstances, including a change in their principal occupation or time commitments, are expected to advise the CGNC, who will request a further review by the Board of the director's ability to continue as a director of the Board.

Orientation and Continuing Education

An orientation process is mandated for all new directors. This process includes comprehensive background briefings by the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer of the Company (the "**Chief Financial Officer**"), and other officers or employees of the Company designated by the Chief Executive Officer. This process includes obtaining an understanding of the role of the Board and its committees as well as each director's individual role and responsibility. The coordination of the orientation program is the responsibility of the CGNC and the Company's Chief Executive Officer.

Directors are also encouraged to participate in continuing education programs.

Director Compensation

The Board is responsible, on the recommendation of the CGNC, for approving a compensation model that appropriately compensates directors for service on the Board and on Board committees.

DIRECTOR TENURE, ROTATION AND RETIREMENT

A director who is an officer of the Company (other than a person who served as an officer in an interim capacity) is required to resign from the Board at the time he or she retires or otherwise ceases to be an active employee of the Company. Consistent with this policy, the Chief Executive Officer (other than a person who served as an interim Chief Executive Officer) is required to resign as a director at the time he or she ceases to be the Chief Executive Officer.

The Board does not consider it necessary to have a mandatory retirement policy for directors. Rather, the Board is of the view that directors who have served on the Board for an extended period of time are able to provide valuable insight and perspective into the operations and future of the Company based on their experience with and understanding of the Company's history, policies and objectives. At the same time, the Board also considers it important that the Company receive the benefit of fresh approaches, new ideas and alternative viewpoints from new directors from time to time. On an annual basis, the Board will carefully review director rotation.

SERVICE ON OTHER PUBLIC ENTITY BOARDS AND BOARD COMMITTEES

Directors are encouraged to limit the number of other public entity boards and committees of those boards on which they serve, taking into account potential board and committee attendance, participation and effectiveness on those boards and committees. Directors should also advise, in writing, the Chair of the Board and the Chair of the CGNC prior to accepting an invitation to serve on another board or board committee.

DIRECTOR EQUITY OWNERSHIP

Directors are required to hold, within two years of becoming a Director, Common Shares of the Company ("Shares"), and/or Deferred Share Units under the Company's Deferred Share Unit Plan, equal in value to three times the annual retainer received by such Director. Any investment in Shares above this amount may be made on a voluntary basis. The equity ownership of each Director will be calculated as at March 31st (approximately) each year based on the greater of cost of the Share purchases or market value. The CGNC is responsible for reviewing director Share ownership on an annual basis and making recommendations to the Board in respect thereof.

BOARD AND COMMITTEE MATTERS

Board Committees

The Board has established an Audit Committee and a Compensation, Governance and Nominating Committee and may establish such further committees as it deems necessary or desirable from time to time. The Chair of the Board together with the Chief Executive Officer will be responsible for recommending to the CGNC members and Chairs for appointment to each committee. Members will meet the criteria for membership in such committees as determined by the Board and as otherwise required by applicable law, rules and regulations, with consideration given to the preferences of individual directors. The CGNC is responsible for recommending to the Board the proposed members and Chair of each committee. The Board may, to the extent it considers desirable, give consideration to rotating committee members periodically to the extent practicable.

Board Committee Charters

Each Board committee will have its own charter. Subject to applicable law, rules and regulations, the charters will set forth the purposes, membership, powers, authority, duties and responsibilities of, and procedural matters relating to meetings of, the Board committees. The Audit Committee has the responsibility to at least annually, review its charter and recommend it for approval by the CGNC. The CGNC has the responsibility to at least annually review its charter and recommend it for approval by the Board.

RESPONSIBILITIES AND FUNCTIONING OF THE BOARD

Company Strategy

The Board is responsible for the oversight of the Company's strategy. At least annually, the Board will discuss the strategic objectives of the Company with management. This discussion will consider, among other things, the opportunities and risks pertaining to the Company. These discussions may be held during regularly scheduled Board meetings. Proposed changes to Company strategy are expected to be brought to the attention of the Board by senior management in a timely manner for the Board's consideration and approval, if appropriate. The Board will monitor the Company's progress in meeting its strategic objectives.

Risk Management

The Board is responsible for satisfying itself that appropriate policies and procedures are in place to identify and manage the risks applicable to the Company. At least annually, the Board, or its committees, will meet with management regarding the risks applicable to the Company. Significant Company risk management decisions are expected to be brought to the attention of the Board by senior management in a timely manner for the Board's consideration. These decisions will be discussed and approved by the full Board. The Board, or its committees, will monitor the Company's progress in meeting its risk management objectives.

Approach to Governance

The Board is responsible for developing the Company's overall approach to governance. This responsibility may be delegated to the CGNC.

Operating Plans and Financial Goals

The Board will review and approve the Company's annual operating plans and specific financial goals, and monitor performance throughout each year.

Selection of the Chair of the Board

The Board will select the Chair of the Board annually from among its members. The Chair of the Board will be an Independent Director within the meaning of NI 58-201. In the event that at any time the Chair of the Board is not an Independent Director, a Lead Director will be appointed from among the independent directors. The Lead Director will act as an effective leader of the Board in respect of matters required to be considered by the Independent Directors, and will ensure that the Board's agenda will enable it to successfully carry out its duties.

If the current Chair of the Board vacates his or her position for any reason prior to the end of their term, then the Chair of the CGNC will immediately assume the role of Chair of the Board until another Chair is appointed.

Succession Planning — Board

The CGNC will maintain a Board succession plan that is responsive to the Company's needs and the interests of its shareholders and will periodically report to the Board on succession planning, including in the event of an emergency.

Succession Planning — Chief Executive Officer and Chief Financial Officer

The Board, with the assistance of the CGNC and with the assistance of the confidential recommendations and evaluations of potential successors by the Chief Executive Officer, will identify, evaluate, appoint and provide training to successors to the Chief Executive Officer and the Chief Financial Officer.

Annual Assessment of Performance

The Board will conduct an annual self-evaluation to determine whether it, its committees and its committee members are functioning effectively. The CGNC will solicit comments from all directors and report annually to the Board with an assessment of the Board's performance, the performance of Board Committees and its directors. This assessment will be discussed with the full Board annually. The assessment will specifically focus on areas in which the functioning of the Board or Board committees could be improved.

Evaluation of the Chief Executive Officer and Other Named Executive Officers

The Board will evaluate and approve the compensation structure of the Chief Executive Officer and approve the compensation structure of other Named Executive Officers (as defined in NI 51-102) of the Company, all based on the recommendations of the CGNC.

Meetings of Independent Directors

To promote open discussion among the Company's independent directors, at each regularly scheduled meeting of the directors and at such other time as any independent director may request, the independent directors will meet without management or any other non-independent directors present. The Chair of the Board (or any lead director that has been appointed) will preside at these separate meetings.

Loyalty and Ethics

In their roles as directors, all directors owe a duty of loyalty to the Company. This duty mandates that the best interests of the Company take precedence over any other interest possessed by a director. Directors are expected to conduct themselves in accordance with the Code.

Frequency of Board Meetings

The Board will hold in person meetings at least quarterly. In addition, the Board may hold additional meetings from time to time as determined by the needs of the business of the Company. The Company's Secretary will be responsible for the preparation of minutes of each Board meeting.

Director Attendance

Each director is expected to attend all regular meetings of the Board in person and all meetings of Board committees of which the director is a member. Attendance by telephone or video conference may be used to facilitate attendance. In addition, each director is encouraged to attend each annual meeting of shareholders of the Company. The Board recognizes that occasional meetings may need to be scheduled on short notice when the participation of a director is not possible and that conflicts may arise from time to time that will prevent a director from attending a regularly scheduled meeting. However, the Board expects that each director will make every possible effort to keep such absences to a minimum. Poor attendance by a director (an absence from more than one regularly scheduled Board meeting per year) will be considered by the CGNC in deciding whether to recommend the director to the Board for re-election as a director.

Each director is expected to be sufficiently knowledgeable of the business of the Company, including its financial statements, and the risks it faces, to ensure his or her active and effective participation in the deliberations of the Board and each committee on which he or she serves.

Selection of Agenda Items for Board Meetings

The Chair of the Board, with the assistance of the Chief Executive Officer will establish the agenda for each Board meeting. Each director may suggest to the Chair of the Board the inclusion of additional items on the agenda. At any regularly scheduled Board meeting, each director may raise subjects for discussion that are not on the meeting's formal agenda.

Information that is important to the Board's understanding of the business of the Company will be distributed to the Board sufficiently in advance of each Board meeting to permit the directors adequate time to consider the material and ask questions of management, as appropriate. Directors are expected to review the information in advance of the meeting so that they can knowledgeably participate in the meeting. All such information will be maintained in conformity with the Company's policies on confidentiality.

Attendance of Non-Directors at Board Meetings

The Chief Executive Officer, the Chief Financial Officer and the Secretary of the Company are expected to attend Board meetings. The Chief Executive Officer, at his or her discretion, may invite other employees, advisors or consultants to attend Board meetings for the purposes of making presentations. The Chair of the Board or the Chief Executive Officer, at his or her discretion, may invite employees of the Company, consultants, advisors or others, as appropriate, to attend Board meetings.

Access to Management, Outside Counsel and Auditors

Board members will have complete access to the Chief Executive Officer, the Chief Financial Officer and the Company's outside counsel and auditors. It is the obligation of each Board member to use judgment to ensure that such contact is not distracting to the business operations of the Company and that, except as may be inappropriate, the Chief Executive Officer is appropriately advised of all such contacts.

Power to Retain Advisors

The Board and each Board committee have the power at the Company's expense, to hire legal, financial or other advisors, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

Board's Interaction with Investors, the Press, and Other Company Stakeholders

The Board believes that management should speak for the Company. Individual directors may, from time to time, receive requests for comment from various constituencies who are involved with the Company. Any such request should be forwarded to the Chief Executive Officer or his or her designee. Generally, communications from shareholders and the investment community will be directed to the Chief Financial Officer, who will coordinate an appropriate response depending on the nature of the communication.

If comments from the Board or any of its members are appropriate, they should come only following consultation with the Chief Executive Officer and management.

DISCLOSURE POLICY AND CODE

The Board is responsible for ensuring that the Company has established and maintains a Disclosure and Insider Trading Policy and the Code. The purpose is to ensure the Company maintains a high level of trust and integrity in accordance with the highest ethical standards.

* * *

APPENDIX D

**Sienna Senior Living Inc.
(the “Company”)**

BOARD SKILLS MATRIX

An individual may have one or more of any of the skills. The objective is to ensure all required skills are held collectively as a Board.

B = Basic

G = Good

E = Excellent

Skills, Experience, Qualifications and Competencies	Dino Chiesa	Janet Graham	John McLaughlin	Jack MacDonald	Paula Jourdain Coleman	Lois Cormack
Real Estate/Development Experience	E	E	G	B	G	G
Seniors Housing Knowledge — experience gained from working in the nursing home and/or seniors housing sector or having significant business dealings with organizations in the nursing home, senior housing business	E	G	E	G	E	E
Senior Executive Experience — broad business experience as a CEO or director of a public company or other large organization	E	G	E	E	E	G/E
Financial and Accounting Literacy — based on the definitions of financial literacy/expert for members of the Audit Committee under securities laws — senior experience in financial accounting and public reporting, familiar with IFRS and, corporate finance	E	E	E	G/E	G/E	G
Corporate Governance — experience in best practices in public company corporate governance structures, policies and processes	G	E	E	E	G/E	G
Risk Management — ability to identify and understand key risks to the organization, understanding of risk assessments and systems and mitigation measures in the oversight of risk management	E	E	G/E	E	E	E
Legal and regulatory — well versed in capital markets activities, continuous disclosure, regulatory requirements and corporate law	G/E	E	G/E	G/E	G	G

Sienna
SENIOR LIVING