



CHARTwell
retirement residences



2019

ANNUAL REPORT

Message from the CEO*

Dear fellow unitholders,

When Chartwell launched its vision of **Making People's Lives BETTER**, we knew it was a high standard. Today, as we are facing the uncertainties and risks of a global pandemic, we believe upholding this standard is more important than ever. That is exactly what every member of the Chartwell organization is focused on at this time — putting residents first, keeping them and their families safe and supporting each other and the communities that they live and work in. Our employees, from our front-line staff to our regional and corporate support teams, stepped up to the challenge, demonstrating tremendous commitment and dedication to our vision. We are lucky to have them and owe them our deepest gratitude and appreciation.

We believe organizational **culture** is one of the key ingredients of success in any business, even more so in a 'people' business like ours. Our culture manifests itself in our results and lives in our stories. Stories of our residents, their families, our employees and the communities in which we operate. We know that our culture differentiates us in the competition for top talent. We believe we have the best people in the retirement living sector and it shows in our results. In 2019, once again we increased our Employee Engagement and Resident Satisfaction scores. Our Employee Engagement score increased to 48% "highly engaged" from 47% in 2018. Our Resident Satisfaction score increased by 5 percentage points to 63% "very satisfied" from 58% in 2018. We measure and compare the top box in each of these surveys because we are focused on being the best we can be.

We believe that in an organization of over 15,000 people, a well-defined **strategy** with specific targets and execution timelines is critical in ensuring alignment and in helping people make day-to-day decisions. Our strategy statement, established in 2018, is: "In 2023, we will achieve in our retirement residences Employee Engagement of 55% (highly engaged), Resident Satisfaction of 67% (very satisfied) and Same Property Occupancy of 95% to drive strong IFFOPU growth by providing exceptional resident experiences through personalized services in our upscale and mid-market residences in urban and suburban locations."

The sequence of the key targets in our strategy statement is deliberate. We believe that only *highly* engaged employees will deliver the exceptional resident experiences that will drive *high* resident satisfaction. Exceptional experiences are always personal. Only very satisfied residents and their friends and families will become Chartwell ambassadors in their communities and will generate referrals, which are the most important source of new resident move-ins. Operating our properties at high occupancy rates will drive strong cash flow growth for our unitholders. Further, an even more focused geographical footprint and service offering will make us more efficient in our ability to provide exceptional services to our residents and deliver on our vision of **Making People's Lives BETTER**.

We are proud that Chartwell continues to be recognized as one of the leaders in Canada in the areas of **corporate governance and diversity**. We ranked third among 224 issuers in Canada and were the highest ranked real estate company and healthcare company in the Globe and Mail's "Board Games" publication. Recently, we were also recognized for our leadership in gender diversity in the Globe and Mail's "Women Lead Here" publication. In March of 2020, we released our inaugural 'Environmental, Social and Governance Report', an important milestone in holding ourselves accountable for making a positive impact on the lives of our residents, their families, our employees, our unitholders, and the communities in which we operate.

The restrictions on residence visits and increased costs of infection prevention and control as a result of the COVID-19 pandemic will no doubt have a negative impact on our 2020 financial results. Chartwell fulfils an important role in Canadian society by providing much needed services, care and accommodation to Canada's growing older adult population. Our business is needs-driven and we believe the need for our services has never been higher. The stories of outstanding work and dedication of our staff and overwhelming support and appreciation we receive from our residents and their families only reinforce our confidence that we will prevail in this crisis and emerge out of it stronger together. We believe that with our ongoing focus on delivering exceptional services and quality care to our residents we will continue to create long-term sustainable value for all of our stakeholders, including you, our unitholders, for many years to come.

Thank you for your trust and support,
Sincerely,



Vlad Volodarski,
CEO

** This message from the CEO contains forward-looking information. Please see the "Forward-Looking Information and Risks and Uncertainties" section of the MD&A contained in the Financial Report section of this Annual Report.*





CHARTwell[®]
retirement residences

environmental | social | governance

ESG REPORT

“ Our goal is to earn the trust of our stakeholders by making a positive difference in the lives of our residents, their families, our employees and the communities we operate in. For everyone at Chartwell, this desire for continuous improvement is part of a shared commitment to **Making People’s Lives BETTER.** ”

VLAD VOLODARSKI
Chief Executive Officer



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A Responsible Business Culture

WE IDENTIFY AND RESPOND TO EXISTING AND EMERGING SUSTAINABILITY ISSUES THAT PRESENT RISKS AND OPPORTUNITIES FOR OUR BUSINESS SEGMENTS AND STAKEHOLDERS.



CHARTWELL'S SUSTAINABLE BUSINESS STRATEGY

We believe that the long term success of Chartwell and the world around us are fundamentally connected. By paying careful attention to the areas where we feel we can have the biggest impact — Our People, Corporate Responsibility, Privacy & Data Security, Environmental Stewardship and Corporate Governance — we create value for our residents, employees, communities and planet, while delivering growing value for our unitholders.

CHARTWELL'S ESG APPROACH

ENVIRONMENTAL

We support the global transition to a low-carbon economy through our own sustainable operations and evaluate the impact of our business decisions on the environment.



SOCIAL

We are focused on diversity and inclusion in our workforce. We prioritize safety, continuing education and development for our people.



GOVERNANCE

We remain committed to high standards of governance.



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Our People

CHARTWELL IS COMMITTED TO A FULLY INCLUSIVE CULTURE AND EQUITY IN ALL TALENT HIRING AND MANAGEMENT DECISIONS. WE PRIORITIZE SAFETY, CONTINUING EDUCATION AND DEVELOPMENT FOR OUR PEOPLE.



DIVERSITY

82% of Chartwell's employees and 52% of Chartwell's senior management are women.



EMPLOYEE ENGAGEMENT

In 2019, Chartwell's employee engagement score increased to 48% "Highly Engaged" (this does not include employees who were merely "engaged"). Chartwell's target is to increase our employees' "Highly Engaged" score to 55% by 2023.



LABOUR RIGHTS

Out of 15,200 employees, approximately 80% are represented by labour unions.

CHARTWELL IS COMMITTED TO PUTTING PEOPLE FIRST

Chartwell believes that its employees make a difference in the lives of its residents every day. Chartwell values the dedication, commitment and professionalism of our 15,200 employees across Canada, and is committed to attracting and retaining the best employees in the seniors living sector by providing a rewarding and fulfilling work environment.

01. DIVERSITY OF OUR EMPLOYEES

As reflected by Chartwell's Diversity and Inclusion Policy, Chartwell's success is built on a diverse, respectful and inclusive workplace. We seek employees with skills and experience to enhance our performance and who enhance our work environment, who are committed to upholding our values and who believe a workplace should be welcoming and inclusive for everyone. We encourage diversity in our workforce because we understand that different backgrounds, abilities and perspectives will help keep us innovative and dynamic. Chartwell's commitment to diversity and inclusivity means a commitment to hiring those people whose skills and abilities contribute the most to the success of the organization and who reflect the communities in which we live and work. [Click to review Chartwell's Diversity and Inclusion Policy.](#)

Position	Total # of Active Employees	Gender	
		Male	Female
Corporate – Senior Directors and Above	58	48.3%	51.7%
Corporate – Directors and Below	519	40.8%	59.2%
Residences - Managers	1,393	26.4%	73.6%
Residences – Other Staff	13,379	15.8%	84.2%
Total:	15,349		

02. EMPLOYEE ENGAGEMENT

Understanding how our people feel about Chartwell is vital. It helps us ensure we are providing the right support to achieve their potential and to serve our residents well. We believe that only highly engaged employees will deliver the exceptional resident experiences that drive high resident satisfaction scores. We capture the views of our people on a range of topics, such as our strategy, culture and working environment, through a 24 question annual employee survey. Results are presented to the Senior Executive Committee and the Board of Directors. This allows us to act based on the feedback.

In 2019, 48% of our employees reported to be highly engaged, up from 47% in 2018. Our objectives are to have 49% highly engaged employees in 2020 and 55% by 2023.

03. SAFETY IN OUR OPERATIONS

Chartwell is fully committed to providing a safe working environment. We believe in the principle of 'safety first'. We foster an environment with ongoing integration of safety into all activities to eliminate illness and injuries. To achieve this, Chartwell has established well-defined safety, health and environmental policies and procedures and ongoing training. Chartwell's corporate Occupational Health and Safety team supports residences and corporate staff to integrate safety as a priority in all of our operations.

Chartwell provides workplace injury insurance to all of our staff. This affords an additional protection to all of our employees in the unfortunate event that they experience a workplace injury.

04. RESPECTING OUR EMPLOYEES' RIGHT TO UNIONIZE

Chartwell maintains a good working relationship with unions representing staff at our residences. Chartwell's support of freedom of association and the right to collective bargaining is evidenced by the level of unionization in our residences, which includes 220 bargaining units, 173 collective agreements and an 80% unionization rate of our employees.

05. LEARNING AND DEVELOPMENT

Providing learning and development opportunities for our employees is core to Chartwell's culture. Chartwell provides new hire training and ongoing education for key residence and corporate roles, as well as targeted training on specific topics on an ongoing basis. The majority of delivery is through scheduled learning events such as instructor-led classroom sessions or webinars.

All residence employees complete required training in order to understand the core values of Chartwell, to better understand their role and function in the residence, to perform their specific assignments in a competent and confident manner and to meet or exceed required compliance to provincial regulations.

Chartwell's learning and development initiatives include:

Gateways. This program provides newly-hired or promoted General Managers and Administrators of residences with an introduction to Chartwell's Vision, Mission, Values, and the importance of accountability for results. Participants are provided with an overview of the programs and support available to them from the corporate office.

Annual Leadership Conference. Residence General Managers and Administrators and corporate leaders are provided with leadership education, recognition and delivery of directional messages annually.

Residence Managers Conferences. This bi-annual conference provides residence managers with directional messages, leadership skill development, discipline specific training and recognition.

Regional Meetings. These semi-annual meetings are held for our directors of regional operations and sales, our residence general managers and administrators, and others, for information sharing and the development of discipline-specific skills.

- **Succession Planning.** Succession plans are in place and updated annually for all director-level positions and up. Development plans are in place and updated semi-annually for all corporate and residence leaders through performance management cycles.
- **Aspiring Leaders Program.** The Aspiring Leaders Program (ALP) is a leadership development program designed for those employees who have the potential to become a General Manager or Administrator in the near term. The ALP program enables participants to grow their leadership capabilities and gain the operational knowledge they need to become a successful leader of a Chartwell residence.

Lunch & Learns. Topics of interest for personal and professional development are offered four times per year to our corporate employees.

Corporate Responsibility

CREATING SOCIETAL IMPACT HAS BEEN CORE TO CHARTWELL SINCE OUR FOUNDING MORE THAN 16 YEARS AGO.



CORPORATE GIVING

Since 2015, Chartwell has raised \$832,000 for Wish of a Lifetime Canada, resulting in over 125 wishes being granted to deserving Canadian seniors.



RESIDENT SATISFACTION

In 2019, resident satisfaction scores increased to 63% “Very Satisfied” from 58% in 2018 (this does not include residents who were merely “satisfied”). Chartwell’s target for 2023 is to increase our residents’ “Highly Satisfied” score to 67%.



REPUTABLE VENDORS

Chartwell’s Vendor Code of Conduct sets minimum standards for its national and significant suppliers.

CHARTWELL IS COMMITTED TO GOOD CORPORATE CITIZENSHIP THAT BENEFITS THE COMMUNITIES IN WHICH WE LIVE, WORK, AND PLAY

Chartwell believes in building and sustaining strong community relationships and incorporating ethical practices into Chartwell’s sourcing and purchasing. Chartwell is proud of its charitable giving partnerships and community initiatives, which are directed toward projects that support seniors in meaningful ways.

01. GIVING BACK TO OUR COMMUNITIES

We are committed to being a responsible corporate leader in our communities. We deliver on this promise by engaging in philanthropic activities that support Chartwell's values, fostering strong community relationships and enhancing employee satisfaction and engagement.

We participate in several programs through which we can impact our communities, including:

Chartwell launched a charitable partnership with Wish of a Lifetime Canada at the end of 2015. Since that time, Chartwell has raised \$832,000 for Wish of a Lifetime Canada and through our partnership over 125 wishes have been granted to deserving Canadian seniors, including Chartwell and non-Chartwell residents. We know that wish fulfillment can have tremendous positive outcomes on a senior's health, purpose and sense of value. Chartwell was instrumental in creating this charitable organization in Canada after seeing the positive impact a sister organization was making in the United States. [Click to review the wishes granted in Canada.](#)

Chartwell has partnered with the Kidney Care Foundation to donate its older vehicles to support this organization. To date, Chartwell has donated 30 vehicles.

Chartwell has partnered with Diabetes Canada to promote Clothesline, a dedicated Chartwell 1-800 # phone line for seniors who are downsizing to schedule a free pickup and the donation of unwanted clothing and small household items.

Chartwell is an industry partner of Age-Well, an organization dedicated to the creation of technologies and services that benefit older adults and caregivers.

02. RESIDENT SATISFACTION

Chartwell's greatest responsibility is the care and service we provide to our residents. With the support of trained and dedicated staff in our retirement and long-term care residences, Chartwell offers seniors a safe and fulfilling lifestyle that provides them a socially engaging and supportive environment. Chartwell recognizes the individuality of its residents and works to ensure that its programs are flexible, adaptive and tailored to their specific needs.

In 2019, 63% of our residents reported to be very satisfied. Our target is 64% very satisfied in our retirement residences for 2020 and 67% very satisfied residents by 2023. In furtherance of this goal, we launched two major new training programs in 2019:

"The Chartwell Experience" fosters the culture and practices required to "deliver a resident experience that is personalized, memorable and feels like home, where family and friends feel welcome and respected." All Chartwell Retirement Residences employees are making the commitment of delivering exceptional resident service their priority.

In long-term care, "Imagine: Living Life to Your Potential" encourages meaningful relationships, capturing the hearts, minds and creativity of our people and demonstrating a better, more life-affirming way to engage our residents.

In addition, offered in all our homes across Canada, Chartwell's Life Enrichment program LiveNow is designed to engage the mind, body and spirit of all Chartwell residents and is part of our continued emphasis on improving the resident experience. The program focuses on building connections and engaging people with meaningful experiences. Through our Moments That Matter program, Chartwell residents are encouraged to share a special moment they have been dreaming about with staff who try to make it happen. Feedback shows that fulfilling these small, but important, moments has a positive impact on a senior's life and wellbeing.

03. VENDOR CODE OF CONDUCT AND ETHICS

Chartwell adopted a Vendor Code of Conduct and Ethics (the "Vendor Code") to formalize its expectations regarding the standards its national and significant suppliers are required to uphold as a prerequisite for engaging in a commercial relationship with Chartwell. The Vendor Code was implemented to improve visibility and direct engagement with vendors on ethical, social and environmental issues. It requires vendors to provide a safe environment and reasonable working hours and wages for their employees, prohibits forced and child labour, reprisals or discrimination, and covers other topics including, but not limited to conflicts of interest, confidentiality and quality of products. National and significant vendors are required to adhere to the letter, and spirit of the Vendor Code and are required to certify compliance with the Vendor Code every three years. [Click to review Chartwell's Vendor Code.](#)

Privacy & Data Security

CHARTWELL HAS IMPLEMENTED STRONG CONTROLS OVER DATA PRIVACY AND SECURITY MEASURES TO MITIGATE MATERIAL RISKS FOR ITS INVESTORS, RESIDENTS, EMPLOYEES AND VENDORS.



CYBERSECURITY

Chartwell utilizes technologies, procedures and training to protect the safety and security of our systems and assets, and the integrity of our data and the data entrusted to us by our residents, employees and partners.



PRIVACY & CONFIDENTIALITY

Chartwell actively monitors and manages security and privacy risks and seeks to mitigate them through enterprise-wide programs, industry best practices and threat and vulnerability assessments and responses.



RECORD RETENTION

Chartwell's Record Management, Retention Policy and Procedures facilitate the effective governance of its records throughout their life-cycles and is the cornerstone of good information management ensuring regulatory compliance and management of costs and risks.

AT CHARTWELL, AWARENESS REGARDING DATA SECURITY AND PRIVACY IS INTEGRATED INTO THE FUNDAMENTALS OF OUR BUSINESS

Operating in an increasingly sophisticated and hostile security and privacy environment, Chartwell continuously invests in education, awareness programs and technical controls to help prevent, detect and react to any threats and vulnerabilities.

01. CHARTWELL'S MANAGEMENT OF CYBER RISKS

Chartwell's cyber strategy is designed to deliver against three objectives: protect the business, comply with applicable laws and regulations, and support the growth of the business. Although Chartwell has not experienced any material financial losses relating to technology failures, cyber-attacks or security breaches, we remain vigilant. We are strengthening our controls to help protect against advanced malware, data leakage, infiltration of payment systems and denial of service attacks as well as enhancing our ability to detect and respond to cyber-attacks by continually evaluating the threat environment for the most prevalent attack types and their potential outcomes in order to determine the most effective controls. Chartwell's Information Security and Risk Management policies outline the organizational controls we have in place to protect information. Our security measures include:

- Secure firewalls to help prevent unauthorized external access to Chartwell's internal systems;
 - Around-the-clock monitoring to maintain the quality of Chartwell's systems and proactively identify unusual customer account activity;
 - Penetration tests simulating cyber-attacks to check for exploitable vulnerabilities;
 - Encryption of all portable devices; and
- Centralized control of all devices.

In addition, Chartwell employees are a critical line of defence against threats to data security and privacy. As a result, an important part of our defence strategy is ensuring our employees remain cyber-aware and know how to report incidents.

02. SAFEGUARDING PERSONAL INFORMATION

Chartwell is committed to respecting and protecting the privacy and confidentiality of the personal information that our residents and employees entrust to us. We comply with all legal and regulatory requirements related to privacy in the four Canadian provinces in which we operate.

Chartwell's Privacy Policy outlines our commitment to our customers and the 10 key privacy principles we embrace. The Privacy Policy also outlines the channels through which our customers can make and escalate privacy complaints. Our Privacy Officer oversees a privacy risk governance program, which sets out Chartwell's policies and procedures for identifying, measuring, managing, mitigating and reporting privacy risk. All incidents involving suspected or actual breaches of privacy are reported to the Privacy Officer, who then manages Chartwell's response. [Click to review Chartwell's Privacy Policy.](#)

03. DOCUMENT RETENTION POLICY: SYSTEMATIC REVIEW, RETENTION, AND DESTRUCTION OF DOCUMENTS

Data minimization is a powerful data security measure. Retaining the least amount of personal information necessary in order for an organization to function means that there is less that Chartwell needs to protect, and less opportunity for information to be lost or stolen.

To that end, in 2019, Chartwell conducted a data audit to uncover the points in Chartwell's business where

records are created and stored, and a corresponding Records Retention Policy and Schedule has been established to outline how Chartwell expects its employees to manage company data from creation through destruction.

Chartwell's Records Retention Policy and Schedule prescribes the duration that Chartwell's records are to be retained, considering the contractual, legal or regulatory requirements as well as the need to preserve documents for historical reference. Records that are no longer required, or have satisfied their required periods of retention, are destroyed securely and confidentially.

Environmental Stewardship

CHARTWELL'S PROACTIVE ENGAGEMENT WITH EMPLOYEES, RESIDENTS, VENDORS, INVESTORS AND ENVIRONMENTAL GROUPS INFORMS ITS SUSTAINABILITY POLICIES AND PRACTICES.



THE CHARTWELL HUB

Chartwell's new corporate office was built to high sustainability and low energy consumption standards and includes numerous 'green' features including locally sourced materials and products, high efficiency heating and cooling systems and reduced usage of building materials.



ENERGY-EFFICIENT RETROFITS

Through a national retrofit initiative, existing buildings are continuously being retrofitted with energy efficient systems, equipment and materials such as, but not limited to, LED lighting, high efficiency boilers and Low-E windows.



PAPER CONSUMPTION

Chartwell has transitioned from paper to electronic board and management presentations and reports.

CHARTWELL'S ENVIRONMENTAL FOOTPRINT

Our environmental efforts are rooted in our sense of accountability for our actions, both to our stakeholders and society as a whole. We are committed to continuously improving the environmental sustainability of our business, to reducing the impact of our operations, and to using resources and materials thoughtfully.

01. CHARTWELL'S HEADQUARTERS

Completed in January 2020, Chartwell's new 135,000 square foot corporate office features the following environmentally friendly features:

View Dynamic glass which tints in the sunlight, reducing glare, eliminating the need for blinds, increasing the exposure of our employees to natural sunlight, and greatly reducing heat-transfer;

- Bubble deck technology, made from recycled materials, within concrete slabs in certain areas of the building reduced the amount of concrete transported and used in construction by 318 tons;
- Charging stations for electric vehicles and covered parking for bicycles to encourage the use of more environmentally-friendly forms of transportation;
- Under-floor heating and cooling system to reduce energy usage and provide fresher air to employees; and

a green roof.

Further, Chartwell is operating the Chartwell Hub in an environmentally friendly way by:

- Eliminating bottled water in favour of filtered tap water which will result in savings of over 10,000 plastic water bottles annually;
- Eliminating single-use plastics wherever possible, including in the cafeteria, by installing a soda fountain instead of bottled or canned pop and by using non-disposable dishware and flatware wherever possible;
- Streamlining the operation of printers and copiers in order to change user habits in favour of less paper consumption; and

Using eco-friendly cleaning products.

Since 2018, all Board and management reports have been distributed in digital format, eliminating the need to print thousands of pages per year.

02. DEVELOPING AND RENOVATING TO MAXIMIZE EFFICIENCIES

Chartwell continuously seeks to improve and maintain our buildings, with a focus on reducing energy consumption. To achieve this, we have been finding practical solutions for our properties that make the highest impact in reducing our environmental footprint. Our portfolio of 200 properties provides opportunities to invest in projects that improve the long-term sustainability of our assets, while generating respectable annual returns.

Chartwell has conducted lighting audits of all of our properties and has invested in LED lighting retrofits on those properties where the impact would be greatest. As a result, buildings are consuming less electricity and Chartwell has seen improved lighting levels for its residents and reduced maintenance costs due to this LED program.

LED Lighting Upgrade Projects:

	2017	2018	2019	2020 (Budget)
Investment (\$) ¹	\$2,300,000	\$1,800,000	\$1,900,000	\$1,000,000
Number of Projects	36	27	22	15

¹ Based on 100% ownership

Chartwell also made significant strides in the environmental friendliness of our residences with a view to reducing heating costs and lowering our impact on the environment. Large-scale boiler room overhauls using high-efficiency heating and pumping equipment have been implemented in many of our properties. As equipment fails or is replaced at end of life cycle, we select energy efficient equipment. As an example, new condensing boilers operate approximately 20%-25% more efficiently than old atmospheric boilers.

03. SUPPORTING RENEWABLE ENERGY TO REDUCE CARBON EMISSIONS

Chartwell continues to reduce our carbon emissions by cutting our energy consumption, being more efficient in our buildings, working with our strategic partners and focusing on our renewable procurement strategy:

In British Columbia, 98.2% of Chartwell's electricity usage is derived from renewable resources.

In Alberta, 16.0% of Chartwell's electricity usage is derived from renewable resources.

In Ontario, 94.7% of Chartwell's electricity usage is derived from renewable or clean resources.

In Quebec, 99.8% of Chartwell's electricity usage is derived from renewable resources.

04. ENVIRONMENTAL POLICY

Chartwell's Environmental Policy addresses all facets of Chartwell's business, including the operation of our corporate offices and residences, the buying and selling of properties, and the development of new construction projects. [Click to Review Chartwell's Environmental Policy.](#)

Corporate Governance

THE CHARTWELL BOARD IS BUILT ON A FOUNDATION OF SOUND GOVERNANCE PRACTICES AND COMMITMENT TO ITS UNITHOLDERS.



BOARD RENEWAL

Chartwell is committed to a robust Board evaluation process which ensures the Board renews itself appropriately and balances the benefits of experience with the need for new perspectives.



DIVERSITY

Chartwell has maintained a strong record of recruiting and retaining the best talent, including women, in leadership positions, with women occupying 50% of the executive officer roles at Chartwell and with three of our seven independent board members being women.



#3 IN CANADA

Chartwell has been recognized in the Globe and Mail's 2019 Board Games publication, which rates corporate boards based on governance criteria, as being the third best governed issuer and as the best governed real estate company and health care company in Canada.

RESPONSIBLE GOVERNANCE AND INTEGRITY UNDERPIN CHARTWELL'S BUSINESS AND ARE INTEGRAL TO OUR VISION

Chartwell is committed to sound corporate governance practices that include accountability, transparency and integrity in all facets of our operations. These practices are overseen by the Board and senior executive team, who strive to adhere to the highest levels of ethics and oversight.

01. BOARD RENEWAL – ATTRACTING & RETAINING THE BEST TALENT

Chartwell is committed to a robust Board evaluation process which ensures the Board renews itself appropriately and balances the benefits of experience with the need for new perspectives. Pursuant to Chartwell's Renewal and Diversity Policy, annually the Board identifies the key characteristics – skills, experience, knowledge, backgrounds, diversity (with a focus on the inclusion of women) and other personal attributes – desired of Directors and of the Board as a whole to best add value. In addition, the Board is committed, through the strong leadership of its Chair, to make changes to its composition to replace Directors who retire or unexpectedly resign to reflect changes in Chartwell's desired skills and attributes for a Director, to address changes to the internal and external business environment and to reflect the results of the regular Director evaluation process.

02. CHARTWELL'S COMMITMENT TO A DIVERSE BOARD AND MANAGEMENT TEAM

At the time of Chartwell's initial public offering in 2003, all of Chartwell's Directors were men. Sixty percent of new Directors that have been elected to the Board since then are women. The composition of the Board has evolved from no women Directors in 2003 to women representing 43% of independent Directors.

Chartwell's commitment to diversity also includes minority groups, business experience, functional expertise, stakeholder expectations, culture and geography. When identifying suitable candidates for appointment to the Board, Chartwell considers candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board. The Board has historically engaged third party executive search firms to identify candidates for appointment to the Board and any search firm engaged is specifically directed to include women candidates.

The table below shows the number and percentages of women in leadership roles at Chartwell:

Independent Directors	Executive Officers	Senior Vice-Presidents	Vice Presidents	Total Leadership Roles at Chartwell
43% (3 of 7)	50% (2 of 4)	75% (6 of 8)	46% (11 of 24)	50% (22 of 44)

Diversity, and the representation of women in particular, plays a key role in our recruitment and succession planning processes.

Chartwell believes that Board diversity is important to the organization's success and has established a target of maintaining at least one-third of its Directors as women.

03. GLOBE AND MAIL'S BOARD GAMES – TOP REAL ESTATE COMPANY & HEALTH CARE COMPANY

For the 18th year in a row, Report on Business has rated the work of Canada's corporate boards using a rigorous set of governance criteria designed to go far beyond minimum mandatory rules imposed by regulators. In 2019, markers at the David and Sharon Johnston Centre for Corporate Governance Innovation at University of Toronto examined the boards of directors of 224 companies and trusts in the S&P/TSX Composite Index to assess the quality of their governance practices.

In 2019, Chartwell was ranked the third best governed issuer in Canada and the top real estate company and health care company in Canada.



Exceptional Services.
Quality Care.
Making People's Lives BETTER.

FINANCIAL REPORT

For the Year Ended December 31, 2019

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About this Management's Discussion and Analysis

Chartwell Retirement Residences ("Chartwell" or the "Trust") has prepared the following management's discussion and analysis (the "MD&A") to provide information to assist its current and prospective investors' understanding of the financial results of Chartwell for the year ended December 31, 2019. This MD&A should be read in conjunction with Chartwell's audited, consolidated financial statements for the years ended December 31, 2019 and 2018, and the notes thereto (the "Financial Statements"). This material is available on Chartwell's website at www.chartwell.com. Additional information about Chartwell, including its Annual Information Form ("AIF") for the year ended December 31, 2019, can be found on SEDAR at www.sedar.com.

The discussion and analysis in this MD&A is based on information available to management as of February 27, 2020.

All references to "Chartwell," "we," "our," "us" or the "Trust" refer to Chartwell Retirement Residences and its subsidiaries, unless the context indicates otherwise. For ease of reference, "Chartwell" and the "Trust" are used in reference to the ownership and the operation of retirement and long term care communities and the third party management business of Chartwell. The direct ownership of such communities and operation of such business is conducted by subsidiaries of the Trust.

In this document we refer to joint ventures as defined by International Financial Reporting Standards ("IFRS") in 'IFRS 11 Joint Arrangements' and that are accounted for using the equity method as "Equity Accounted JVs".

In this document, "Q1" refers to the three month period ended March 31; "Q2" refers to the three month period ended June 30; "Q3" refers to the three month period ended September 30; "Q4" refers to the three month period ended December 31; "2019" refers to the calendar year 2019; and "2018" refers to the calendar year 2018.

Unless otherwise indicated, all comparisons of results for 2019 and Q4 2019 are in comparison to results from 2018 and Q4 2018, respectively.

In this document we use a number of performance measures that are not defined in generally accepted accounting principles ("GAAP") such as Net Operating Income ("NOI"), "Adjusted NOI", Funds from Operations ("FFO"), Internal Funds from Operations ("IFFO"), "Net Debt", "Adjusted EBITDA", "Net Debt to Adjusted EBITDA Ratio", "Liquidity", "Imputed Cost of Debt", "Lease up Losses", "Adjusted Development Costs", "Unlevered Yield", "Stabilized NOI" "Adjusted Resident Revenue", "Adjusted Direct Property Operating Expense", "Total Equity" and any related per unit ("PU") amounts to measure, compare and explain the operating results and financial performance of the Trust (collectively, the "Non GAAP Financial Measures"). These Non GAAP Financial Measures do not have standardized meanings prescribed by GAAP and, therefore, may not be comparable to similar measures used by other issuers. The Real Property Association of Canada ("REALPAC") issued white papers with recommendations for calculations of FFO, Adjusted Funds from Operations ("AFFO"), and Adjusted Cash Flow from Operations ("ACFO") (the "REALPAC Guidance"). Our FFO definition is substantially consistent with the definition adopted by REALPAC. Please refer to the "Additional Information on Non GAAP Financial Measures" section of this MD&A for details. As part of our financial covenants reporting, we present AFFO in accordance with the definitions used in our credit agreements. This definition differs from the definition in the REALPAC Guidance.

In this document we use various financial metrics and ratios in our disclosure of financial covenants such as "Debt Service Coverage Ratio", "Interest Coverage Ratio", "Total Leverage Ratio", "Adjusted Consolidated Unitholders' Equity Ratio", "Secured Indebtedness Ratio", "Unencumbered Property Asset Ratio", "Consolidated EBITDA to Consolidated Interest Expense Ratio", "Indebtedness Percentage", "Consolidated EBITDA", "Consolidated Interest Expense", "Regularly Scheduled Debt Principal Repayments", "Consolidated Indebtedness", "Adjusted Consolidated Gross Book Value of Assets, AFFO", "Secured Indebtedness", "Consolidated Unsecured Indebtedness", "Unencumbered Property Asset Value", "Aggregate Adjusted Assets", "Unencumbered Aggregate Adjusted Assets", "Adjustment for

accumulated depreciation and amortization”, “Payment of cash distributions”, “Investment restrictions”, “Coverage ratio” and, “Amortization of finance costs and fair value adjustments on assumed mortgages”. These metrics are calculated in accordance with the definitions contained in our credit agreements and the trust indenture governing our outstanding debentures, and may be described using terms which differ from standardized meanings prescribed by GAAP. These metrics may not be comparable to similar metrics used by other issuers. Please refer to the “Liquidity and Capital Resources Financial Covenants” section of this MD&A for details.

All dollar references, unless otherwise stated, are in Canadian dollars.

This document contains forward looking information based on management’s expectations, estimates and projections about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry as of the date of this MD&A. Refer to the “Forward Looking Information and Risks and Uncertainties” section on page 52 of this MD&A for more information.

Some of the industry data provided in this MD&A was provided by third parties. Although we have no reason to believe such information is inaccurate or incomplete, we cannot guarantee the accuracy or completeness of such information.

Business Overview

Chartwell is an open ended real estate trust governed by the laws of the Province of Ontario. We indirectly own and operate a portfolio of seniors housing communities across the complete continuum of care, all of which are located in Canada.

Our Vision is... Making People's Lives BETTER

Our Mission is...

- to provide a happier, healthier and more fulfilled life experience for seniors;
- to provide peace of mind for our residents' loved ones;
- to attract and retain employees who care about making a difference in our residents' lives; and
- to provide an investment opportunity that benefits society with reasonable and growing returns to the unitholders.

Our Values are...

Respect We honour and celebrate seniors

Empathy We believe compassion is contagious

Service Excellence We believe in providing excellence in customer service

Performance We believe in delivering and rewarding results

Education We believe in lifelong learning

Commitment We value commitment to the Chartwell family

Trust We believe in keeping our promises and doing the right thing

Our Portfolio

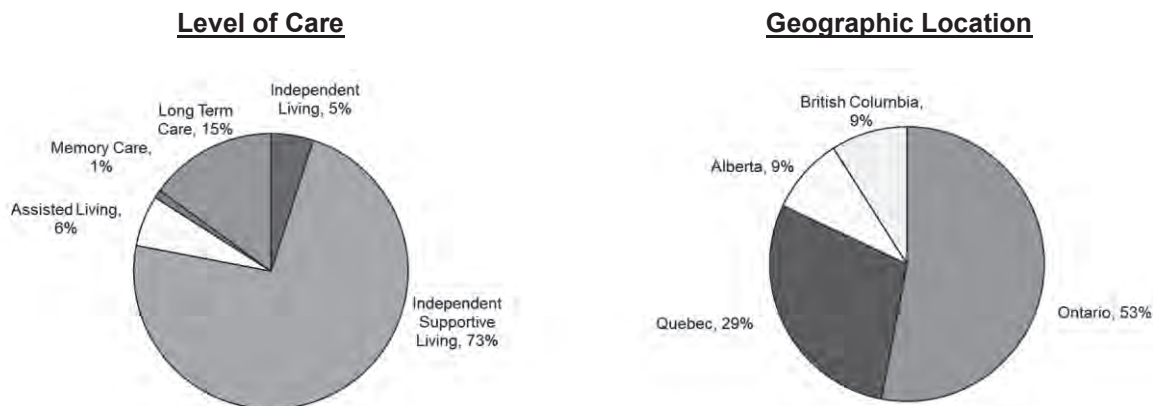
- Independent living ("IL") Age qualified suites/ townhouses/ bungalows/ apartments with availability of providing meals and dining, housekeeping and laundry services without personal care services/personal assistance available.
- Independent supportive living ("ISL") Age qualified suites/ townhouses/ bungalows/ apartments with dining, housekeeping and laundry services with personal assistance services available.
- Assisted living ("AL") Age qualified suites with a base level of personal assistance services included in the service fee, in a separate wing, floor or building. Additional care services may be added on top of base fee.
- Memory care ("MC") Age qualified suites with personal care services included in base fee for persons with Alzheimer's disease or some other form of dementia, in a separate/secure wing, floor or building.
- Long term care ("LTC") Access to 24 hour nursing care or supervision in a secure setting, assistance with daily living activities and high levels of personal care. Admission and funding is overseen by local government agencies in each province.

The following is the composition of our owned and managed portfolio of communities in our two operating segments at December 31, 2019:

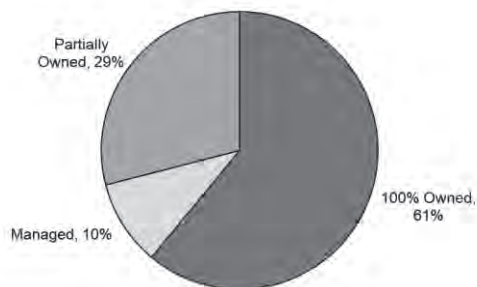
	Retirement Operations		Long Term Care Operations		Total	
	Communities	Suites/Beds	Communities	Suites/Beds	Communities	Suites/Beds
Owned Communities: ⁽¹⁾						
100% Owned operating	119	15,052	24	3,075	143	18,127
Partially Owned operating ⁽²⁾	45	8,676			45	8,676
Total Owned	164	23,728	24	3,075	188	26,803
Managed Communities	9	2,381	4	608	13	2,989
Total	173	26,109	28	3,683	201	29,792

- (1) Where a community provides more than one level of care, it has been designated according to the predominant level of care provided, type of licensing and funding received and internal management responsibility.
- (2) We have a 50% ownership interest in 40 of these communities (7,577 suites), an 85% ownership interest in three of these communities (602 suites), a 60% ownership interest in one community (165 suites) and a 45% ownership interest in one community (332 suites).

Composition of Portfolio of Owned Suites/Beds at Chartwell's Share of Ownership Interest, at December 31, 2019 by:



Composition of Portfolio of Suites/Beds by Ownership, at December 31, 2019:



Business Strategy

“In 2023, we will achieve in our retirement residences, **Employee Engagement** of 55% (highly engaged), **Resident Satisfaction** of 67% (very satisfied) and Same Property **Occupancy** of 95% to drive strong **IFFOPU** growth by providing exceptional resident experiences through personalized services in our upscale and mid market residences in urban and suburban locations.”

Objectives:

We believe that only **highly engaged employees** will deliver the great resident experiences that drive high resident satisfaction scores. We know that **very satisfied residents** are much more likely to recommend their residence to their friends and be Chartwell ambassadors in their communities. We know that the majority of our new residents move in based on such recommendations. Therefore, by focusing our efforts and investments in the areas of employee engagement and resident satisfaction, we expect to generate **high occupancy rates** which, in turn, should drive strong growth in earnings. We elected to measure this earnings growth by utilizing an Internal Funds from Operations (“IFFO”) metric on a per unit basis (“**IFFOPU**”). IFFO is calculated by adding to FFO the following: (a) lease up losses and imputed financing costs related to our development properties, (b) current income taxes, and (c) income guarantees due from vendors of certain acquired properties. The reconciliation of IFFO to net income/(loss) and FFO, explanations and rationale for adjustments can be found in the “Additional Information on Non GAAP Financial Measures” section on page 47 of this MD&A.

Scope and Competitive Advantage:

Exceptional resident experience Our customer is our resident. Our Unique Value Proposition is an exceptional resident experience and we achieve it by providing **personalized services**. Our service standards are ‘Safety, Respect, Efficiency and WOW’.

Personalized services We treat each resident as a unique individual. We get to know them well before they come to reside with us and we tailor our service offering to their individual preferences and needs.

Our residences We own, operate and develop our residences. With a few specific exceptions we do not manage residences for third parties, nor do we invest in residences managed by others.

Upscale to Mid market We target the upscale and mid retirement market. We do not operate residences with base level services and a limited staff complement due to high operating risks. We do not operate residences with premium upscale services due to the small size and narrow focus of this niche market.

Urban and suburban We target residences in urban and suburban areas and will not operate in markets with populations less than 25,000 within a 10 km radius of our residences. In addition, to achieve management efficiencies we will not operate residences that generate less than \$1million of Net Operating Income at stabilized occupancy. We expect to continue to operate in the four most populous provinces of Canada (Ontario, Quebec, British Columbia and Alberta) where we strive to be market leaders.

This strategy statement is centered on our retirement segment, which represents 85% of our total suites and 90% of our Adjusted NOI.

Our LTC operations, which generate stable cash flows, meaningful economies of scale and significant operating expertise, particularly in the area of nursing care, remain an important part of our business. Our LTC team has been consistently implementing programs to drive employee engagement and resident satisfaction in their highly regulated environment. These “Rising above the Regs” programs, including the innovative “Imagine” training program for management and front line employees are producing exceptional results. In 2019 our LTC team achieved a 59% Resident Satisfaction score, an 8 percentage point increase from our 2018 score of 51%, exceeding their initial 2023 target of 57%. Our LTC team’s

Employee Engagement score increased to 43% in 2019 from 42% in 2018 and all quality and compliance metrics in our Ontario LTC residences have been trending better than provincial benchmarks. As a result, we established a new 2023 Resident Satisfaction target for our LTC team of 67%. Their 2023 Employee Engagement target remains at 50%.

The following highlights the progress made in 2019 on the key components of our business strategy and our 2020 initiatives:



(1) Same property Retirement Operations as defined in each year.

Employee Engagement

- In 2019, in our retirement residences we achieved an Employee Engagement score of 48% (highly engaged) compared to 47% in 2018.
- In 2019, we implemented a profit sharing plan for our residence managers which improves engagement and better aligns managers' compensation with operational and financial success of their residence.
- In 2020, we expect to complete the transition of all our hourly employees to our new Human Capital Management platform. All salaried employees, and as of the date of this MD&A, approximately 2,100 hourly employees are now on this platform. We expect to commence the implementation of the recruitment module of this system in the latter part of 2020. This system, in addition to standardising our payroll, will ultimately improve our ability to analyse employee related data and enhance our ability to recruit, train and develop our employees, which we expect will further drive employee engagement.
- In January 2020, we substantially completed the development of and moved our corporate staff to our new head office ("Chartwell Hub"). Chartwell Hub is a 131,000 square foot purpose built office building, which includes training facilities for our office and residence staff. Numerous environmentally friendly features have been incorporated in its design. We expect our new corporate office will further improve employee engagement and will help us work even more collaboratively and efficiently.

Resident Satisfaction

- In 2019, in our retirement residences, we achieved a Resident Satisfaction score of 63% (very satisfied), a 5 percentage point increase from 58% in 2018.
- In 2019, we completed the development of our multi year Customer Experience (“CX”) Strategy, which is designed to make Chartwell a truly customer centric organization.
- Our Customer Service Vision Statement is “Delivering an exceptional resident experience that is personalized, memorable, and feels like home where family and friends feel welcome and respected.”
- As part of our CX strategy to date, we delivered the first phase of our CX training to 4,800 of our corporate, management and front line employees. All of our employees in corporate offices and retirement operations will have received this training by Q3 2020.

Occupancy

- In 2019, our same property occupancy was 88.6% in our Retirement Operations segment, compared to 2018 occupancy of 90.1%. The decrease is primarily attributable to the impact of new competition in certain of our markets.
- In 2019, we repositioned more of our marketing budget to centralized branding initiatives, while increasing the focus of our residences on local community outreach. We continued to enhance our digital marketing efforts and have increased coverage of our call centre. We further invested in our sales cluster and business development strategies in markets where we operate several properties.
- As a result, in the fourth quarter of 2019, we have achieved meaningful increases in our leading indicators web traffic, initial contacts and personal visits which have continued in early 2020.

IFFOPU

- In 2019, Adjusted NOI⁽¹⁾ in our Retirement Operations segment increased \$10.7 million or 3.9%.
- Same property Adjusted NOI⁽¹⁾ in our Retirement Operations segment increased \$3.0 million or 1.2% in 2019.
- FFO per unit (“FFOPU”)⁽²⁾ was \$0.92 in 2019, compared to \$0.90 in 2018.
- IFFOPU⁽²⁾ was \$0.97 in 2019, compared to \$0.94 in 2018.

(1) Non GAAP; refer to the “Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI section on page 18 of this MD&A for details.

(2) Non GAAP; refer to the “Additional Information on Non GAAP Financial Measures section on page 47 of this MD&A for a discussion of the calculation of the per unit amounts.

2020 Outlook

Our 2020 outlook is based on our expectations of a stable Canadian economy and housing markets, a continuing strong labour market and slowly rising interest rates.

Development of new retirement residences continues to be active in certain markets in Ontario, Alberta, Quebec and, to a lesser degree, in British Columbia. We expect that the impact of these new developments will be mitigated to some degree by the projected growth in the senior population and the resulting growing demand in 2020 and beyond. We also believe that the quality of services and care that we offer at our properties, our strong national brand, as well as the overall quality of our real estate portfolio, will allow us to successfully compete with these new entrants in most of our markets. Please refer to the “Supplemental Information” section on page 61 of this MD&A for details of demand and supply in our markets.

With the current low unemployment rates and significant increases to minimum wages in Ontario and Alberta, it has been a challenge to attract and retain front line employees in certain of our markets. We have developed and implemented various recruitment and retention strategies, which has helped us to mitigate the impact of this tight labour market. We expect these challenges will persist in 2020 and we will continue to focus on differentiating Chartwell as the employer of choice in our industry.

Retirement Operations

We believe that our experienced and dedicated retirement operations team, with its strong focus on enhancing customer experience, and innovative branding, marketing and sales programs, will deliver solid operating results in 2020. With this focus and the ongoing investments in upgrading our property portfolio, we expect to achieve improving occupancy and moderate revenue growth in 2020. We will continue our focus on managing controllable costs through ongoing operations efficiency reviews, centralized purchasing and energy management programs while improving the quality of services provided to our residents.

- In 2019, our same property portfolio occupancy in Ontario was impacted by significant supply of new competitive suites in certain markets. While these competitive challenges are expected to persist in 2020, we expect slight improvements in occupancies as well as rental rate growth of approximately 3.0%, in line with competitive market conditions.
- Our Western Canada platform continued to perform at high occupancy levels in 2019. While our properties in British Columbia operated near full capacity, occupancies in our Alberta properties declined due to competitive pressures that we believe are short term. We saw occupancy recovery in several of our Calgary properties in 2019 and expect this trend to continue in 2020. We expect blended rental rate growth for our Western Canada platform to be approximately 2.0%, with higher growth in our private pay suites and lower rental rate increases for our government funded suites.
- In Quebec, a number of large operators continue to execute on their multi year development programs. We also continue our development activities in the province in partnership with Batimo Inc. (“Batimo”). We believe that this growth in inventory is a reflection of the strong demographic trends and the resulting increases in demand, as well as the need to replace older existing inventory. In select markets, this growth has created occupancy pressures which we expect to be temporary in nature. In 2020, we expect stable occupancies in our Quebec same property portfolio with rental rate growth of approximately 2.5%, in line with competitive market conditions.

Long Term Care Operations

Our experienced LTC team is dedicated to providing the best possible care and services to our residents within the constraints of increasing regulations and limited government funding.

We expect continuing stable performance and high occupancies in our LTC portfolio in 2020 as there are approximately 35,000 people on the waiting list for LTC accommodation in Ontario.

General, Administrative and Trust (“G&A”) Expenses

In 2020, we expect G&A growth to be in line with inflation as we continue to fund new corporate initiatives, particularly in the areas of customer experience, recruitment and technology within our current G&A footprint.

Development

Development continues to be one of our core growth strategies. In 2019, we added 748 new suites to our portfolio. At this time, we have three projects with a total of 350 suites in construction and three projects with a total of 477 suites in pre construction. A number of other projects are undergoing design, municipal approval and feasibility activities. We continue to source and evaluate other opportunities, including development opportunities on our owned lands with an estimated development and redevelopment potential of close to 2,500 additional suites. We continue to add to our land bank with the 2019 acquisition of development lands in Edmonton, Alberta (2.1 acres) for \$3.5 million.

Due to the rapid increases in construction costs over the past three years, we have delayed some projects in the pre construction stage while we ensure that reasonable investment returns are achievable with an acceptable level of risk.

Acquisitions

In 2019, we acquired the remaining interests in two retirement residences (249 suites) in Ontario and completed the acquisition under the forward purchase agreement that was entered into in 2018 for one retirement residence (256 suites) in Alberta upon the completion of its development.

In addition to our own development activities, we have built an important pipeline of future acquisition opportunities with Batimo. Through this relationship, over time we expect to acquire ownership interests in close to 2,800 suites currently in various stages of lease up, construction and pre development in the province of Quebec. Two of these projects (508 suites) achieved stabilized occupancy and we expect to acquire interests in these projects in the first half of 2020.

Dispositions

In 2019, we completed the sale of two non core residences for \$11.3 million and one medical office building, in which we had an 85% ownership interest for \$9.1 million. We also entered into an agreement to sell four Ontario Class C LTC residences with 299 beds.

As part of ongoing reviews of our properties, we may identify assets that no longer fit with our strategic direction due to their location, earnings potential, age or other attributes.

Taxation

In 2019, 100% of our distributions were classified as return of capital.

Based on our current forecasts, we expect to have sufficient deductions and losses carried forward to eliminate any cash specified investment flow through (“SIFT”) taxes in 2020.

Distributions

On February 27, 2020, we announced our sixth consecutive annual increase in monthly distributions. Monthly cash distributions will increase by 2.0% from \$0.050 per unit (\$0.60 on an annualized basis) to \$0.051 per unit (\$0.612 on an annualized basis) effective for the March 31, 2020 distribution payable on April 15, 2020.

Significant Events

The following events have had a significant effect on our financial results in 2019 and may be expected to affect our results in the future:

Development

In accordance with our strategy to innovatively develop modern, market specific and operationally efficient seniors communities that remain competitive over the long term, we maintain a robust internal development program. We also selectively partner with reputable developers in order to gain access to attractive sites in strong markets.

Unlevered Yield, Development Lease up Losses and Imputed Cost of Debt

In addition to monitoring development costs measured on a GAAP basis which includes land, hard and soft development costs, furniture, fixtures and equipment, we assess our return on investment in development activities using the non GAAP financial measure 'Unlevered Yield'. Unlevered Yield should not be construed as an alternative to other GAAP metrics and may not be comparable to measures used by other entities.

Unlevered Yield is defined as the ratio of:

- the estimated NOI of a development property in the first year it achieves an expected stabilized occupancy level ("Estimated Stabilized NOI") which varies from project to project,
- divided by the estimated adjusted development costs (the "Adjusted Development Costs") which is the sum of:
 - development costs on a GAAP basis, plus
 - operating results generated by the development property, including pre opening costs (the "Lease up Losses"), plus
 - an imputed cost of debt calculated by applying our estimated weighted average cost of debt to our GAAP development costs plus Lease up Losses, compounded during the development of the property (the "Imputed Cost of Debt").

We believe this is a useful measure as we believe it reflects our financial returns on the total economic cost of developing a new property.

Completed Projects

The following table summarizes development projects that were completed since January 1, 2018:

Project	Location	Suites / Beds	Suite Type	Chartwell Ownership Interest	Operations Start Date	Gross Book Value ⁽¹⁾⁽²⁾ (\$millions)	Occupancy ⁽¹⁾ (%)	Adjusted Development Costs ⁽¹⁾⁽²⁾⁽³⁾ (\$millions)	NOI ⁽²⁾⁽⁴⁾ (\$millions)	Expected Stabilized Occupancy Date	Expected Stabilized Occupancy (%)	Estimated Stabilized NOI ⁽²⁾⁽³⁾ (\$millions)	Expected Unlevered Yield ⁽³⁾
Project completed in 2018:													
Chartwell Bankside Senior Apartments	Kitchener, ON	58	IL	100%	Q2 2018	17.2	90%	18.6	0.8	Q3 2020	97%	1.4	7.3%
Projects completed in 2019:													
Chartwell Carlton Retirement Residence	Burnaby, BC	105	ISL	100%	Q1 2019	42.1	58%	44.7	(0.3)	Q1 2021	96%	2.9	6.5%
Chartwell Wescott Retirement Residence	Edmonton, AB	137	ISL/MC	100%	Q1 2019	41.9	38%	48.1	(1.5)	Q4 2021	94%	3.4	7.0%
The Sumach by Chartwell Kingsbridge Retirement Community ⁽⁵⁾	Toronto, ON	332	ISL	45%	Q2 2019	46.9	51%	48.9	(0.1)	Q4 2022	95%	3.5	7.2%
Chartwell Thunder Bay Townhomes	Kingston, ON	165	ISL/AL	60%	Q3 2019	29.7	37%	31.8	(0.5)	Q4 2022	95%	2.7	7.0%
	Thunder Bay, ON	9	IL	100%	Q4 2019	3.8	78%	3.9		Q1 2020	100%	0.3	7.7%
		806				181.6		196.0	(1.6)			14.2	7.2%

(1) As of the date of this MD&A.

(2) Calculated at Chartwell's ownership interest in the project.

(3) Non GAAP; the definition of this metric and the discussion of its significance can be found at the beginning of this section on page 10 of this MD&A.

(4) For the 12 months ended December 31, 2019 for the project completed in 2018, and from the operations start date to December 31, 2019 for the projects completed in 2019.

(5) Chartwell owns a 60% interest in this property and Signature Living and its affiliates own the remaining 40% interest and provide development and operations management services. Signature Living is entitled to a promote payment if the return on equity exceeds certain targets. The estimated stabilized NOI and expected unlevered yield calculations include estimates of such promote payment.

Projects in Construction

The following table summarizes projects that are in construction:

Project	Location	Suites / Beds	Suite Type	Estimated Development Cost ⁽¹⁾ (\$ millions)	Estimated Lease up-Losses and Imputed Cost of Debt ⁽¹⁾⁽²⁾ (\$millions)	Adjusted Development Costs ⁽¹⁾⁽³⁾ (\$millions)	Adjusted Development Costs incurred as at December 31, 2019 ⁽¹⁾⁽²⁾ (\$millions)	Expected Completion Date	Expected Stabilized Occupancy Date	Reservations ⁽⁴⁾	Expected Stabilized Occupancy (%)	Estimated Stabilized NOI ⁽¹⁾⁽²⁾ (\$millions)	Expected Unlevered Yield ⁽²⁾
Chartwell Guildwood Retirement Residence ⁽⁵⁾	Scarborough, ON	172	IL/ISL/MC	38.6	5.3	43.9	12.7	Q1 2021	Q3 2023	77%	95%	3.0	6.8%
Chartwell Meadowbrook Retirement Residence	Lively, ON	56	IL/ISL	25.7	1.8	27.5	10.1	Q2 2020	Q3 2021	51%	93%	1.9	6.9%
Chartwell Montgomery Village	Orangeville, ON	122	ISL	44.0	3.6	47.6	6.8	Q2 2021	Q4 2022		93%	3.4	7.1%
		350		108.3	10.7	119.0	29.6					8.3	7.0%

(1) Calculated at Chartwell's ownership interest in the project.

(2) Non GAAP; the definition of this metric and the discussion of its significance can be found at the beginning of this section on page 10 of this MD&A.

(3) Non GAAP; represents the total of estimated Development Costs and estimated Lease up Losses and Imputed Cost of Debt.

(4) As of the date of this MD&A.

(5) Redevelopment of the 83 suite residence to a 172 suite residence. Chartwell owns a 50% interest in this project.

Projects in Pre Construction

The following table summarizes projects that are in pre construction:

Project	Location	Suites / Beds	Suite Type	Estimated Development Cost ⁽¹⁾ (\$ millions)	Estimated Lease up-Losses and Imputed Cost of Debt ⁽¹⁾⁽²⁾ (\$millions)	Estimated Adjusted Development Costs ⁽¹⁾⁽³⁾ (\$millions)	Adjusted Development Costs incurred as at December 31, 2019 ⁽¹⁾⁽²⁾ (\$millions)	Expected Construction Commencement Date	Expected Completion Date	Expected Stabilized Occupancy Date	Expected Stabilized Occupancy (%)	Estimated Stabilized NOI ⁽¹⁾⁽²⁾ (\$millions)	Expected Unlevered Yield ⁽²⁾
Chartwell Ridgepoint Retirement Residence	Kamloops, BC	90	ISL	28.9	2.1	31.0	2.3	Q1 2020	Q4 2021	Q4 2023	95%	2.1	6.8%
Chartwell Royalcliffe Retirement Community	London, ON	163	IL/MC	35.9	6.0	41.8	1.9	Q3 2020	Q2 2022	Q1 2025	95%	2.8	6.7%
Chartwell Ballycliffe LTC ⁽⁴⁾	Ajax, ON	224	LTC	57.7	3.6	61.3	4.1	Q1 2020	Q1 2023	Q2 2023	100%	4.2	6.9%
		477		122.5	11.7	131.4	8.3					9.1	6.8%

(1) Calculated at Chartwell's ownership interest in the project.

(2) Non GAAP; The definition of this metric and the discussion of its significance can be found at the beginning of this section on page 10 of this MD&A.

(3) Non GAAP; represents the total of estimated Development Costs and estimated Lease up Losses and Imputed Cost of Debt.

(4) We filed an application with the Ontario Ministry of Long Term Care (the MLTC) to redevelop the existing 100 bed Class C LTC and 40 suite retirement residence into a 192 bed LTC residence. The MLTC agreed to provide the additional 92 licensed LTC beds and awarded us with another 32 beds for a total of 224 beds. The retirement operations have been discontinued at this location, and demolition of this section of the building has been completed. The existing LTC operations are expected to continue during the redevelopment. Estimated stabilized NOI for this project includes expected capital funding subsidy receipts.

In September 2018, we acquired a 90% interest in 1.33 acres of vacant land in Pickering, Ontario for the development of a 415 suite retirement residence (the "Pickering Project") and a 100% interest in 1.39 acres of vacant land in Calgary, Alberta for the development of a 384 suite retirement residence. In November 2019, we acquired 2.1 acres of vacant land in Edmonton, Alberta for the development of a 202 suite retirement residence. Detailed design and municipal approval activities for these and other projects are currently in progress.

Projects by Batimo

In addition to our own development activities, we have built an important pipeline of future acquisition opportunities by participating in certain development projects conducted by Batimo in the province of Quebec. Batimo carries out development activities and we provide leasing, marketing and management services to these projects and in some cases, provide mezzanine financing. Pursuant to our agreements with Batimo, we have certain call rights to acquire, and Batimo has certain put rights which may require us to acquire, an 85% ownership interest in these properties upon achievement of expected stabilized occupancy levels, subject to certain conditions, at purchase prices determined based on the appraisal mechanism described in such agreements.

The following table summarizes the status of projects by Batimo as of the date of this MD&A:

Project	Location	Suites / Beds	Suite Type	Current Project Status ⁽¹⁾	Actual / Expected Completion Date	Actual / Expected Stabilized Occupancy Date
Chartwell L'Unique III	St. Eustache, QC	163	ISL	O	March 2017	Q4 2019
Chartwell Le Prescott	Vaudreuil, QC	324	ISL	O	June 2017	Q2 2022
Chartwell Le Montcalm	Candiac, QC	283	ISL	O	September 2017	Q3 2021
Chartwell Le St Gabriel	Longueuil, QC	345	ISL / AL	O	May 2018	Q4 2019
Chartwell Le Teasdale II	Terrebonne, QC	221	ISL	O	October 2018	Q2 2020
Chartwell Greenfield Park	Greenfield Park, QC	368	ISL / AL	O	June 2019	Q3 2021
Chartwell L'Envol	Cap Rouge, QC	360	ISL / AL	O	September 2019	Q4 2021
Chartwell Atwater	Montreal, QC	316	ISL / AL / MC	C	Q4 2021	Q2 2024
Chartwell Trait Carré	Quebec City, QC	361	ISL / AL	C	Q4 2020	Q2 2022
		2,741				

(1) Current project status is defined where 'O' means Operating and 'C' means Construction.

Chartwell L'Unique III and Chartwell Le St Gabriel have achieved stabilized occupancy as defined in our agreements with Batimo. We expect to acquire a 42.5% interest in Chartwell Le St Gabriel for \$37.9 million in Q1 2020. Welltower Inc. ("Welltower") will also acquire a 42.5% interest and Batimo will retain a 15% interest in this project. We expect to acquire an 85% interest in Chartwell L'Unique III for approximately \$33.1 million in Q2 2020.

Potential Developments on Owned and Leased Lands

The following table summarizes additional development opportunities on our owned and leased lands. While a number of these development projects are in advanced stages of feasibility assessments, others have a longer term development time horizon and, in some cases, may be subject to extensive municipal approval requirements.

Residence	Location	Ownership %	Vacant Land Size (acres)	Estimated Potential Number of Suites ⁽¹⁾	Book Value of Land (\$millions)
Chartwell Cité Jardin résidence pour retraités	Gatineau, QC	100	3.4	600	8.6
Chartwell Crescent Gardens Retirement Community	Surrey, BC	100	2.6	184	4.9
Chartwell Hartford Retirement Residence	Morrisburg, ON	100	1.8	94	
Chartwell Muskoka Traditions Retirement Residence	Hunstville, ON	100	0.4	36	0.9
Chartwell Ste Marthe résidence pour retraités	Saint Hyacinthe, QC	100	0.8	70	0.7
Chartwell Wedgewood Retirement Residence	Brockville, ON	100	0.5	54	0.6
Chartwell Woodhaven Long Term Care Residence ⁽²⁾	Markham, ON	100	1.4	108	2.5
Chartwell Stillwater Creek Retirement Residence	Nepean, ON	100	0.5	32	0.6
Chartwell Belcourt résidence pour retraités	Ottawa, ON	50	0.2	31	0.3
Chartwell Domaine des Trembles résidence pour retraités	Gatineau, QC	50	1.5	182	1.2
Chartwell Héritage résidence pour retraités	Ottawa, ON	50	0.6	160	0.5
Chartwell Kingsville Retirement Residence	Kingsville, ON	50	1.6	55	0.3
Chartwell Manoir Pointe aux Trembles résidence pour retraités ⁽³⁾	Montreal, QC	50	4.7	72	
Chartwell Manoir Saint Jérôme résidence pour retraités	Saint Jérôme, QC	50	6.0	668	0.4
Chartwell Notre Dame Victoriaville résidence pour retraités	Victoriaville, QC	50	1.1	66	0.1
Chartwell Royal Marquis Retirement Residence	Windsor, ON	50	0.6	45	0.3
Total ⁽⁴⁾			27.7	2,457	21.9

(1) Numbers of potential suites to be developed are estimates and subject to change based on market conditions and municipal approval processes.

(2) Leased lands. The value recognized on adoption of IFRS 16.

(3) Potential redevelopment of the existing 247 suite residence to a 319 suite residence; acreage is for the entire site.

(4) Excludes \$0.3 million of land acquired to facilitate redevelopment of one LTC property in Ontario.

Acquisitions

On January 31, 2019, we acquired the remaining interest in Clair Hills Retirement Residence for \$9.2 million. On February 1, 2019, we acquired the remaining interest in Oak Ridges Retirement Residence for \$0.3 million. These two residences are now wholly owned and operated by Chartwell.

On December 11, 2019, we closed on the forward purchase agreement that was entered into in 2018 to acquire the Chartwell Emerald Hills Retirement Residence in Edmonton, Alberta, a 256 suite residence inclusive of 72 suites funded by Alberta Health Services (“AHS”). The contractual purchase price was \$120.0 million. Including the AHS funded suites, the residence is 46% occupied. The acquisition is subject to an aggregate \$7.5 million NOI guarantee for two years from the vendor to support initial lease up of the property.

Dispositions

On May 31, 2019, we completed the previously announced sale of one non core retirement residence (61 suites) located in Ontario for \$0.75 million.

On July 12, 2019, we completed the sale of one non core retirement residence (117 suites) located in Quebec for \$10.5 million.

On December 9, 2019, we completed the sale of our 85% interest in a medical office building located in Quebec for \$9.1 million.

On May 21, 2019, we entered into a definitive agreement to sell four Ontario long term care residences (299 beds) for \$13.6 million. The agreement is subject to the approval of the MLTC for the transfer of the home licenses. The sale is expected to be completed in 2020. These homes have been classified as assets held for sale at December 31, 2019.

Financings

On May 10, 2019, we entered into amending agreements with our syndicate lenders to extend the maturity of our secured credit facility and unsecured credit facility (collectively, the “Credit Facilities”) by three years to May 29, 2024.

On December 10, 2019, we entered into an agreement with a financial institution for a \$125 million unsecured term loan. The loan matures on May 31, 2024, and through an interest rate swap, bears interest at a fixed rate of 3.52%.

Joint Arrangements

'IFRS 11 Joint Arrangements' classifies joint arrangements either as a joint operation or as a joint venture. Joint operations are joint arrangements in which the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for using proportionate consolidation. Joint ventures are joint arrangements in which the parties have rights to the net assets relating to the arrangement. Generally, where the party holds its interest in the joint arrangement through a separate legal entity, the joint arrangement will be classified as a joint venture. Joint ventures are accounted for using the equity method of consolidation. Chartwell does not independently control its joint arrangements which are accounted for using the equity method, and Chartwell's proportionate share of the financial position and results of operations of its investment in such joint arrangements, where presented and discussed in this MD&A using the proportionate consolidation method, does not necessarily represent Chartwell's legal claim to such items.

The following table summarizes the classification of properties which are owned through our joint arrangements or which are partially owned:

Joint Arrangements	# of Properties	Suites/Beds	Chartwell Ownership	Classification under IFRS 11
Held directly:				
Chartwell Welltower Landlord ("CWL") ⁽¹⁾	37	7,245	50%	Joint operation
The Sumach by Chartwell	1	332	45%	Joint operation
Batimo ⁽²⁾	3	602	85%	Joint operation
Chartwell Riverside Retirement Residence	1	138	50%	Joint operation
Chartwell Churchill House Retirement Residence	1	98	50%	Joint operation
Pickering Project ⁽³⁾	1	415	90%	Joint operation
Held through separate legal entities:				
Chartwell Welltower Operator	Same as CWL	Same as CWL	50%	Joint venture
Chartwell Oakville Retirement Residence	1	147	50%	Joint venture
Chartwell Constantia Retirement Residence	1	121	50%	Joint venture
Kingsbridge Retirement Community	1	165	60%	Joint venture

(1) Includes one property under construction; refer to the "Projects in Construction" section on page 11 of this MD&A.

(2) Interest in medical office building was sold in December, 2019.

(3) In pre construction; refer to the "Projects in Pre Construction" section on page 12 of this MD&A.

On May 1, 2012, Chartwell and Welltower acquired undivided interests in a portfolio of 39 properties (of which two were subsequently sold) where each of Chartwell's and Welltower's interests in the real estate are held directly and where each of our interests in the operations are held through separate legal entities. Chartwell is the property manager for this portfolio. As the real estate is held directly by each of Chartwell and Welltower, it is classified as a joint operation and accounted for on a proportionate consolidation basis. The operations of the related properties, for which Chartwell is the manager, are held through a separate legal entity and as a result are classified as a joint venture and are accounted for using the equity method of consolidation.

Consolidated Results of Operations

Highlights

The following table summarizes selected financial and operating performance measures:

(\$000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
Resident revenue	221,061	212,536	8,525	860,595	814,262	46,333
Direct property operating expense	152,837	147,714	5,123	590,016	557,839	32,177
Net income/(loss)	(11,485)	(13,098)	1,613	1,067	18,519	(17,452)

Resident revenue increased \$46.3 million or 5.7% in 2019 and increased \$8.5 million or 4.0% in Q4 2019, due to acquisitions and developments and revenue growth in our existing property portfolio.

Direct property operating expenses increased \$32.2 million or 5.8% in 2019 and increased \$5.1 million or 3.5% in Q4 2019, due to acquisitions and developments, including pre leasing and initial operating costs, and increased expenses in our existing property portfolio.

In 2019, net income was \$1.1 million compared to \$18.5 million in 2018. The decrease in net income was primarily due to higher direct property operating expenses, finance costs, depreciation and amortization expenses, impairment losses, lower gains on asset sales, partially offset by higher revenues, remeasurement gains and lower deferred tax expenses.

In Q4 2019, net loss was \$11.5 million compared to \$13.1 million in Q4 2018. The decrease in net loss was primarily due to lower deferred tax expenses and higher contributions from property operations, partially offset by impairment losses.

FFO

FFO should not be construed as an alternative to net earnings or cash flow from operating activities as determined by GAAP. FFO as presented may not be comparable to similar measures used by other issuers. We present FFO substantially consistent with the definition adopted by REALPAC. This definition is included in the “Additional Information on Non GAAP Financial Measures” section on page 47 of this MD&A.

We believe that the use of FFO, combined with the required primary GAAP presentations, is beneficial to the users of the financial information, improving their understanding of our operating results. We generally consider FFO to be a meaningful measure for reviewing our operating and financial performance because, by excluding real estate asset depreciation and amortization of intangible assets (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), transaction costs arising on business acquisitions and dispositions, impairment of property, plant and equipment (“PP&E”), distributions on Class B Units of Chartwell Master Care LP (“Class B Units”) recorded as interest expense, change in fair value of financial instruments and foreign exchange gain/(loss), deferred income tax expense/(benefit), remeasurement gain, gain/(loss) on disposal of assets and adjustments for Equity Accounted JVs. FFO can assist the user of the financial information in comparing the financial and operating performance of our real estate portfolio between financial reporting periods.

Refer to the “Additional Information on Non GAAP Financial Measures Funds from Operations” section on page 47 of this MD&A for the reconciliation of net income/(loss), the most closely comparable GAAP measure, to FFO and FFO per unit (“FFOPU”) amounts.

The following table presents FFO and FFOPU:

(\$000s, except per unit amounts)	Q4 2019	Q4 2018	Change	2019	2018	Change
FFO ⁽¹⁾	51,883	48,513	3,370	199,729	193,581	6,148
FFOPU ⁽¹⁾	0.24	0.23	0.01	0.92	0.90	0.02

(1) Non GAAP; refer to the *Additional Information on Non GAAP Financial Measures* section on page 47 of this MD&A for a discussion of the calculation of the per unit amounts.

For 2019, FFO was \$199.7 million or \$0.92 per unit, compared to \$193.6 million or \$0.90 per unit in 2018. The following items impacted the change in FFO:

- higher adjusted NOI of \$11.7 million consisting of a \$3.9 million increase in same property adjusted NOI and a \$7.8 million increase in contributions from acquisitions and developments;
 - higher interest income of \$0.7 million;
 - lower G&A expenses of \$0.7 million;
 - lower lease termination and lease expense of \$2.2 million; and
 - other items combined of \$0.5 million;
- offset by:
- higher finance costs of \$8.4 million; and
 - higher corporate depreciation of PP&E and intangible assets of \$1.3 million.

For 2019, FFO was impacted by \$8.2 million of Lease up Losses and Imputed Cost of Debt related to our development projects (2018 - \$4.1 million).

Included in 2019 FFO is a \$1.1 million recovery of prior years' property tax expenses and \$0.5 million of related interest income.

Fourth Quarter: For Q4 2019, FFO was \$51.9 million or \$0.24 per unit, compared to \$48.5 million or \$0.23 per unit in Q4 2018. The following items impacted the change in FFO:

- higher adjusted NOI of \$2.1 million consisting of a \$0.2 million increase in same property adjusted NOI and a \$1.9 million increase in contributions from acquisitions and developments;
 - higher management fee revenue of \$0.5 million;
 - lower G&A expenses of \$0.6 million;
 - lower lease termination and lease expense of \$1.9 million; and
 - other items combined of \$0.1 million
- partially offset by:
- higher finance costs of \$1.8 million.

For Q4 2019, FFO was impacted by \$1.8 million of Lease up Losses and Imputed Cost of Debt related to our development projects (Q4 2018 \$1.3 million).

Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI

The tables on the following pages of this section summarize our adjusted resident revenue, adjusted direct property operating expense and adjusted NOI and also include supplemental disclosure of our

same property portfolio and our acquisitions, development and other portfolio. The supplemental disclosure of our same property portfolio and our acquisitions, development and other portfolio is non GAAP and should not be construed as an alternative to GAAP measures. We use these groupings of properties to evaluate and monitor our financial and operating performance and we believe that this additional disclosure enhances the ability to understand and assess our results of operations and particularly to compare such results from period to period. The following provides definitions for each of these portfolio groupings as well as the composition of the portfolio included in the respective grouping for the current reporting period.

Same Property Portfolio

Our same property portfolio excludes properties that have not been owned continuously since the beginning of the previous fiscal year or that are expected to be sold in the current fiscal year. In addition, to improve comparability, properties that are undergoing a significant redevelopment or where we have added or expect to add significant capacity in the current year are excluded from the same property portfolio.

The following table summarizes the composition of our same property portfolio as at December 31, 2019:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations	146	20,748	16,960
Long Term Care Operations ⁽¹⁾	19	2,676	2,676
Total same property portfolio	165	23,424	19,636

(1) Four of our long term care properties (299 beds) in Ontario, which are expected to be sold in 2020, are classified as held for sale and are not included here.

Acquisitions, Development and Other Portfolio

Our acquisitions, development and other portfolio includes properties that were acquired after January 1, 2018, newly developed properties, properties that are undergoing a significant redevelopment, properties where we have added or expect to add significant capacity in the current year and assets held for sale. Generally, such properties are operating at occupancy levels below their expected stabilized occupancies.

The following table summarizes the composition of the acquisitions, development and other portfolio as at December 31, 2019:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations	18	2,980	2,641
Long Term Care Operations ⁽¹⁾	5	399	399
Total acquisitions, development and other portfolio	23	3,379	3,040

(1) Includes four long term care properties (299 beds) which are classified as held for sale.

Acquisitions, development and other portfolio includes five newly developed and one recently acquired retirement residences (813 suites at our share of ownership) with an aggregate gross book value of \$296.0 million. These residences had a weighted average occupancy of 32.0% and 25.0% in Q4 2019 and 2019, respectively, and generated adjusted NOI of \$0.3 million and negative adjusted NOI of \$1.7 million in Q4 2019 and 2019, respectively. Upon achieving the expected stabilized occupancy of 96%, these residences are estimated to generate annualized adjusted NOI of \$22.0 million at our share of ownership.

The following table reconciles resident revenue and direct property operating expense from our financial statements to adjusted resident revenue and adjusted direct property operating expense and identifies contributions from our same property and acquisition, development and other portfolios:

(\$000s, except occupancy rates)	Q4 2019	Q4 2018	Change	2019	2018	Change
Resident revenue	221,061	212,536	8,525	860,595	814,262	46,333
Add: Share of resident revenue from joint ventures ⁽¹⁾	29,381	31,965	(2,584)	116,090	125,101	(9,011)
Adjusted resident revenue ⁽²⁾	250,442	244,501	5,941	976,685	939,363	37,322
Comprised of:						
Same property ⁽²⁾	219,954	216,331	3,623	861,243	842,428	18,815
Acquisitions, development and other ⁽²⁾	30,488	28,170	2,318	115,442	96,935	18,507
Adjusted resident revenue ⁽²⁾	250,442	244,501	5,941	976,685	939,363	37,322
Direct property operating expense	152,837	147,714	5,123	590,016	557,839	32,177
Add: Share of direct property operating expenses from joint ventures ⁽³⁾	18,410	19,694	(1,284)	70,322	76,831	(6,509)
Adjusted direct property operating expense ⁽²⁾	171,247	167,408	3,839	660,338	634,670	25,668
Comprised of:						
Same property ⁽²⁾	148,869	145,448	3,421	575,557	560,583	14,974
Acquisitions, development and other ⁽²⁾	22,378	21,960	418	84,781	74,087	10,694
Adjusted direct property operating expense ⁽²⁾	171,247	167,408	3,839	660,338	634,670	25,668
Adjusted NOI ⁽²⁾	79,195	77,093	2,102	316,347	304,693	11,654
Comprised of:						
Same property ⁽²⁾	71,085	70,883	202	285,686	281,845	3,841
Acquisitions, development and other ⁽²⁾	8,110	6,210	1,900	30,661	22,848	7,813
Adjusted NOI ⁽²⁾	79,195	77,093	2,102	316,347	304,693	11,654
Weighted average occupancy rate same property portfolio	89.9%	91.4%	(1.5pp)	90.0%	91.2%	(1.2pp)
Weighted average occupancy rate total portfolio	87.9%	90.9%	(3.0pp)	87.6%	90.6%	(3.0pp)

(1) Share of resident revenue from joint ventures represents Chartwell's pro rata share of the resident revenue of our Equity Accounted JVs as referenced in the notes to our Financial Statements and as described in the *Joint Arrangements* section on page 16 of this MD&A.

(2) Non GAAP; refer to the preamble to this table and the *Results of Operations by Reportable Segment* section on page 21 of this MD&A for explanations and discussion of the significance of these metrics.

(3) Share of direct property operating expenses from joint ventures represents Chartwell's pro rata share of the direct property operating expenses of our Equity Accounted JVs as referenced in the notes to our Financial Statements and as described in the *Joint Arrangements* section on page 16 of this MD&A.

Adjusted resident revenue increased 4.0% in 2019, due to a 2.2% increase in same property adjusted resident revenue and a growing contribution from acquisitions and developments. Same property adjusted resident revenue increased primarily due to rental rate increases in line with competitive market conditions, partially offset by lower occupancies.

Adjusted direct property operating expense increased 4.0% in 2019, due to a 2.7% increase in same property adjusted direct operating expense and growth in acquisitions and developments. The increase in same property adjusted direct operating expense was primarily due to higher staffing, food, supplies, office and management expenses, partially offset by lower property tax and marketing expenses.

Adjusted NOI increased \$11.7 million or 3.8% in 2019, due to a 1.4% increase in same property adjusted NOI, and growing contributions from our acquisition, development and other property portfolio.

Fourth Quarter: For Q4 2019, adjusted resident revenue increased 2.4% due to a 1.7% increase in same property adjusted resident revenue and a growing contribution from acquisitions and developments. Same property adjusted resident revenue increased primarily due to rental rate increases in line with competitive market conditions, partially offset by lower occupancies.

For Q4 2019, adjusted direct property operating expense increased 2.3% due to a 2.4% increase in same property adjusted direct operating expense and growth in acquisitions and developments. The increase in same property adjusted direct operating expense was primarily due to higher staffing costs and utilities expenses, partially offset by lower marketing and repairs and maintenance expenses.

For Q4 2019, adjusted NOI increased \$2.1 million or 2.7% due to a \$0.2 million or 0.3% growth in same property adjusted NOI and growing contributions from acquisitions and developments.

Results of Operations by Reportable Segment

We monitor and operate our retirement and long term care properties separately. The Retirement Operations segment includes 164 communities that we own and operate in Canada. The retirement communities provide services to age qualified residents at rates, in most cases, set by Chartwell based on the services provided and market conditions. The Long Term Care Operations segment includes 24 communities in Ontario. Admission and funding for the long term care communities is overseen by local government agencies in each province. Where a community provides more than one level of care, it has been designated to a segment according to the predominant level of care provided, type of licensing and funding provided and internal management responsibility.

The accounting policies of each of the segments are the same as those for Chartwell except that these segments include Chartwell's proportionate share of its joint ventures. Certain G&A expenses are managed centrally by Chartwell and are not allocable to reportable operating segments. Chartwell has no material inter segment revenue, transfers or expenses.

The measure of segment profit or loss is Adjusted NOI (which is resident revenue less direct property operating expense, including Chartwell's proportionate share of its joint ventures' resident revenue and direct property operating expense).

Retirement Operations

The following table summarizes the composition of our Retirement Operations:

	Properties	Composition of Suites					Total
		IL	ISL	AL	MC	LTC	
Same Property							
100% owned	106	675	10,980	931	134	451	13,171
50% owned	40	593	6,563	358	63		7,577
Total same property owned	146	1,268	17,543	1,289	197	451	20,748
Acquisitions, Development & Other							
100% owned operating	13	58	1,649	111	63		1,881
Partially owned operating ⁽¹⁾	5		1,037	62			1,099
Total acquisitions, development & other	18	58	2,686	173	63		2,980
Total	164	1,326	20,229	1,462	260	451	23,728

(1) We own an 85% interest in three of these properties, a 60% interest in one property and, a 45% interest in one property.

The following table presents the results of our Retirement Operations:

(\$000s, except occupancy rates)	Q4 2019	Q4 2018	Change	2019	2018	Change
Adjusted resident revenue	187,667	182,256	5,411	737,076	705,021	32,055
<i>Comprised of:</i>						
Same property ⁽¹⁾	165,429	162,445	2,984	652,511	638,321	14,190
Acquisitions, development and other ⁽¹⁾	22,238	19,811	2,427	84,565	66,700	17,865
Adjusted direct property operating expense	116,340	113,319	3,021	452,385	431,070	21,315
<i>Comprised of:</i>						
Same property ⁽¹⁾	101,540	99,020	2,520	395,786	384,610	11,176
Acquisitions, development and other ⁽¹⁾	14,800	14,299	501	56,599	46,460	10,139
Adjusted NOI	71,327	68,937	2,390	284,691	273,951	10,740
<i>Comprised of:</i>						
Same property ⁽¹⁾	63,889	63,425	464	256,725	253,711	3,014
Acquisitions, development and other ⁽¹⁾	7,438	5,512	1,926	27,966	20,240	7,726
Weighted average occupancy rate same property portfolio	88.5%	90.2%	(1.7pp)	88.6%	90.1%	(1.5pp)
Weighted average occupancy rate total portfolio	86.2%	89.7%	(3.5pp)	85.9%	89.4%	(3.5pp)

(1) Non GAAP; refer to the Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI section on page 18 of this MD&A for explanations of Same property and Acquisitions, development and other and the significance of these metrics.

Adjusted resident revenue increased 4.5% in 2019, due to a 2.2% increase in same property adjusted resident revenue and a growing contribution from our acquisitions and developments.

The increase in same property adjusted resident revenue was primarily due to rental rate increases in line with competitive market conditions, partially offset by lower occupancies.

Adjusted direct property operating expense increased 4.9% in 2019, due to a 2.9% increase in same property adjusted direct operating expense and growth in our acquisitions, development and other portfolio.

The increase in same property adjusted direct operating expense was primarily due to higher staffing costs, management, food and repairs and maintenance expenses, partially offset by higher supplier rebates and incentives received and a \$1.0 million recovery of prior years' property tax expenses due to a successful appeal.

Adjusted NOI increased \$10.7 million or 3.9% in 2019. Same property adjusted NOI increased \$3.0 million or 1.2% in 2019 as follows:

- Our Ontario platform same property adjusted NOI increased \$3.4 million or 2.4%, primarily due to rental rate increases in line with competitive market conditions, partially offset by lower occupancies, higher property tax expenses and staffing costs.
- Our Western Canada platform same property adjusted NOI decreased \$0.1 million or 0.1%, primarily due to lower occupancies and higher staffing costs, partially offset by rental rate increases in line with competitive market conditions.
- Our Quebec platform same property adjusted NOI decreased \$0.3 million or 0.6%, primarily due to lower occupancies, higher staffing costs, food and repairs and maintenance expenses, partially offset by rental rate increases in line with competitive market conditions and lower property tax expenses as a result of a successful appeal of certain prior years' assessments.

The following table summarizes our annual weighted average occupancy rates in our retirement same property portfolio:

	2019	2018	Change
Ontario	84.8%	86.5%	(1.7pp)
Western Canada	95.1%	96.2%	(1.1pp)
Quebec	90.9%	92.2%	(1.3pp)
Combined	88.6%	90.1%	(1.5pp)

In 2019, occupancy in our retirement same property portfolio was 88.6%, a 1.5 percentage point decrease from 2018, primarily due to competitive market conditions in certain markets within Ontario, Western Canada and Quebec.

Fourth Quarter: Adjusted resident revenue increased 3.0% in Q4 2019, due to a 1.8% increase in same property adjusted resident revenue and a growing contribution from our acquisitions and developments.

The increase in same property adjusted resident revenue was primarily due to rental rate increases in line with competitive market conditions, partially offset by lower occupancies.

Adjusted direct property operating expense increased 2.7% in Q4 2019, due to a 2.6% increase in same property adjusted direct operating expense and growth in our acquisitions, development and other portfolio.

The increase in same property adjusted direct operating expense was primarily due to higher staffing costs, partially offset lower marketing expenses.

Adjusted NOI increased \$2.4 million or 3.5% in Q4 2019. Same property adjusted NOI increased \$0.5 million or 0.7% in Q4 2019 as follows:

- Our Ontario platform same property adjusted NOI increased \$0.6 million or 1.7%, primarily due to rental rate increases in line with competitive market condition and lower marketing expenses, partially offset by lower occupancies, higher staffing costs and utilities expenses.
- Our Western Canada platform same property adjusted NOI increased \$0.1 million or 0.9%, primarily due to rental rate increases in line with competitive market conditions, partially offset by lower occupancies and higher staffing costs.
- Our Quebec platform same property adjusted NOI decreased \$0.2 million or 1.8%, primarily due to lower occupancies and higher staffing costs, partially offset by rental rate increases in line with competitive market conditions and lower utilities expenses.

The following table summarizes our quarterly weighted average occupancy rates in our retirement same property portfolio:

	Q4 2019	Q4 2018	Change	Q3 2019	Change
Ontario	84.8%	86.7%	(1.9pp)	83.9%	0.9pp
Western Canada	95.0%	96.3%	(1.3pp)	95.2%	(0.2pp)
Quebec	90.6%	92.3%	(1.7pp)	90.7%	(0.1pp)
Combined	88.5%	90.2%	(1.7pp)	88.1%	0.4pp

In Q4 2019, occupancy in our retirement same property portfolio was 88.5%, a decrease of 1.7 percentage points compared to Q4 2018 and an increase of 0.4 percentage points compared to Q3 2019. The decreases in occupancy are primarily due to the impact of the significant number of new competing residence openings in certain of our markets.

Long Term Care Operations

The following table summarizes the composition of our Long Term Care Operations:

	Properties	Composition of Suites				LTC	Total
		IL	ISL	AL	MC		
Same property	19		75			2,601	2,676
Acquisitions, development and other ⁽¹⁾	5					399	399
Total	24		75			3,000	3,075

(1) Includes one Class C residence subject to redevelopment where certain pre development activities have begun.

The following table presents the results of our Long Term Care Operations:

(\$000s, except occupancy rates)	Q4 2019	Q4 2018	Change	2019	2018	Change
Adjusted resident revenue	62,775	62,245	530	239,609	234,342	5,267
<i>Comprised of:</i>						
Same property ⁽¹⁾	54,525	53,885	640	208,732	204,107	4,625
Acquisitions, development and other ⁽¹⁾	8,250	8,360	(110)	30,877	30,235	642
Adjusted direct property operating expenses	54,907	54,089	818	207,953	203,600	4,353
<i>Comprised of:</i>						
Same property ⁽¹⁾	47,329	46,428	901	179,771	175,973	3,798
Acquisitions, development and other ⁽¹⁾	7,578	7,661	(83)	28,182	27,627	555
Adjusted NOI	7,868	8,156	(288)	31,656	30,742	914
<i>Comprised of:</i>						
Same property ⁽¹⁾	7,196	7,457	(261)	28,961	28,134	827
Acquisitions, development and other ⁽¹⁾	672	699	(27)	2,695	2,608	87
Weighted average occupancy rate same property portfolio	98.5%	98.5%		98.6%	98.3%	0.3pp
Weighted average occupancy rate total portfolio	98.5%	98.5%		98.4%	98.2%	0.2pp

(1) Non GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section on page 18 of this MD&A for explanations of Same property and Acquisitions, development and other and the significance of these metrics.

Adjusted NOI increased \$0.9 million or 3.0% in 2019. Same property adjusted NOI increased 2.9% primarily due to higher preferred accommodation revenue.

Fourth Quarter: Adjusted NOI decreased \$0.3 million or 3.5% in Q4 2019. Same property adjusted NOI decreased 3.5% primarily due to timing of expenses.

Management and Other Fees

(\$000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
Welltower	1,639	1,633	6	6,777	7,556	(779)
Other	1,361	826	535	3,989	3,152	837
Total management and other fees	3,000	2,459	541	10,766	10,708	58

In Q4 2019, management and other fees increased \$0.5 million primarily due to higher number of operating properties managed for Batimo.

Interest Income

(\$000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
Interest income on loans receivable	466	313	153	1,831	987	844
Interest income on capital funding	527	612	(85)	2,238	2,573	(335)
Other interest income		47	(47)	438	291	147
Total interest income	993	972	21	4,507	3,851	656

Interest income on loans receivable increased \$0.8 million and \$0.2 million in 2019 and Q4 2019, respectively, due to the higher balance of loans outstanding.

Other interest income increased by \$0.1 million primarily due to interest earned on recovery of prior years' property tax expenses due to a successful appeal, partially offset by a reduction in interest earned from outstanding cash balances.

General, Administrative and Trust Expenses

(\$000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
G&A expenses	8,746	9,348	(602)	43,148	43,890	(742)

G&A expenses decreased \$0.7 million and \$0.6 million in 2019 and Q4 2019, respectively, primarily due to lower legal expenses and administrative cost reimbursements on certain supplier transition.

Finance Costs

(\$000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
Contractual interest expense on mortgages	18,019	17,157	862	71,158	65,438	5,720
Comprised of:						
Same property ⁽¹⁾	14,524	14,633	(109)	57,944	58,341	(397)
Acquisitions, development and other ⁽¹⁾	3,495	2,524	971	13,214	7,097	6,117
Interest expense on Debentures ⁽²⁾	3,501	3,501		13,888	11,881	2,007
Credit facility and other interest expense	896	420	476	2,888	2,827	61
Amortization of finance costs and mark to market adjustments on assumed mortgages	22,416	21,078	1,338	87,934	80,146	7,788
	458	228	230	1,617	886	731
Interest capitalized to properties under development	22,874	21,306	1,568	89,551	81,032	8,519
Distributions on Class B Units recorded as interest expense	(1,343)	(1,798)	455	(4,986)	(5,218)	232
	239	241	(2)	961	964	(3)
Total finance costs	21,770	19,749	2,021	85,526	76,778	8,748

(1) Non GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section on page 18 of this MD&A for explanations of Same property and Acquisitions, development and other and the significance of these metrics.

(2) Debentures refers collectively to the "Series A Debentures" and the "Series B Debentures". See the "Liquidity and Capital Resources - Debt - Debentures" section on page 31 of this MD&A for details.

Contractual interest expense on mortgages increased \$5.7 million and \$0.9 million in 2019 and Q4 2019, respectively, primarily due to higher outstanding mortgage balances.

Interest expense on Debentures increased \$2.0 million in 2019, due to the issuance of the 4.211% "Series B Debentures" in the amount of \$150 million on April 27, 2018.

Interest capitalized to properties under development decreased \$0.2 million and \$0.5 million in 2019 and Q4 2019, respectively, primarily due to construction completion and transfer of several properties to operations.

The following table provides supplemental information related to finance costs for our Equity Accounted JVs:

(\$000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
Contractual interest expense on mortgages	495	882	(387)	2,074	2,403	(329)
<i>Comprised of:</i>						
<i>Same property</i> ⁽¹⁾	292	272	20	1,179	887	292
<i>Acquisitions, development and other</i> ⁽¹⁾	203	610	(407)	895	1,516	(621)
Amortization of finance costs	11	12	(1)	45	116	(71)
Interest capitalized to properties under development		(208)	208	(494)	(502)	8
Total finance costs	506	686	(180)	1,625	2,017	(392)

(1) *Non GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section on page 18 of this MD&A for explanations of Same property and Acquisitions, development and other and the significance of these metrics.*

Other Income/(Expense)

(\$000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
Remeasurement gain	(1,313)		(1,313)	37,859		37,859
Impairment losses	(27,474)		(27,474)	(46,974)		(46,974)
Gain on sale of assets	1,024	656	368	6,081	17,519	(11,438)
Transaction costs arising on business acquisitions and dispositions	(543)	(351)	(192)	(1,816)	(3,873)	2,057
Other income	341	373	(32)	887	793	94
Lease termination costs		(1,806)	1,806		(1,806)	1,806
Property lease expense		(102)	102		(399)	399
Total other income/(expense)	(27,965)	(1,230)	(26,735)	(3,963)	12,234	(16,197)

In Q1 2019, we acquired the remaining interests in Clair Hills and Oak Ridges Retirement Residences. Chartwell previously owned all the outstanding Class C units and affiliates of the vendors owned all outstanding Class R units in limited partnerships that held these retirement residences. Chartwell's interests in these two properties were previously accounted for as investments in joint ventures using the equity method of accounting. Under IFRS, the acquisition of the remaining interests in these properties required revaluation of the existing interest. This remeasurement resulted in a gain of \$37.9 million in 2019.

Impairment losses recorded in 2019 relate to the write down in the carrying value of seven retirement residences. The impairment losses resulted from a decline in the operating performance of these properties due to competitive pressures in certain markets.

The gain on sale of assets in 2019 includes a \$1.8 million gain from the disposal of two 100% owned non core retirement residences and one medical office building in which we had an 85% ownership and the estimated proceeds from insurance relating to water and other damages of approximately \$4.3 million.

Transaction costs arising on business acquisitions and dispositions are expensed as incurred and fluctuate from period to period based on the timing and volume of transactions.

As a result of the implementation of IFRS 16 on January 1, 2019, certain lease payments previously expensed to other income are now included in finance costs and depreciation.

Other Items

(\$000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
Depreciation of PP&E and amortization of intangible assets	(46,962)	(45,124)	(1,838)	(180,522)	(172,355)	(8,167)
Change in fair value of financial instruments and foreign exchange gain/(loss)	3,036	3,537	(501)	(3,314)	8,219	(11,533)
Current income tax expense		(19)	19		(63)	63
Deferred income tax benefit/(expense)	8,889	(19,226)	28,115	(10,209)	(19,145)	8,936

Depreciation of PP&E increased \$8.2 million in 2019 and \$1.8 million in Q4 2019, primarily due to increases in the property portfolio from new developments and acquisitions, partially offset by depreciation adjustments.

Change in fair value of financial instruments and foreign exchange gain/(loss) is primarily resulting from changes in the market value of the underlying financial instruments and estimated values of amounts receivable under income guarantees. These amounts are expected to fluctuate from period to period due to changes in financial markets and operating performance of properties subject to income guarantees.

The deferred tax expense in 2019 primarily relates to step accounting adjustments on the acquisition of the remaining interests in Clair Hills and Oak Ridges Retirement Residences accounted for as business combinations. This was partially offset by the deferred tax benefit recorded in Q3 2019 as a result of the impairment losses.

Cash Flow Analysis

The following table summarizes the significant changes in our operating, financing and investing cash flows between 2019 and 2018 using our consolidated statements of cash flows:

Cash Provided by (Used in):	Increase (Decrease) (\$millions)	Explanation
Operating activities	(18.9)	Change in cash flows from operating activities is primarily due to changes in working capital, higher interest paid and higher net operating income.
Financing activities	(42.9)	Change in cash flows from financing activities is due to higher proceeds from 4.211% debenture issuance in 2018 when compared to proceeds from unsecured term loan in 2019, and lower proceeds from mortgage financing activities.
Investing activities	69.9	Change in cash flows from investing activities is primarily due to lower net cash outflow for acquisitions and lower contributions from joint ventures, partially offset by lower proceeds from asset sales, higher PP&E and intangible asset additions and lower distributions from joint ventures.

Liquidity and Capital Resources

Liquidity

Our liquidity and capital resources are used to fund capital investments in our properties, development and acquisition activities, servicing of our debt obligations, and distributions to our unitholders. Our principal source of liquidity is net operating income generated from our property operations. We also finance our operations through the use of property specific mortgages, secured and unsecured credit facilities, unsecured term loans, senior unsecured debentures, and equity financing.

At December 31, 2019 our liquidity was \$414.7 million as presented in the following table:

(\$000s)	December 31, 2019	December 31, 2018
Cash and cash equivalents	22,890	29,779
Available under Credit Facilities	391,781	385,767
Total	414,671	415,546

In addition, at December 31, 2019, our share of cash and cash equivalents held in our Equity Accounted JVs was \$5.0 million.

As at December 31, 2019, our current liabilities totalled \$391.3 million, exceeding current assets of \$88.0 million, resulting in a working capital deficiency of \$303.3 million. Current liabilities include an amount of \$206.6 million of current mortgages payable, comprised of \$133.0 million related to maturing balances, and \$73.6 million related to principal amortization and unamortized mark to market adjustments net of unamortized finance costs. We expect to refinance these mortgages in the normal course at, or in some cases prior to, their maturities. We expect to be able to meet all of our obligations as they become due utilizing some or all of the following sources of liquidity: (i) cash flow generated from our operations, (ii) property specific mortgages, (iii) secured and unsecured credit facilities, and (iv) unsecured term loans. In addition, subject to market conditions, we may dispose of certain non core assets and seek to raise funds through new senior unsecured debentures or equity financing.

Debt

Our debt portfolio currently consists of property specific mortgages, Debentures, Credit Facilities, and an unsecured term loan. Our debt management objective is to maximize financial flexibility and to maintain a strong balance sheet by:

- accessing low cost, long term, fixed rate debt and short term, variable rate financing;
- managing interest rate risk by spreading debt maturities over time with the target of having no more than approximately 10% of the principal of our total debt maturing in any year;
- proactively managing our short term maturities and where appropriate, refinancing maturing mortgages with long term debt; and
- growing our unencumbered asset pool.

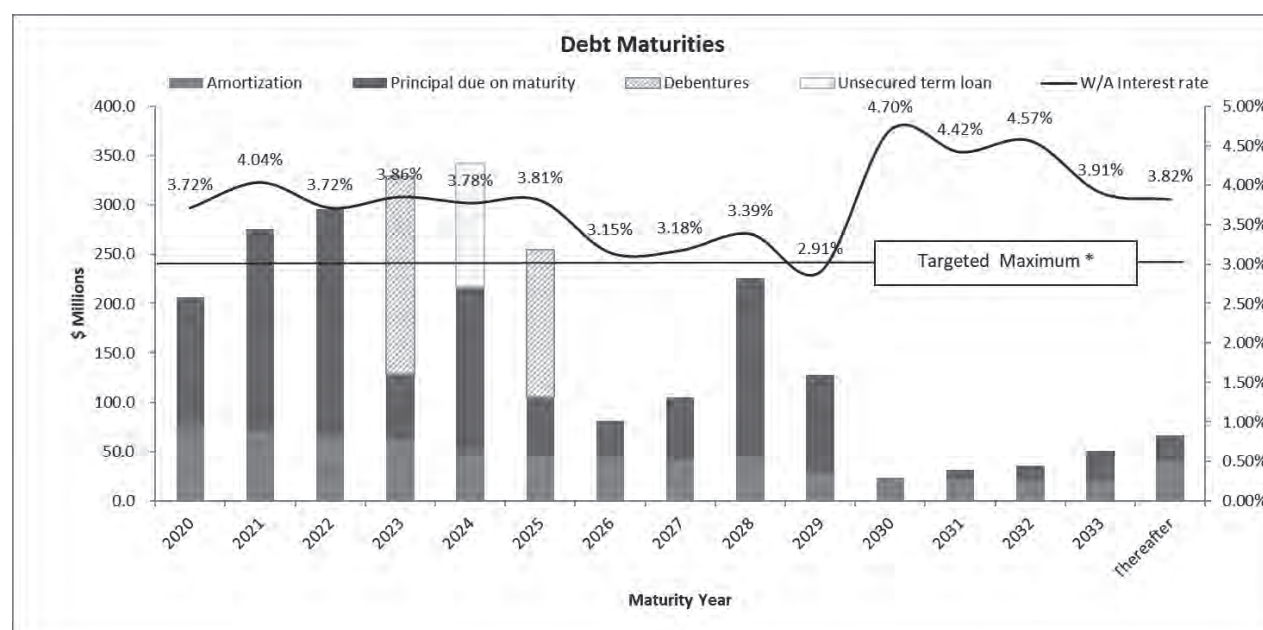
The following table summarizes the components of the principal balance of our debt at December 31, 2019 and December 31, 2018:

(\$000s)	December 31, 2019	December 31, 2018
Mortgages payable	1,975,089	1,836,904
Series A Debentures	200,000	200,000
Series B Debentures	150,000	150,000
Unsecured term loan	125,000	
Total	2,450,089	2,186,904

The following table summarizes the scheduled principal maturity and weighted average interest rates for our debt portfolio at December 31, 2019:

(\$000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Mortgages	Weighted Average Interest Rate	Debentures	Weighted Average Interest Rate	Unsecured Term Loan	Weighted Average Interest Rate	Total	Consolidated Weighted Average Interest Rate
2020	73,284	132,998	206,282	3.72%					206,282	3.72%
2021	71,586	203,916	275,502	4.04%					275,502	4.04%
2022	67,589	227,920	295,509	3.72%					295,509	3.72%
2023	61,548	67,129	128,677	3.96%	200,000	3.79%			328,677	3.86%
2024	51,841	165,242	217,083	3.92%			125,000	3.52%	342,083	3.78%
2025	45,822	59,178	105,000	3.24%	150,000	4.21%			255,000	3.81%
2026	44,362	37,235	81,597	3.15%					81,597	3.15%
2027	41,765	63,176	104,941	3.18%					104,941	3.18%
2028	44,547	180,955	225,502	3.39%					225,502	3.39%
2029	28,301	99,064	127,365	2.91%					127,365	2.91%
2030	23,154		23,154	4.70%					23,154	4.70%
2031	21,814	9,490	31,304	4.42%					31,304	4.42%
2032	20,657	14,978	35,635	4.57%					35,635	4.57%
2033	19,638	31,224	50,862	3.91%					50,862	3.91%
Thereafter	40,358	26,318	66,676	3.82%					66,676	3.82%
Total	656,266	1,318,823	1,975,089	3.68%	350,000	3.97%	125,000	3.52%	2,450,089	3.71%

The following chart provides a breakdown of our debt maturities at December 31, 2019:



* 10% of total debt \$245.0 million

Mortgage Debt

We generally have access to low cost mortgage financing insured by Canada Mortgage and Housing Corporation ("CMHC"). As of December 31, 2019, approximately 71% of our total mortgage debt was CMHC insured. We intend to continue financing our properties through this program, including converting conventional mortgages to CMHC insured debt upon renewal.

The following table summarizes the changes in the principal balance of our mortgage portfolio in 2019:

	Balance (\$000s)	Weighted Average Term to Maturity (Years)	Weighted Average Interest Rate	% CMHC Insured
Principal balance at December 31, 2018	1,836,904	7.1	3.80%	68%
Matured in the period	(112,297)		3.65%	
Assumed mortgages	57,398	4.9	2.72%	48%
New mortgage financings	269,212	10.1	2.92%	67%
Amortizing principal repayments	(70,963)	N/A	N/A	N/A
Repayment upon disposal of assets	(5,165)			
Principal balance at December 31, 2019	1,975,089	6.8	3.68%	71%
Mark to market adjustments on assumed mortgages	9,389			
Finance costs	(43,800)			
Mortgages payable at December 31, 2019	1,940,678			

Assumed mortgages are the result of the acquisition of the remaining interests in Clair Hills and Oak Ridges Retirement Residences. Prior to this transaction, our interests in these entities were accounted for as investments in joint ventures using the equity method of consolidation.

New mortgage financings includes 11 CMHC insured mortgages of \$181.5 million with a weighted average interest rate of 2.58% and a weighted average term to maturity of 10.8 years, conventional mortgages of \$68.2 million with a weighted average interest rate of 3.71% and a weighted average term to maturity of 10.3 years and construction financing for two properties under development of \$19.5 million with a weighted average interest rate of 3.33% and a weighted average term to maturity of 2.2 years.

The following table provides selected financial statistics for our mortgage debt portfolio:

	At December 31, 2019			At December 31, 2018	
	Fixed Rate	Variable Rate	Total	Total	Total
Principal amount (\$000s)	1,920,778	54,311	1,975,089		1,836,904
Weighted average interest rate	3.68%	3.52%	3.68%		3.80%
Average term to maturity (years)	7.0	1.2	6.8		7.1

The following tables are supplemental information and summarize the components of our debt at December 31, 2019 and December 31, 2018 for our Equity Accounted JVs:

(\$000s)	December 31, 2019	December 31, 2018
Principal balance of mortgages payable	48,847	99,783
Finance costs	(93)	(1,416)
Mortgages payable at December 31, 2019	48,754	98,367

The decrease in mortgages payable of our Equity Accounted JVs is a result of our acquisition of the remaining interests in Clair Hills and Oak Ridges Retirement Residences in Q1 2019. Prior to this transaction, our interests in these entities were accounted for as investments in joint ventures using the equity method of consolidation.

(\$000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Mortgages	Weighted Average Interest Rate
2020	386		386	4.32%
2021	368	36,943	37,311	4.07%
2022 and thereafter		11,150	11,150	4.29%
Total	754	48,093	48,847	4.13%

Credit Facilities

At December 31, 2019, our Credit Facilities had a total maximum borrowing capacity of \$400.0 million. The following table summarizes the available borrowing capacity on these Credit Facilities:

(\$000s)	Maximum Capacity	Available Capacity	Utilized for Letters of Credit	Borrowed	Available	Maturity Date
Secured credit facility	300,000	300,000	(8,219)		291,781	May 29, 2024
Unsecured credit facility ⁽¹⁾	100,000	100,000			100,000	May 29, 2024
Total Credit Facilities	400,000	400,000	(8,219)		391,781	

(1) An option to increase borrowing capacity by an additional \$50.0 million is available, subject to certain conditions.

The cost of Credit Facilities is based on Chartwell's credit rating. At the current BBB(low) rating, amounts borrowed under the secured credit facility bear interest at the banks' prime rate ("Prime") plus 65 bps or BA plus 165 bps, and amounts borrowed under the unsecured credit facility bear interest at Prime plus 70 bps or BA plus 170 bps.

On May 10, 2019, we entered into amending agreements with our syndicate lenders to extend the maturity of our Credit Facilities by three years to May 29, 2024.

The Credit Facilities include covenants generally applicable to such facilities, such as limitations on certain investments and hedging arrangements, overall leverage ratio, debt service coverage ratio, distributions payout ratio and, in the case of the unsecured credit facility, secured indebtedness ratio and unencumbered asset value ratio. Please refer to the "Financial Covenants" section of this MD&A for calculations of these covenants.

Unsecured Term Loan

On December 10, 2019, we entered into \$125.0 million unsecured term loan agreement with a Canadian chartered bank. The loan matures on May 31, 2024 and through an interest rate swap, bears a fixed interest rate of 3.523%. The unsecured term loan is subject to covenants that are generally consistent with the covenants on our Credit Facilities.

Debentures

On June 9, 2017, we issued \$200.0 million of 3.786% Series A senior unsecured debentures (the "Series A Debentures") due on December 11, 2023, with semi annual interest payments due on June 11 and December 11 of each year commencing December 11, 2017. Debt finance costs of \$1.6 million were incurred and recorded against the principal owing.

On April 27, 2018, we issued \$150.0 million of 4.211% Series B senior unsecured debentures (the "Series B Debentures") due on April 28, 2025, with semi annual interest payments due on April 28 and October 28 of each year commencing October 28, 2018. Debt finance costs of \$1.1 million were incurred and recorded against the principal owing.

The following table summarizes the balance of our Debentures:

(\$000s)	As at December 31, 2019	As at December 31, 2018
Series A Debentures outstanding	200,000	200,000
Series B Debentures outstanding	150,000	150,000
Unamortized finance costs	(1,706)	(2,117)
Carrying value	348,294	347,883

Credit Rating

On October 11, 2019, DBRS confirmed the BBB(low) rating of our Debentures with a stable trend.

Financial Covenants

Our Credit Facilities and Debentures contain numerous financial covenants. Failure to comply with the covenants could result in a default, which, if not waived or cured, could result in adverse financial consequences. The following discussions provide the status of our various financial covenants related to our Credit Facilities and Debentures.

All covenant calculations in this section are based on the definitions of various financial metrics as negotiated with the lenders and agents and as reflected in our Amended and Restated Credit Agreements for Secured and Unsecured Facilities dated May 10, 2019 (together, the "Credit Agreements"), and in the trust indentures for the Debentures. These covenants are calculated in accordance with the respective agreement and may not be comparable to similar metrics used by other entities or to any GAAP measure.

Credit Facilities

1. Debt Service Coverage Ratio for Credit Facilities

We are required to maintain a minimum debt service coverage ratio of 1.40 on a rolling 12 month basis.

(\$000s, except debt service coverage ratio)	12 months December 31, 2019	12 months December 31, 2018
Consolidated EBITDA for Credit Facilities ⁽¹⁾	296,370	280,312
Consolidated interest expense for Credit Facilities ⁽²⁾	90,008	82,549
Consolidated regularly scheduled debt principal payments for Credit Facilities ⁽³⁾	71,455	64,331
Consolidated debt service payments for Credit Facilities	161,463	146,880
Debt service coverage ratio for Credit Facilities	1.84	1.91

(1) Refer to the "Supporting Covenant Calculations 1. Consolidated EBITDA for Credit Facilities and Debentures" section on page 36 of this MD&A for the calculation of consolidated EBITDA for Credit Facilities.

(2) Refer to the "Supporting Covenant Calculations 2. Consolidated Interest Expense for Credit Facilities and Debentures" section on page 36 of this MD&A for the calculation of consolidated interest expense for Credit Facilities.

(3) Refer to the "Supporting Covenant Calculations 3. Regularly Scheduled Debt Principal Payments for Credit Facilities" section on page 37 of this MD&A for the calculation of consolidated regularly scheduled debt principal payments for Credit Facilities.

2. Total Leverage Ratio for Credit Facilities

We are required to maintain a total leverage ratio below 65%.

(\$000s, except total leverage ratio)	As at December 31, 2019	As at December 31, 2018
Consolidated indebtedness for Credit Facilities ⁽¹⁾	2,522,196	2,296,833
Adjusted consolidated gross book value of assets for Credit Facilities ⁽²⁾	4,836,884	4,601,517
Total leverage ratio for Credit Facilities	52.1%	49.9%

(1) Refer to the "Supporting Covenant Calculations 4. Consolidated Indebtedness for Credit Facilities and Debentures" section on page 37 of this MD&A for the calculation of consolidated indebtedness for Credit Facilities.

(2) Refer to the "Supporting Covenant Calculations 5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Aggregate Adjusted Assets for Debentures" section on page 38 of this MD&A for the calculation of adjusted consolidated gross book value of assets for Credit Facilities.

3. Adjusted Consolidated Unitholders' Equity Ratio for Credit Facilities

We are required to maintain an adjusted consolidated unitholders' equity of at least \$1,000 million, plus 75% of the net proceeds raised by further issuance of units after June 30, 2016.

At December 31, 2019, the minimum adjusted consolidated unitholders' equity requirement was \$1,194 million.

(\$000s)	As at December 31, 2019	As at December 31, 2018
Unitholders' equity per Financial Statements	837,567	933,520
Adjustment for accumulated depreciation and amortization for Credit Facilities ⁽¹⁾	1,074,265	919,881
Class B Units	22,210	22,456
Deferred Trust Units (DTUs)	15,038	13,313
Adjusted consolidated unitholders' equity for Credit Facilities	1,949,080	1,889,170

(1) Includes accumulated depreciation of PP&E and amortization of intangible assets for Equity Accounted JVs of \$20.2 million at December 31, 2019 (\$25.1 million at December 31, 2018) and fully amortized assets of \$236.3 million at December 31, 2019 (\$228.0 million at December 31, 2018).

4. Payment of Cash Distributions for Credit Facilities

Our Credit Facilities require that our cash distributions do not exceed 100% of our AFFO for Credit Facilities.

(\$000s, except percentage of AFFO)	2019	2018
Distributions declared on Trust Units	127,617	124,006
Distributions on Class B Units	961	964
Distributions on DTUs	608	534
Total distributions for Credit Facilities	129,186	125,504
Less:		
Non cash distributions settled by DRIP	26,937	21,253
Non cash distributions applied to Executive Unit Purchase Plan ("EUPP")	919	889
Non cash distributions applied to DTUs	608	534
Cash distributions for Credit Facilities	100,722	102,828
AFFO for Credit Facilities ⁽¹⁾	186,304	182,631
Cash distributions as a percentage of AFFO for Credit Facilities	54.1%	56.3%

(1) Refer to the "Supporting Covenant Calculations 6. Adjusted Funds from Operations for Credit Facilities" section on page 38 of this MD&A for the calculation of AFFO for Credit Facilities.

5. Investment Restrictions for Credit Facilities

Our Credit Agreements include certain restrictions on investments in certain joint ventures, loans receivable and properties held for development as follows:

(\$000s)	Threshold as of December 31, 2019	As at December 31, 2019	As at December 31, 2018
Non qualifying joint ventures and investments ⁽¹⁾	241,844		
Loans receivable ⁽²⁾	725,533	18,731	14,905
Investments in property held for development/construction as defined in the Credit Facilities ⁽²⁾	725,533	174,841	235,960
Combined ⁽³⁾	1,209,221	193,572	250,865

(1) Limit of 5% of adjusted consolidated gross book value of assets for Credit Facilities.

(2) Limit of 15% of adjusted consolidated gross book value of assets for Credit Facilities.

(3) Limit of 25% of adjusted consolidated gross book value of assets for Credit Facilities.

The following financial covenants are only applicable to the unsecured credit facility:

6. Secured Indebtedness Ratio for the Unsecured Credit Facility

We are required to maintain a secured indebtedness to adjusted consolidated gross book value of assets ratio of below 55%.

(\$000s, except secured indebtedness ratio)	As at December 31, 2019	As at December 31, 2018
Secured indebtedness for the unsecured credit facility ⁽¹⁾	2,023,936	1,936,687
Adjusted consolidated gross book value of assets for Credit Facilities ⁽²⁾	4,836,884	4,601,517
Secured indebtedness ratio for the unsecured credit facility	41.8%	42.1%

(1) Refer to the "Supporting Covenant Calculations 4. Consolidated Indebtedness for Credit Facilities and Debentures" section on page 37 of this MD&A for the calculation of secured indebtedness for Credit Facilities.

(2) Refer to the "Supporting Covenant Calculations 5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Aggregate Adjusted Assets for Debentures" section on page 38 of this MD&A for the calculation of adjusted consolidated gross book value of assets for Credit Facilities.

7. Unencumbered Property Asset Ratio for the Unsecured Credit Facility

We are required to maintain the unencumbered property asset value at more than 1.3 times our consolidated unsecured indebtedness.

(\$000s, except unencumbered property asset ratio)	As at December 31, 2019	As at December 31, 2018
Unencumbered property asset value for the unsecured credit facility ⁽¹⁾	915,550	676,900
Unsecured indebtedness for the unsecured credit facility ⁽²⁾	498,260	360,146
Unencumbered property asset ratio for the unsecured credit facility	1.8	1.9

(1) Includes 39 properties valued at \$915.6 million as of December 31, 2019 (33 properties valued at \$676.9 million as of December 31, 2018) with valuations completed through third party appraisals.

(2) Refer to the "Supporting Covenant Calculations 4. Consolidated Indebtedness for Credit Facilities and Debentures" section on page 37 of this MD&A for the calculation of unsecured indebtedness for the Credit Facilities.

Debentures

1. Consolidated EBITDA to Consolidated Interest Expense Ratio for Debentures ("Interest Coverage Ratio for Debentures")

We are required at all times to maintain an Interest Coverage Ratio for Debentures of not less than 1.65 on a proforma basis and calculated based on the definitions for the Debentures.

(\$000s, except Interest Coverage Ratio)	12 months December 31, 2019	12 months December 31, 2018
Consolidated EBITDA for Debentures ⁽¹⁾	297,677	286,658
Consolidated interest expense for Debentures ⁽²⁾	95,530	89,922
Interest Coverage Ratio for Debentures	3.1	3.2

(1) Refer to the "Supporting Covenant Calculations 1. Consolidated EBITDA for Credit Facilities and Debentures" section on page 36 of this MD&A for the calculation of consolidated EBITDA for Debentures.

(2) Refer to the "Supporting Covenant Calculations 2. Consolidated Interest Expense for Credit Facilities and Debentures" section on page 36 of this MD&A for the calculation of consolidated interest expense for Debentures.

2. Indebtedness Percentage for Debentures

We are required to maintain a ratio of consolidated indebtedness to aggregate adjusted assets of less than or equal to 65%.

(\$000s, except indebtedness percentage)	December 31, 2019	December 31, 2018
Consolidated indebtedness for Debentures ⁽¹⁾	2,483,937	2,248,178
Aggregate adjusted assets for Debentures ⁽²⁾	4,809,030	4,561,410
Indebtedness percentage for Debentures	51.7%	49.3%

(1) Refer to the "Supporting Covenant Calculations 4. Consolidated Indebtedness for Credit Facilities and Debentures" section on page 37 of this MD&A for the calculation of consolidated indebtedness for Debentures.

(2) Refer to the "Supporting Covenant Calculations 5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Aggregate Adjusted Assets for Debentures" section on page 38 of this MD&A for the calculation of aggregate adjusted assets for Debentures.

3. Coverage Ratio for Debentures

We are required to maintain a ratio of unencumbered aggregate adjusted assets to the aggregate principal amount of outstanding consolidated unsecured indebtedness of not less than 1.3 on a proforma basis giving effect to the transactions completed to the date of this MD&A and calculated based on the definition in the Supplemental Trust Indentures.

(\$000s, except ratio)	December 31, 2019	December 31, 2018
Unencumbered aggregate adjusted assets for Debentures ⁽¹⁾	915,550	676,900
Unsecured indebtedness for Debentures ⁽²⁾	487,854	351,598
Coverage ratio for Debentures	1.9	1.9

(1) Includes 39 properties valued at \$915.6 million as of December 31, 2019 (33 properties valued at \$676.9 million as of December 31, 2018) with valuations completed through third party appraisals.

(2) Refer to the "Supporting Covenant Calculations 4. Consolidated Indebtedness for Credit Facilities and Debentures" section on page 37 of this MD&A for the calculation of unsecured indebtedness for the Debentures.

Supporting Covenant Calculations

1. Consolidated EBITDA for Credit Facilities and Debentures

The following table provides the calculation of consolidated EBITDA for the Credit Facilities and Debentures.

(\$000s)	12 months December 31, 2019	12 months December 31, 2018
Net income/(loss)	1,067	18,519
Remeasurement gain	(37,859)	
Gain on disposal of assets ⁽¹⁾	(6,083)	(17,492)
Transaction costs	1,816	3,873
Impairment losses	46,974	
Non cash change in fair value of financial instruments and foreign exchange loss/(gain) ⁽¹⁾	3,391	(7,548)
Consolidated net income/(loss) for Credit Facilities	9,306	(2,648)
Consolidated finance costs ⁽¹⁾	87,151	78,795
Consolidated depreciation of PP&E and amortization of intangible assets ⁽¹⁾	183,387	178,977
Consolidated income tax expense/(benefit)	10,209	19,208
Principal portion of capital funding	6,317	5,980
Consolidated EBITDA for Credit Facilities	296,370	280,312
Proforma adjustments ⁽²⁾	1,307	6,346
Consolidated EBITDA for Debentures	297,677	286,658

(1) Non GAAP; includes Chartwell's proportionate share of Equity Accounted JVs.

(2) Adjusted to reflect a full year impact of acquisitions and dispositions completed during the reporting period and up to the date of this MD&A, on a proforma basis.

2. Consolidated Interest Expense for Credit Facilities and Debentures

The following table provides the calculation of consolidated interest expense for Credit Facilities and Debentures.

(\$000s)	12 months December 31, 2019	12 months December 31, 2018
Interest on mortgages ⁽¹⁾	73,232	67,841
Interest on Debentures	13,888	11,881
Interest on Credit Facilities	2,888	2,827
Consolidated interest expense for Credit Facilities	90,008	82,549
Proforma adjustments ⁽²⁾	5,522	7,373
Consolidated interest expense for Debentures	95,530	89,922

(1) Non GAAP; includes Chartwell's proportionate share of Equity Accounted JVs.

(2) Adjusted to reflect a full year impact of acquisitions, dispositions and financings completed during the reporting period up to the date of this MD&A, on a proforma basis.

3. Regularly Scheduled Debt Principal Payments for Credit Facilities

The following table summarizes regularly-scheduled principal debt payments for the Credit Facilities.

(\$000s)	12 months December 31, 2019	12 months December 31, 2018
Regularly scheduled debt principal payments per Financial Statements	70,963	63,833
Regularly scheduled debt principal payments for equity accounted entities	492	498
Regularly scheduled debt principal payments for Credit Facilities	71,455	64,331

4. Consolidated Indebtedness for Credit Facilities and Debentures

The following table provides the calculation of consolidated indebtedness for Credit Facilities and Debentures.

(\$000s)	December 31, 2019	December 31, 2018
Principal balance of mortgages payable	1,975,089	1,836,904
Principal balance of mortgages payable related to Equity Accounted JVs	48,847	99,783
Outstanding amount on the secured credit facility	2,023,936	1,936,687
Secured indebtedness for the unsecured credit facility	2,023,936	1,936,687
Principal balance of Debentures	350,000	350,000
Unsecured term loan	125,000	
Capital lease obligations	12,855	1,598
Unsecured indebtedness for Debentures	487,855	351,598
Outstanding letters of credit	8,219	5,998
Third party guarantees	2,186	2,550
Unsecured indebtedness for Credit Facilities	498,260	360,146
Consolidated indebtedness for Credit Facilities	2,522,196	2,296,833
<i>Add (Subtract):</i>		
Outstanding letters of credit	(8,219)	(5,998)
Third party guarantees	(2,186)	(2,550)
Cash and cash equivalents	(22,890)	(29,779)
Cash and cash equivalents of Equity Accounted JVs	(4,964)	(10,328)
Consolidated indebtedness for Debentures	2,483,937	2,248,178

5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Aggregate Adjusted Assets for Debentures

The following table provides the calculations of both the adjusted consolidated gross book value of assets for Credit Facilities and the aggregate adjusted assets for Debentures.

(\$000s)	December 31, 2019	December 31, 2018
Book value of assets ⁽¹⁾	3,541,225	3,410,672
Gross book value adjustment on IFRS transition	221,394	270,964
Adjustment for accumulated depreciation and amortization for Credit Facilities ⁽²⁾	1,074,265	919,881
Adjusted consolidated gross book value of assets for Credit Facilities	4,836,884	4,601,517
<i>Add (Subtract):</i>		
Cash and cash equivalents	(22,890)	(29,779)
Cash and cash equivalents of Equity Accounted JVs	(4,964)	(10,328)
Proforma adjustments ⁽³⁾		
Aggregate adjusted assets for Debentures	4,809,030	4,561,410

(1) Non GAAP; includes Chartwell's proportionate share of Equity Accounted JVs.

(2) Includes accumulated depreciation of PP&E and amortization of intangible assets for Equity Accounted JVs of \$20.2 million at December 31, 2019 (\$25.1 million at December 31, 2018) and fully amortized assets of \$236.3 million at December 31, 2019 (\$228.0 million at December 31, 2018).

(3) Adjusted to reflect a full year impact of acquisitions, dispositions and financings completed during the reporting period and up to the date of this MD&A on a proforma basis.

6. Adjusted Funds from Operations for Credit Facilities

AFFO for Credit Facilities is calculated based on the definition used in our Credit Agreements and is likely not comparable to similar measures used by other entities. In accordance with the Credit Agreements, AFFO is calculated by adding or subtracting certain items measured to or from FFO as follows where, as required by the agreement, all such items are adjusted to account for our Equity Accounted JVs using the proportionate consolidation method:

Principal portion of capital funding receivable: This item represents the principal portion of the long term cash flow stream provided in the respective period by the MLTC to communities which meet certain design criteria.

Income guarantees: This item represents amounts due from vendors of acquired communities under the applicable purchase and sale agreement. It is generally applicable to communities in lease up.

Amortization of finance costs and fair value adjustments on assumed mortgages: Adjustments for non cash interest expense items and to account for interest expense based on the contractual terms of the underlying debt.

Finance cost reserve: This reserve represents normalized costs of refinancing our mortgages, estimated at 60 basis points, applied to the debt balances outstanding at the end of the reporting period and taking into account weighted average term to maturity of our mortgage portfolio.

Capital maintenance reserve: Capital maintenance reserve is estimated at 2% of property revenue.

The following table provides the calculation of AFFO for Credit Facilities for the purposes of the covenant calculations in the Credit Agreements:

(\$000s)	2019	2018
FFO ⁽¹⁾	199,729	193,581
<i>Add (Subtract) amounts as defined in the Credit Agreements:</i>		
Principal portion of capital funding receivable	6,317	5,980
Income guarantees ⁽²⁾	1,007	3,572
Amortization of finance costs and fair value adjustments on assumed mortgages ⁽³⁾	536	(230)
Finance cost reserve	(1,751)	(1,485)
AFFO for Credit Facilities before capital maintenance reserve	205,838	201,418
Capital maintenance reserve 2% of property revenue	(19,534)	(18,787)
AFFO for Credit Facilities	186,304	182,631

(1) Non GAAP; refer to the "Additional Information on Non GAAP Financial Measures Funds from Operations" section on page 47 of this MD&A for a discussion of the nature of various adjustments made in FFO calculations.

(2) Non GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity Accounted JVs.

(3) Non GAAP; 2019 excludes \$1.1 million of amortization of finance costs incurred in respect of renewal of our Credit Facilities and Debentures (2018 \$1.2 million).

Total Equity

The following table summarizes changes in the number of outstanding units during 2019:

	Trust Units	Trust Units under EUPP	Class B Units	DTUs	Total Equity ⁽¹⁾
Balance December 31, 2018	210,991,550	1,523,482	1,642,738	974,063	215,131,833
Trust Units issued pursuant to DRIP	1,880,295				1,880,295
Trust Units issued under EUPP		115,768			115,768
Trust Units released on settlement of EUPP receivable	138,305	(138,305)			
Exchange of Class B Units into Trust Units	44,878		(44,878)		
DTUs issued				66,632	66,632
Distributions on DTUs				41,172	41,172
Balance December 31, 2019	213,055,028	1,500,945	1,597,860	1,081,867	217,235,700

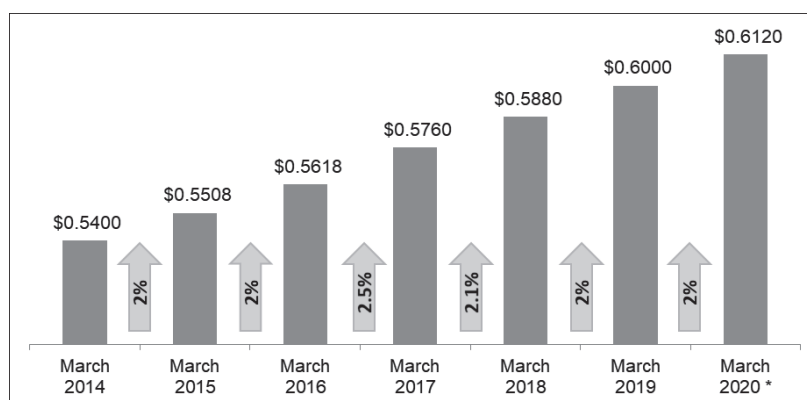
(1) Non GAAP; includes Class B Units and DTUs which are classified as liabilities in our Financial Statements.

Distributions

The declaration and payment of future distributions is at the discretion of the board of trustees of Chartwell (the "Trustees"). The Trustees rely upon forward looking cash flow information including forecasts and budgets, results of operations, requirements for capital expenditures and working capital, future financial prospects of the Trust, debt covenants and obligations, and any other factors considered relevant by them in setting the distribution rate.

On February 27, 2020, the Trustees approved a 2.0% increase in our monthly distributions from \$0.600 annualized per unit to \$0.612 annualized per unit effective for the March 31, 2020 distribution payable on April 15, 2020.

The following chart summarizes increases in our annualized per unit distributions since 2014:



* Effective for the March 31, 2020 distribution payable on April 15, 2020.

Unitholders who are Canadian residents are eligible to participate in our DRIP, which allows unitholders to use their monthly cash distributions to steadily increase ownership without incurring any commission or other transaction costs. Participating investors registered in our DRIP receive additional bonus units in an amount equal to 3% of the distributions which they have elected to reinvest. In 2019, our average DRIP participation was 22.9% compared to 17.3% participation in 2018.

The following table summarizes distributions declared on Trust Units in Q4 2019, 2019, 2018 and 2017 in relation to net income/(loss) and cash flows from operating activities:

(\$000s)	Q4 2019	2019	2018	2017
Cash flows from operating activities	64,891	196,548	215,486	182,823
Net income/(loss)	(11,485)	1,067	18,519	13,082
Distributions declared on Trust Units	32,126	127,617	124,006	112,025
Excess cash flows from operating activities over distributions declared on Trust Units	32,765	68,931	91,480	70,798
Deficit of net income/(loss) over distributions declared on Trust Units	(43,611)	(126,550)	(105,487)	(98,943)

We do not use net income/(loss) as determined in accordance with GAAP as the basis for establishing the level of distributions to unitholders, as net income/(loss) includes, among other items, distributions on Class B Units recorded as interest expense, non-cash depreciation and amortization, changes in fair values of certain liabilities and impairment losses. We do not consider non cash depreciation and amortization, fluctuations in fair values of certain liabilities and impairment losses in establishing our distribution levels. We believe that, with the appropriate level of capital reinvestment in our properties, their income generating potential does not generally diminish over time.

We believe our distributions are sustainable.

Balance Sheet Analysis

The following table summarizes the significant changes in assets, liabilities and equity for December 31, 2019 compared to December 31, 2018.

	Increase (Decrease) (\$millions)	Explanation
Total assets	175.5	Total assets increased primarily due to increases in PP&E, due to acquisitions, developments and capital investments in our property portfolio.
Total liabilities	271.5	Total liabilities increased primarily due to debt used to finance investing activities.
Equity	(96.0)	The decrease in equity is primarily due to distributions, partially offset by net income for the period.

Capital Investments

We regularly reinvest capital in our owned property portfolio. These investments are made with the goal of growing our property NOI. The strategic allocation of our resources to such capital investments is driven by three key objectives:

1. Improve competitive positioning of our properties in their markets to support growth in occupancies and resident revenue.
2. Improve operating efficiencies through provision of enhanced services to our residents and cost containment strategies, including investments in energy conservation projects.
3. Maintain the quality of our portfolio in compliance with applicable laws and regulations to sustain and grow the value of our real estate.

As part of our acquisition underwriting, we assess the long term capital needs of the acquired properties and consider these capital requirements in our determination of the purchase price. We normally prepare a five year capital plan for such properties, which often includes investments in property repositioning, such as suite and common area upgrades.

The following table summarizes our capital investments in 2019 and 2018:

(\$000s)	2019			2018		
	Properties Owned prior to January 1, 2015 ⁽¹⁾	Properties Acquired since January 1, 2015 ⁽²⁾	Total	Properties Owned prior to January 1, 2015 ⁽³⁾	Properties Acquired since January 1, 2015 ⁽⁴⁾	Total
Building improvements	34,439	8,001	42,440	22,043	3,309	25,352
Mechanical and electrical (M&E)	10,991	2,696	13,687	10,246	2,162	12,408
Suite improvements and upgrades	15,457	4,339	19,796	16,470	4,245	20,715
Interior improvements and upgrades	4,360	1,224	5,584	4,646	1,197	5,843
Furniture, fixtures and equipment	6,575	2,663	9,238	9,063	2,328	11,391
Communications and information systems	408	213	621	2,221	223	2,444
	72,230	19,136	91,366	64,689	13,464	78,153
Properties under development			48,215			107,813
Land			3,500			6,125
Chartwell Hub ⁽⁵⁾			44,255			24,641
Total capital investments			187,336			216,732

(1) Includes 156 properties (17,975 suites at Chartwell's share of ownership).

(2) Includes 32 properties (4,655 suites at Chartwell's share of ownership).

(3) Includes 160 properties (18,470 suites at Chartwell's share of ownership).

(4) Includes 26 properties (3,755 suites at Chartwell's share of ownership).

(5) Cost incurred for the development of Chartwell Hub. The cumulative cost as at December 31, 2019 is \$82.5 million; the total expected development costs are \$85.4 million. The construction was substantially completed in January 2020.

The following table is supplemental information and summarizes capital investments in our Equity Accounted JVs in 2019 and 2018 not included in the table above:

(\$000s)	2019			2018		
	Properties Owned prior to January 1, 2015	Properties Acquired since January 1, 2015	Total	Properties Owned prior to January 1, 2015	Properties Acquired since January 1, 2015	Total
Capital investments in Equity Accounted JVs	1,979	7,691	9,670	2,371	9,886	12,257

Building Improvements

This category primarily includes investments in facades, balconies, garages, elevators and parking lots. In addition to preserving the existing revenue generating capacity and value of the properties, these investments support occupancy growth due to improved physical appearance of the property, growth in ancillary property revenues (i.e. parking rates) and operating cost savings (i.e. energy efficient windows and doors, improved building insulation).

In 2019, we completed 137 major building improvement projects valued over \$50,000 each, totalling \$38.7 million (2018 122 projects totalling \$22.8 million). In addition, included in this category are acquisitions of eight condominium suites at two of our properties in British Columbia totalling \$3.0 million (2018 four condominium suites for \$1.3 million).

Mechanical and Electrical

This category primarily includes investments in heating, air conditioning and ventilation systems, fire safety systems, including sprinklers and lighting systems. These investments are generally expected to result in energy cost savings and lower equipment maintenance costs over time.

In 2019, we completed 96 major M&E projects valued over \$50,000 each, totalling \$12.9 million (2018 82 projects totalling \$10.2 million).

Suite Improvements and Upgrades

This category includes capital investments in resident suites. Over the past four years we have developed a program of strategic capital allocation to resident suite upgrades. These discretionary investments are made to improve the competitive position of our properties in the market and to allow for higher rental rate increases on suite turnover. In most cases, in addition to regular painting, resident suite upgrades include flooring upgrades and often full renovations of bathroom and kitchen facilities.

In 2019, 82 properties were subject to strategic suite upgrade programs (2018 81 properties).

Interior Improvements and Upgrades

This category includes investments in common areas of our properties that are made primarily to improve their marketability. This investment includes upgrades to property resident amenity areas, such as hallways, dining rooms, lounges, theatres, etc.

In 2019, 57 properties were subject to strategic common area upgrade programs (2018 66 properties).

Furniture, Fixtures and Equipment

This category primarily includes investments in resident area and model suite furnishings and equipment, including upgrades to commercial kitchens and investments in resident transportation programs. These investments are primarily made to improve competitiveness of our properties and to provide enhanced services to our residents.

Communication and Information Services

This category includes investments in telecommunication systems, including emergency call systems and computer hardware.

Commitments and Contingencies

Contractual Obligations

The following table summarizes the maturities on major financial liabilities as at December 31, 2019:

(\$000s)	Total	2020	2021	2022	2023	2024	Thereafter
Mortgages payable	1,975,089	206,282	275,502	295,509	128,677	217,083	852,036
Debentures	350,000				200,000		150,000
Accounts payable and other liabilities	137,171	137,171					
Distributions payable	10,808	10,808					
Unsecured term loan	125,000					125,000	
Office leases	1,360	287	187	203	203	195	285
Land leases	24,567	376	376	376	376	426	22,637
Total maturities	2,623,995	354,924	276,065	296,088	329,256	342,704	1,024,958

Office leases relate to the agreements for office spaces in Montreal and Vancouver.

Land leases relate to three properties and expire between 2044 and 2079.

Guarantees

We remain a guarantor of mortgages on two properties sold in 2014 with the aggregate outstanding balance as of December 31, 2019 of \$2.2 million. The purchasers of these properties have indemnified us with respect to these guarantees.

As of December 31, 2019, together with our partners, we have jointly and severally guaranteed loans on certain joint arrangements to an aggregate maximum amount of \$239.4 million. As at December 31, 2019, outstanding balances on these loans were \$199.5 million.

Other Contracts

Pursuant to our agreements with Batimo, upon achievement of certain conditions, Batimo may require us to acquire an 85% interest in their development properties which we manage and, in some cases, provided mezzanine loans, at 99% of fair market value ("FMV") as defined in the agreements (the "Batimo Option"). The Batimo Option is for a five year period commencing on the opening of the related property. Upon expiry of the Batimo Option, we have a two year option to acquire an 85% interest in the property at FMV. As of December 31, 2019, there were nine projects with 2,741 suites that were subject to this arrangement, of which two were stabilized, five are in lease up and two are in construction. Under our agreements with Welltower, Welltower may participate as Chartwell's equal partner in acquisitions of interests in two of these projects.

Chartwell Le St Gabriel and Chartwell L'Unique III have achieved stabilized occupancy as defined in our agreements with Batimo and we expect to acquire a 42.5% interest in Chartwell Le St Gabriel for \$37.9 million in Q1 2020, and an 85% interest in Chartwell L'Unique III for approximately \$33.1 million in Q2 2020.

Letters of Credit

As at December 31, 2019, we were contingently liable for letters of credit in the amount of \$8.2 million.

Litigation and Claims

In the ordinary course of business activities, we may be contingently liable for litigation and claims from, among others, residents, partners and former employees. We believe that adequate provisions have been recorded in the accounts, where required. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, we believe, but cannot provide absolute assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on our financial position.

Summary of Select Financial Information

Annual Financial Information

The following table summarizes selected annual financial information for each of the past three years ended December 31:

(\$000s, except per unit amounts)	2019	2018	2017
Resident revenues	860,595	814,262	752,775
Total revenues	915,312	866,654	800,294
Direct property operating expenses	590,016	557,839	520,376
Net income/(loss)	1,067	18,519	13,082
Total assets	3,494,394	3,318,848	3,013,899
Total non current liabilities	2,265,496	2,013,434	1,675,847
Total liabilities	2,656,827	2,385,328	2,003,732
Distributions declared per unit	0.59800	0.58600	0.57364

Our annual results for the past three years have been primarily affected by acquisitions, developments and dispositions.

Quarterly Financial Information

The following table summarizes our quarterly unaudited financial information:

(\$000s, except per unit amounts)	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	234,915	229,610	227,438	223,349	225,828	219,698	214,578	206,550
Direct property operating expenses	(152,837)	(146,460)	(146,555)	(144,164)	(147,714)	(138,877)	(135,901)	(135,347)
Depreciation and amortization	(46,962)	(42,027)	(46,259)	(45,274)	(45,124)	(45,262)	(41,194)	(40,775)
Share of net income/(loss) from joint ventures	(45)	1,797	309	392	(53)	881	353	301
G&A expenses	(8,746)	(9,194)	(12,459)	(12,749)	(9,348)	(9,960)	(12,052)	(12,530)
Other income/(expense)	(27,965)	(17,046)	2,155	38,893	(1,230)	232	312	12,920
Finance costs	(21,770)	(21,633)	(21,597)	(20,526)	(19,749)	(19,924)	(19,572)	(17,533)
Changes in fair value of financial instruments and foreign exchange gain/(loss)	3,036	2,774	(2,976)	(6,148)	3,537	2,338	436	1,908
Current income tax benefit/(expense)					(19)	(18)	(18)	(8)
Deferred income tax benefit/(expense)	8,889	1,363	(1,639)	(18,822)	(19,226)	27	26	28
Net income/(loss) for the period	(11,485)	(816)	(1,583)	14,951	(13,098)	9,135	6,968	15,514
FFO ⁽¹⁾	51,883	53,657	47,106	47,083	48,513	53,329	48,919	42,820
FFOPU ⁽¹⁾	0.24	0.25	0.22	0.22	0.23	0.25	0.23	0.20

(1) Non GAAP; refer to the *Additional Information on Non GAAP Financial Measures* section on page 47 of this MD&A.

Our results for the past eight quarters have primarily been affected by deferred income tax expense, developments, acquisitions and dispositions as described in the “Significant Events” section on page 10 of this MD&A and in our 2018 MD&A, and changes in fair value of financial instruments, foreign exchange gains and losses, impairment losses, remeasurement gains and deferred income taxes.

Seasonal factors have a limited effect on our quarterly results as there is not a predictable pattern as to the effect of such factors. Seasonal factors include outbreaks and weather patterns.

Additional Information on Non-GAAP Financial Measures

As described in the relevant sections of this MD&A, where a Non GAAP Financial Measure is discussed for the first time, we have described why we believe it is useful to investors and how management uses the Non GAAP Financial Measure. Non GAAP Financial Measures do not have any standardized meaning prescribed by GAAP and therefore, are unlikely to be comparable to similar measures used by other issuers. The following provides detailed definitions and reconciliations to the most closely comparable GAAP measure for any Non GAAP Financial Measure that has not been provided elsewhere in this MD&A.

Funds from Operations and Internal Funds from Operations

FFO

According to the REALPAC Guidance, FFO is defined as follows:

Profit or loss per GAAP Statement of Comprehensive Income adjusted for:

- A. Unrealized changes in the fair value of investment properties.
- B. Depreciation of depreciable real estate assets including depreciation for components relating to capitalized leasing costs, capitalized tenant allowances treated as capital improvements and lease related items ascribed in a business combination.
- C. Amortization of tenant allowances and landlord's work spent for the fit out of tenant improvements and amortized as a reduction to revenue.
- D. Amortization of tenant/customer relationship intangibles or other intangibles arising from a business combination.
- E. Gains or losses from sales of investment properties and owner occupied properties, including the gain or loss included within discontinued operations (if applicable).
- F. Tax on profits or losses on disposals of properties.
- G. Deferred taxes.
- H. Impairment losses or reversals recognized on land and depreciable real estate properties, excluding those relating to properties used exclusively for administrative purposes.
- I. Revaluation gains or losses recognized in profit or loss on owner occupied properties, excluding those relating to properties used exclusively for administrative purposes.
- J. Transaction costs expensed as a result of the purchase of a property being accounted for as a business combination.
- K. Foreign exchange gains or losses on monetary items not forming part of a net investment in a foreign operation.
- L. Gain or loss on the sale of an investment in a foreign operation.
- M. Changes in the fair value of financial instruments which are economically effective hedges but do not qualify for hedge accounting.
- N. Negative goodwill or goodwill impairment.
- O. Effects of puttable instruments classified as financial liabilities.
- P. Results of discontinued operations.
- Q. Adjustments for equity accounted entities.
- R. Incremental leasing costs.
- S. Property taxes accounted for under IFRIC 21.
- T. Operational revenue and expenses from Right of Use assets.
- U. Non controlling interests.

IFFO

IFFO is a Non GAAP Financial Measure used to evaluate management performance and does not have a standardized meaning prescribed by IFRS; therefore, it is not comparable to similar measures presented by other income trusts or other companies. IFFO should not be construed as an alternative to net earnings or cash flow from operating activities as determined by IFRS. Chartwell calculates IFFO by adding or subtracting the following items to or from its FFO: (a) Lease-up Losses and Imputed Cost of Debt on development properties; (b) income guarantees due from vendors of certain acquired properties; and (c) current income tax. These adjustments to FFO are made to ensure management is not incented to make short term decisions for Chartwell by not developing new properties or acquiring properties with long term value creation potential.

The following table provides a reconciliation of net income/(loss) to FFO and IFFO:

(\$000s, except per unit amounts)	Q4 2019	Q4 2018	Change	2019	2018	Change
Net income/loss	(11,485)	(13,098)	1,613	1,067	18,519	(17,452)
<i>Add (Subtract):</i>						
B Depreciation of PP&E	46,289	44,398	1,891	178,450	170,588	7,862
D Amortization of limited life intangible assets	673	726	(53)	2,072	1,767	305
B Depreciation of PP&E and amortization of intangible assets used for administrative purposes included in depreciation of PP&E and amortization of intangible assets above	(972)	(1,045)	73	(4,134)	(2,857)	(1,277)
E Remeasurement gain	1,313		1,313	(37,859)		(37,859)
E Gain on disposal of assets	(1,024)	(656)	(368)	(6,081)	(17,519)	11,438
J Transaction costs arising on business acquisitions and dispositions	543	351	192	1,816	3,873	(2,057)
H Impairment losses	27,474		27,474	46,974		46,974
G Deferred income tax	(8,889)	19,226	(28,115)	10,209	19,145	(8,936)
O Distributions on Class B Units recorded as interest expense	239	241	(2)	961	964	(3)
M Changes in fair value of financial instruments and foreign exchange loss/(gain)	(3,036)	(3,537)	501	3,314	(8,219)	11,533
Q FFO adjustments for Equity Accounted JVs ⁽¹⁾	758	1,907	(1,149)	2,940	7,320	(4,380)
FFO ⁽²⁾	51,883	48,513	3,370	199,729	193,581	6,148
<i>Add (Subtract):</i>						
Lease up Losses and Imputed Cost of Debt ⁽³⁾	1,777	1,256	521	8,227	4,110	4,117
Income guarantees ⁽⁴⁾	140	653	(513)	1,007	3,572	(2,565)
Current income tax		19	(19)		63	(63)
IFFO ⁽⁵⁾	53,800	50,441	3,359	208,963	201,326	7,637
FFOPU ⁽⁶⁾	0.24	0.23	0.01	0.92	0.90	0.02
IFFOPU ⁽⁶⁾	0.25	0.23	0.02	0.97	0.94	0.03

(1) Non GAAP; see reconciliation table following for the calculation of these amounts.

(2) Non GAAP; refer to the preamble to this table and to the "Consolidated Results of Operations FFO section on page 17 of this MD&A for a discussion of the significance of this metric.

(3) Non GAAP; refer to the "Significant Events Unlevered Yield, Development Lease up Losses and Imputed Cost of Debt section on page 10 of this MD&A. Includes Chartwell's proportionate share of Equity accounted JVs.

(4) Non GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity Accounted JVs.

(5) Non GAAP; refer to the preamble to this table.

(6) Non GAAP; refer to the Per Unit Amounts section on page 49 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides supplemental information in respect of the adjustment to FFO for Equity Accounted JVs which would have previously been included on each individual line of our FFO reconciliation and are now included in the 'Adjustment to FFO for Equity Accounted JVs' line:

(\$000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
B Depreciation of PP&E and amortization of intangible assets	899	1,430	(531)	2,865	6,622	(3,757)
E Loss/(gain) on disposal of assets		(2)	2	(2)	27	(29)
M Change in fair value of financial instruments and foreign exchange loss/(gain)	(141)	479	(620)	77	671	(594)
Q FFO adjustments for Equity Accounted JVs ⁽¹⁾	758	1,907	(1,149)	2,940	7,320	(4,380)

(1) Non GAAP; refer to the preamble to this section of this MD&A.

Per Unit Amounts

In our calculations of FFOPU and IFFOPU, we include the Class B Units as the Class B Units are exchangeable into Trust Units at any time at the option of the unitholder. In addition, we include Trust Units issued under EUPP and DTUs.

Weighted Average Number of Units

The following table provides details of the weighted average number of units outstanding:

(000s)	Q4 2019	Q4 2018	Change	2019	2018	Change
Weighted average number of units ⁽¹⁾	216,950	214,927	2,023	216,167	214,320	1,847

(1) Includes Trust Units, Class B Units, Trust Units issued under EUPP and DTUs.

Net Debt to Adjusted EBITDA

In addition to the financial covenants related to our Credit Facilities and Debentures, we internally monitor the Net Debt to Adjusted EBITDA ratio as calculated based on the definitions of Consolidated Indebtedness and Consolidated EBITDA contained in the trust indentures for our Debentures.

The following table summarizes our Net Debt to Adjusted EBITDA ratio at December 31, 2019 and December 31, 2018:

(\$000s, except Net Debt to Adjusted EBITDA ratio)	December 31, 2019	December 31, 2018
Consolidated Indebtedness for Debentures ⁽¹⁾	2,483,937	2,248,178
Consolidated EBITDA for Debentures ⁽²⁾	297,677	286,658
Net Debt to Adjusted EBITDA ratio	8.3	7.8

(1) Refer to the "Supporting Covenant Calculations 4. Consolidated Indebtedness for Credit Facilities and Debentures" section on page 37 of this MD&A for the calculation of this amount.

(2) Refer to the "Supporting Covenant Calculations 1. Consolidated EBITDA for Credit Facilities and Debentures" section on page 36 of this MD&A for the calculation of this amount.

The increase in Net Debt to Adjusted EBITDA ratio is primarily due to financing of certain acquisitions and development projects in lease up which have not yet achieved their expected stabilized EBITDA contribution. As discussed in the "Acquisitions, Development and Other Portfolio" section of this MD&A, five newly developed residences and one recently acquired residence contributed negative adjusted NOI

of \$1.7 million in 2019. Upon achieving the expected stabilized occupancy of 96%, these projects are estimated to generate annualized adjusted NOI of \$22.0 million.

Critical Accounting Policies and Estimates

Our significant accounting policies for the year ended December 31, 2019 are referred to in Note 3 of our Financial Statements. Under IFRS, it is necessary to make estimates when preparing the financial statements and then to re evaluate the original estimates used on an ongoing basis. Our estimates are based on past experience and other factors that we believe are reasonable under the circumstances. As this involves varying degrees of judgement and uncertainty, the amounts currently reported in the financial statements could, in the future, prove to be inaccurate.

Valuation of PP&E and Intangibles

Fair value is the price that would be received when selling an asset, or paid when transferring a liability in an orderly transaction (that is, other than in a forced or liquidation sale) between market participants. Quoted market prices in active markets are the best evidence of fair value and are used as the basis for fair value measurement, when available. When quoted market prices are not available, estimates of fair value are based on the best information available, including prices for similar items and the results of other valuation techniques. Valuation techniques used would be consistent with the objective of measuring fair value.

Our Financial Statements are affected by fair value measures. The most significant areas affected are as follows:

- An impairment loss is recognized when the carrying amount of an asset is not recoverable. The impairment loss is determined as the excess of carrying value over its recoverable amount.
- Intangible assets with indefinite lives are also required to be assessed at a minimum annually, comparing the recoverable amount to carrying value to determine if an impairment loss is required to be recognized.

PP&E makes up approximately 93% of our assets. On an annual basis, and when indicators of impairment exist, we evaluate whether the recoverable amount of a cash generating unit (“CGU”) exceeds its carrying amount. Factors which could indicate that impairment exists include significant underperformance relative to historical or projected operating results, significant changes in the manner or use of the assets, significant negative industry or economic trends, or a change in the strategy for our overall business. In some cases, these events are clear, however, in many cases, a clearly identifiable event indicating possible impairment does not occur. Instead, a series of individually insignificant events may occur over a period of time leading to an indication that an asset may be impaired. As a result, events occurring in these situations may not be known until a date subsequent to their occurrence.

Our business, markets and business environment are continually monitored, and judgements and assessments are made to determine whether an event has occurred that indicates possible impairment. If such an indication exists, then the asset’s recoverable amount is estimated and an impairment loss is recognized immediately in profit and loss for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a) fair value less costs of disposal, and b) the value in use calculated on a discounted cash flow basis. Both the identification of events that may trigger impairment and the estimates of future cash flows and the fair value of the asset require considerable judgement.

The assessment of asset impairment requires management to make significant assumptions about future revenues including assumptions about rates and occupancies, labour and other supply rates, and utility costs over the life of the PP&E. Actual results can, and often do, differ from these estimates, and can have either a positive or negative impact on the estimate and whether an impairment situation exists. In addition, when impairment tests are performed, the estimated useful lives of the properties are reassessed, with any change accounted for prospectively.

Intangible assets that have indefinite useful lives are tested for impairment annually, or more frequently, if events or circumstances indicate that the assets might be impaired. Goodwill is tested for impairment at least annually or whenever indicators of impairment of the CGU to which the goodwill relates have occurred. Intangible assets with finite useful lives are tested for impairment if events or changes in circumstances, assessed at each reporting date, indicate the carrying amount may not be recoverable.

The cost of a business combination is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. We recognize assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination.

Subsequent changes in the fair value of contingent consideration arrangements are recognized in net income. The excess of the purchase price over the fair value of the acquired identifiable net assets and liabilities is goodwill. On the date of acquisition goodwill is recorded as an asset.

When an acquisition does not meet the criteria for business combination accounting treatment, it is accounted for as an acquisition of a group of assets and liabilities, the cost of which includes transaction costs that are allocated upon initial recognition to the assets and liabilities acquired based upon their relative fair values.

Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period", which cannot exceed one year from the acquisition date, about facts and circumstances that existed at the acquisition date. Subsequent changes in fair value of contingent consideration classified as assets or liabilities that do not qualify as measurement period adjustments are recognized as a gain or loss in net income.

Changes in Accounting Estimates and Changes in Accounting Policies

Our significant accounting policies are described in Note 3 of our Financial Statements. Notes 3 (n) and (o) outline 2019 accounting policy changes and future accounting policy changes.

Effective January 1, 2019, we adopted IFRS 16, Leases ("IFRS 16") using the modified retrospective approach. The adoption of IFRS 16 resulted in the recognition of previously unrecognized right of use assets of \$18.4 million related to land leases, office leases, below market leases and capital leases, and \$12.7 million in lease liabilities. We have determined that the adoption of this standard did not result in changes to opening unitholders' equity as at January 1, 2019.

In addition, on January 1, 2019, we adopted IFRIC 23, Uncertainty of Income Tax Treatments, with no impact to our Financial Statements.

Controls and Procedures

We are committed to maintaining effective disclosure controls and procedures and internal control over financial reporting. We continue to make significant investments in improvements to our information systems and financial processes to further strengthen our internal controls. A control system, no matter how well conceived and operated, can provide only reasonable, and not absolute, assurance that its objectives are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; and (ii) the impact of isolated errors. Additionally, controls may be circumvented by the unauthorized acts of

individuals, by the collusion of two or more people or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the President & Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As of December 31, 2019, an evaluation was carried out, under the supervision of and with the participation of management, including the President & Chief Executive Officer and Chief Financial Officer, of the effectiveness of Chartwell's disclosure controls and procedures as defined under National Instrument 52-109. In making this assessment, the President & Chief Executive Officer and the Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission in Internal Control – Integrated Framework (2013). Based on that evaluation, the President & Chief Executive Officer and Chief Financial Officer concluded that the design and operation of Chartwell's disclosure controls and procedures were effective December 31, 2019.

Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The President & Chief Executive Officer and the Chief Financial Officer assessed, or caused an assessment under their direct supervision of the design and operating effectiveness of our internal controls over financial reporting as at December 31, 2019, and based on that assessment determined that our internal controls over financial reporting were appropriately designed and were operating effectively in accordance with the 2013 COSO framework as published by the Committee of Sponsoring Organizations of the Treadway Commission.

There were no material changes in our internal controls over financial reporting that occurred during the year ended December 31, 2019 that have significantly affected or are reasonably likely to significantly affect our internal control over financial reporting.

Forward-Looking Information and Risks and Uncertainties

Forward-Looking Information

This MD&A contains forward looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. The words “plans”, “expects”, “scheduled”, “estimates”, “intends”, “anticipates”, “projects”, “believes” or variations of such words and phrases or statements to the effect that certain actions, events or results “may”, “will”, “could”, “would”, “might” occur and other similar expressions, identify forward looking statements. Forward looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward looking statements.

Examples of such forward looking information in this document include but are not limited to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions which may prove to be incorrect:

- our expectations regarding the movement in occupancies and rental rate growth for our regions and segments;
- our expectations regarding the growth in G&A;
- our expectations regarding tax deductions and losses carried forward;
- our expectations regarding achievement of certain occupancy levels;
- our expectations regarding the impact of new competition in certain markets;
- our estimates of the number of suites that could potentially be built on our owned lands which are subject to market demand and municipal and regulatory approval;
- information related to the expected completion date of communities under construction, which is subject to the risk and uncertainty that, due to weather conditions, availability of labour and other factors, construction may be delayed, and is subject to the assumption that there is not a significant change to the typical construction timelines for our communities;
- our ability to realize expected unlevered yields on our development projects, which are based on our estimates of stabilized occupancy, rental rates and NOI and expected total development costs;
- our expectations regarding timing of closing of announced acquisitions and dispositions;
- our expectations regarding cash distributions and cash flow from operating activities, which are subject to the risk and uncertainty that our operating performance does not meet our expectations due to occupancy levels dropping, labour and operating costs increasing, or due to other general business risks;
- our ability to renew maturing debt and to obtain new financings in due course;
- our ability to access low-cost mortgage financing insured by CMHC;
- the sustainability of our current distributions; and
- our expectations regarding future demand for retirement suites in the provinces in which we operate.

While we anticipate that subsequent events and developments may cause our views to change, we do not intend to update this forward looking information, except as required by applicable securities laws. This forward looking information represents our views as of the date of this MD&A and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimated expressed or implied by the forward looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. **There can be no assurance that forward looking information will prove to be accurate. Accordingly, readers should not place undue reliance on forward looking information.** These factors are not intended to represent a complete list of the factors that could affect us. See risk factors highlighted in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent AIF.

Risks and Uncertainties ♦

- (a) **Business Risks:** We are subject to general business risks and to risks inherent in the seniors housing industry and in the ownership of real property. These risks include fluctuations in occupancy levels, the inability to achieve economically viable residency fees (including anticipated increases in such fees), rent control regulations, increases in labour costs and other operating costs including the cost of utilities, possible future changes in labour relations,

♦ For a complete description of the Risks and Uncertainties, please refer to our most recent AIF.

competition from or the oversupply of other similar properties, changes in neighbourhood or location conditions and general economic conditions, health related risks, disease outbreaks and control risks, the imposition of increased taxes or new taxes, capital expenditures requirements, changes in interest rates and changes in the availability and cost of money for long term financing which may render refinancing of mortgages difficult or unattractive. Moreover, there is no assurance that the expected demographic trends will continue or that occupancy levels achieved to date and expected in the future will continue or be achieved. Any one of, or a combination of, these factors may adversely affect our financial position and cash availability.

There are inherent legal, reputational and other risks involved in providing housing and health care services to seniors. The vulnerability and limited mobility of some seniors enhances such risks. Such risks include fires or other catastrophic events at a property which may result in injury or death, negligent or inappropriate acts by employees or others who come into contact with our residents, and unforeseen events at Chartwell or even non Chartwell properties that result in damage to our brand or reputation or to the industry as a whole.

- (b) **Real Property Ownership and Lack of Diversity:** Real property equity investments are relatively illiquid. This illiquidity will tend to limit our ability to respond to changing economic or investment conditions. By specializing in a particular type of real estate, we are exposed to adverse effects on that segment of the real estate market and do not benefit from a diversification of our portfolio by property type.
- (c) **Geographic Concentration:** Our business and operations are conducted within Canada primarily in Ontario and Quebec. A geographic concentration of our owned and leased suites, at our percentage share of ownership or leasehold interest, is described under the “Business Overview” section of this MD&A. The market value of these properties and the income generated from them could be negatively affected by changes in local, regional or national economic conditions or legislative/regulatory changes in the respective jurisdictions.
- (d) **Maintenance of Assets:** We are committed to keeping our communities in a good state of repair. We fundamentally believe that investing back into our communities increases resident and staff satisfaction, which ultimately makes the business more profitable. In addition to recurring capital maintenance projects, these investments include large, often multi phased, renovation projects and projects undertaken to comply with the requirements of various regulatory or government authorities, projects that improve the revenue generating potential of our properties and projects identified during acquisition due diligence. The amount of these investments varies from time to time based on the volume of specific projects in progress. We take into account the capital maintenance requirements of our communities when determining future cash flows available for Distributions. A significant increase in capital maintenance requirements could adversely impact our cash availability.
- (e) **Competition:** Numerous other owners, managers and developers of seniors housing communities compete with us in seeking residents. The existence of competing owners, managers and developers and competition for our residents could have an adverse effect on our ability to find residents for our communities and on the rents which may be charged, and could adversely affect our revenues and, consequently, our ability to meet debt obligations. An increased supply of suites in the regions in which we operate may have an impact on the demand for our residences.
- (f) **Government Regulation:** Health care in general is an area subject to extensive regulation and frequent regulatory change. In Canada, a number of provinces are promoting regionally managed and regulated health care systems. These changes favour larger operators having the resources to provide more cost effective management services and well developed staff training programs on a regional basis. However, there can be no assurance that future regulatory changes in health care, particularly those changes affecting the seniors housing industry, will not adversely affect our business.

In all provinces, LTC residences are subject to government oversight, regulation and licensing requirements, which may change or become more onerous in the future. For example, in Ontario, LTC residence licences are issued for a fixed term which shall not exceed 30 years, after which the operators of an LTC residence may or may not be issued a new licence. Therefore, such licences do not represent any guarantee of continued operation beyond the term of the licence. While we endeavour to comply with all regulatory requirements in our LTC residences, it is not unusual for stringent inspection procedures to identify deficiencies in operations. In such circumstances, it is our intention to correct deficiencies which have been legitimately identified within the time frames allowed.

Under the Ontario Long Term Care Homes Act, 2007, the licence term for Class B and C long term care residences in Ontario has been set to expire in 2025 unless these homes are redeveloped to the new design standards. We have nine LTC Class B and C residences with 876 beds of which four residences with 299 beds are expected to be sold in 2020. In 2015, the Ministry of Health and Long Term Care (the Ministry of Health and Long Term Care has since separated into the Ministry of Health and the Ministry of Long Term Care) published a 'Construction Funding Subsidy Policy for Long Term Care Homes'. The redevelopment of our Class B and C residences may include significant expenses which will not be adequately address by the funding provided by the government of Ontario.

The provincial regulation of LTC residences includes the control of long term care fees and the subsidization of LTC residents. There can be no assurance that the current level of such fees and subsidies will be continued or that such fees will increase commensurate with expenses. A reduction of such fees or subsidies could have an impact upon the value of our properties and our net income.

Provincial governments have recently introduced legislation relating to long term care, retirement residences, rent control and employment standards, all of which impacts Chartwell's operations. See our most recent AIF, dated February 27, 2020, for details on the current regulatory landscape.

- (g) **Personnel Costs:** We compete with other healthcare providers with respect to attracting and retaining qualified personnel. We are also dependent upon the available labour pool of employees. A shortage of trained or other personnel may require us to enhance our wage and benefits packages in order to compete. No assurance can be given that labour costs will not increase, or that if they do increase, they can be matched by corresponding increases in rental or management revenue.
- (h) **Labour Relations:** We employ or supervise 15,300 persons, of whom approximately 80% are represented by labour unions. Labour relations are governed by collective bargaining agreements with many different unions. There can be no assurance that we will not at any time, whether in connection with the renegotiation process or otherwise, experience strikes, labour stoppages or any other type of conflict with unions or employees which could have a material adverse effect on our business, operating results and financial condition. Most seniors housing communities in the Province of Ontario are governed by the Hospital Labour Disputes Arbitration Act which prohibits strikes and lockouts in the seniors housing sector and therefore collective bargaining disputes are more likely to be resolved through compulsory third party arbitration.

In jurisdictions where strikes and lockouts may be permitted, certain essential services regulations apply which ensure the continuation of resident care and most services. Non unionized seniors housing communities may become unionized in the event they are targeted for certification by a trade union. There can be no assurance that the seniors housing communities we own that are not currently unionized will not, in the future, be subject to unionization efforts or that any such efforts will not result in the unionization of such seniors housing communities' employees.

- (i) **Growth:** The ability to grow may require the issuance of additional units and the ability to do so may not always be a viable capital raising option. Furthermore, timing differences may occur between the issuance of additional units and the time the proceeds may be used to invest in new properties. Depending on the duration of this timing difference, this may be dilutive. We expect that we will have opportunities to acquire properties which will be accretive and enable us to increase cash flow through improved management, but there can be no assurance that will be the case.
- (j) **Acquisitions, Disposition and Development:** Acquisitions, sales and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on our operations and financial results. Representations and warranties given by such third parties to us may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties.

Moreover, the acquired properties may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

In addition, the letters of intent and purchase or sale agreements entered into with third parties with respect to such acquisitions or sales, as applicable, are generally subject to certain closing conditions, and in some cases, the granting of regulatory approvals. Such acquisitions or sales may not be completed due to the failure to satisfy closing conditions or the failure to receive required regulatory approvals and certain funds paid by us may not be recoverable.

We are pursuing numerous development activities alone and with partners. These activities create development specific risks, including: liens, constructions delays, increasing costs, labour disputes, delays in obtaining municipal and regional approvals and disputes with developing partners.

- (k) **Debt Financing:** We have and will continue to have substantial outstanding consolidated indebtedness comprised of mortgages on our retirement and LTC communities, Debentures, unsecured term loan and Credit Facilities.

We may not be able to renegotiate the terms of renewal of our debt at favourable rates. We currently have access to the government backed mortgage insurance program through the National Housing Act, which is administered by CMHC. We entered into a Large Borrower Agreement with CMHC which contains certain financial covenants related to minimum adjusted equity requirements, maximum indebtedness, debt service coverage and minimum capital and maintenance investments in the properties securing CMHC insured loans. There can be no guarantee that the provisions of the mortgage insurance program will not be changed in the future. To the extent that any financing requiring CMHC consent or approval is not obtained, or such consent or approval is only available on unfavourable terms, we may be required to source a conventional mortgage which may be less favourable to us than a CMHC insured mortgage. In addition, the terms of our indebtedness generally contain customary provisions that, upon an event of default, result in the acceleration of repayment of amounts owed and that restrict the distributions that may be made by the Trust. Therefore, upon an event of default under such indebtedness, our ability to make distributions will be adversely affected.

A portion of our cash flow is devoted to servicing our debt, and there can be no assurance that we will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If we were unable to meet interest or principal payments, we could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. We are also subject to the risk that any of our existing indebtedness may not be able to be refinanced upon maturity or that the terms of such refinancing may not be as favourable as the terms of our existing indebtedness.

(m) **Taxation:**

The SIFT Rules

The SIFT Rules, which relate to the federal income taxation of certain publicly traded trusts and certain other publicly traded flow through entities, were enacted on June 22, 2007. Generally, under the SIFT Rules, certain distributions from a “SIFT trust” (as defined in the Tax Act) will not be deductible in computing the trust’s taxable income, and the trust will be subject to tax on such distributions at a rate that is comparable to the general tax rate applicable to a Canadian corporation. To the extent that a distribution attracts this tax, it will be taxed in the hands of the receiving Unitholder as a taxable dividend from a taxable Canadian corporation, which dividend will be eligible for the enhanced dividend tax credit.

The SIFT Rules are not applicable to certain real estate investment trusts that meet certain conditions (as provided in the Tax Act) relating to the nature of their revenues and investments (the “REIT Conditions”). As currently structured, we do not meet the REIT Conditions. Chartwell has been a SIFT trust since 2007 and, unless we change our structure and the nature of our operations, we expect to be a SIFT trust for 2020 and future years.

In 2019, 100% of our distributions were classified as return of capital.

Tax Status

If we cease to qualify as a “mutual fund trust” for the purposes of the Tax Act or the Trust Units ceased to be “qualified investments” under the Tax Act, the Canadian federal income tax considerations applicable to us and our Unitholders would be materially and adversely different in certain respects.

We will endeavour to ensure that we continue to qualify as a mutual fund trust and the Trust Units continue to be qualified investments under the Tax Act for Plans but there is no assurance that we will be able to do so. Generally, Trust Units will be qualified investments for Plans if, at the relevant time (a) the Trust Units are listed on the TSX (or other designated stock exchanges for the purposes of the Tax Act), (b) the Trust Units are registered investments under the Tax Act or (c) if Chartwell qualifies as a mutual fund trust (as defined in the Tax Act). The Tax Act may impose penalties for the acquisition or holding of non qualified investments by a Plan. Any property distributed to a Unitholder on an in specie redemption of Trust Units may not be a qualified investment under the Tax Act for a Plan. There can be no assurance that Canadian federal income tax laws (or the judicial interpretation thereof), the administrative and/or assessing practices of the CRA and/or the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders.

Net income and net realized capital gains in excess of the cash distributions may be distributed to Unitholders in the form of additional Trust Units. Unitholders will generally be required to include an amount equal to the fair market value of those Trust Units in their taxable income, notwithstanding that they do not directly receive a cash Distribution.

Although we are of the view that all expenses to be claimed by us and our subsidiaries will be reasonable and deductible, that the tax filing positions taken by us are reasonable, and that the cost amount and capital cost allowance claims of such entities will have been correctly determined and that the allocation of Master LP’s income for tax purposes among its partners is reasonable, there can be no assurance that CRA will agree. If CRA successfully challenges us and/or our subsidiaries in any of these respects, the taxable income of Chartwell and the Unitholders, will increase or change.

Master LP has acquired many properties on a rollover basis with the result that the cost base for tax purposes in such properties was less than their fair market value at the time of acquisition. Master LP may acquire properties on a rollover basis in the future, with a similar result in their cost base. On a future sale of such properties for a sale price in excess of such cost base, income and capital gain will be realized which may result in SIFT tax being payable.

- (n) **Liability and Insurance:** The businesses, which are carried on, directly or indirectly, by us, entail an inherent risk of liability. We expect that from time to time we may be subject to lawsuits as a result of the nature of such businesses. We maintain business and property insurance policies in amounts and with such coverage and deductibles as deemed appropriate, based on the nature and risks of the businesses, historical experience and industry standards. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against us not covered by, or in excess of, our insurance could have a material adverse effect on our business, operating results and financial condition. Claims against us, regardless of their merit or eventual outcome, also may have a material adverse effect on our ability to attract residents or expand their businesses, and will require management to devote time to matters unrelated to the operation of the business.
- (o) **Environmental Liabilities:** Under various environmental laws and regulations, we, as either owner or manager, could become liable for the costs of removal or remediation of certain hazardous, toxic or regulated substances released on or in our properties or disposed of at other locations sometimes regardless of whether or not we knew of or were responsible for their presence. The failure to remove, remediate or otherwise address such substances, if any, may adversely affect an owner's ability to sell such properties or to borrow using such properties as collateral and could potentially result in claims against the owner by private plaintiffs. It is our operating policy to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring or financing any property. Where Phase I environmental site assessments identify sufficient environmental concerns or recommend further assessments, Phase II or Phase III environmental site assessments are conducted. They are intrusive investigations that involve soil, groundwater or other sampling to confirm the absence or presence and extent of an environmental concern.
- Environmental laws and regulation may change and we may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on our business, financial condition or results of operation and distributions.
- (p) **Economic and Financial Conditions:** Adverse changes to the economic and financial conditions in Canada, the U.S. and globally could impact our ability to execute upon our operating, investing and financing strategies which, in turn, could have a material adverse impact on our business, sales, profitability and financial position.
- (q) **Joint Venture Interests:** We have entered into joint venture arrangements in respect of certain of our seniors housing operations. These joint venture arrangements have the benefit of sharing the risks associated with ownership and management of such seniors housing properties including those risks described above. However, we may be exposed to adverse developments, including a possible change in control, in the business and affairs of our joint venture partners which could have a significant impact on, or termination of, our interests in our joint ventures and could affect the value of the joint ventures to us and/or cause us to incur additional costs if we were to solely undertake the operations of the joint venture. In addition, there are risks which arise from the joint venture arrangements themselves, including: the risk that the other joint venture partner may exercise buy sell, put or other sale or purchase rights which could obligate us to sell our interest or buy the other joint venture partner's interest at a price which may not be favourable to us or at a time which may not be advantageous to us, the effect of which could be materially adverse to our financial position or resources.
- (r) **Loans Receivable:** Our loans receivable are normally secured by subordinated charges of the borrowers' interests in related projects and ranks behind other financing. If our borrowers face financial difficulty and are not able to meet their commitments to their lenders, including us, we could suffer a loss of either interest or principal or both on the loans we have advanced, since other lenders will rank ahead of us in any recovery. Additionally, we may not, at the applicable time, have the financial capacity to acquire all facilities that we are entitled or required to acquire

from borrowers. There is a risk, if property values deteriorate or the financial capacity of the borrowers deteriorates, that we could suffer losses on such loans.

- (s) **Distributions:** Our distributions are made at the discretion of the Trustees based on forward looking cash flow information, including forecasts and budgets, results of operations, requirements for capital expenditures and working capital, future financial prospects, debt covenants and obligations, and any other factors considered relevant by them in setting the distribution rate. Items such as principal repayments, capital expenditures, variances in operating results and redemption of units, if any, or the failure of CSH Trust or Master LP to make distributions, may affect AFFO and, therefore, distributions. We may be required to decrease our distributions in order to accommodate such items. Under the terms of our Credit Facilities, cash distributions to unitholders are limited to 100% of our AFFO.
- (t) **Management Contracts:** We earn management fees from non owned residences that we manage for others. We will not earn this revenue if the management agreements with the residences' owners are terminated or not renewed upon their expiry. Such contracts are generally terminable upon 90 days' notice, with the exception of management agreements on the Welltower properties and management agreements on properties with mezzanine loans advanced by us.
- (u) **Cyber Security:** Cyber security has become an increasingly problematic issue for businesses in Canada and around the world, including for us and the seniors housing industry. Cyber attacks against large organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. Such an attack could compromise our confidential information as well as that of our residents, employees, and third parties with whom we interact and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage. In particular, in connection with our business we maintain a large amount of personal health information about our residents. If we were to experience a security breach resulting in unauthorized access to our use or disclosure of such information, we could be exposed to complaints, investigations or litigation and our reputation may be negatively affected. As a result, we continually monitor for malicious threats and adapt accordingly in an effort to ensure we maintain high privacy and security standards. We invest in cyber defense technologies to support our business model and to protect our systems, residents and employees by employing industry best practices. Our investments continue to manage the risks we face today and position us for the evolving threat landscape.
- (v) **Personal Information:** As a custodian of a large amount of personal information and personal health information relating to our employees and residents, we are exposed to the legal and reputational risk of the loss, misuse or theft of any such information. We mitigate this risk by deploying appropriate technology and training for our employees relating to the safeguarding of such information.
- (w) **Conflicts of Interest:** Our Trustees, CSH Trustees and Directors will, from time to time, in their individual capacities deal with parties with whom we may be dealing, or may be seeking investments similar to those desired by us. The relevant constating documents of Chartwell, CSH Trust and Master LP contain conflict of interest provisions requiring our Trustees, CSH Trustees and Directors to disclose material interests in material contracts and transactions and to refrain from voting thereon.
- (x) **Climate Change:** We are exposed to climate change risk from natural disasters and severe weather, such as floods, ice storms, windstorms, earthquakes, wildfires or other severe weather that may result in damage or loss to our investment properties. These adverse weather and natural events could cause substantial damage and/or revenue losses as well as cost increases. There can be no assurance that damages or losses caused by these adverse weather and natural events will not exceed our's or our residents' property insurance coverage. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable.

Over time, climate change may also affect our operational expenses, including utilities and preventative maintenance expenses, as temperatures fluctuate. In addition, changes in federal, provincial or local legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing properties and could also require us to spend more on our new development properties without a corresponding increase in revenue. Management reports regularly to our Board on climate change risks, including mitigation strategies with respect to this risk.

Supplemental Information

Significant Future Demand

Based on the current ratios of existing retirement suites to the population of people over the age of 75 (the “penetration rate”), by 2039 the demand for retirement suites is expected to grow by approximately 262,000 suites in the four provinces in which we operate.

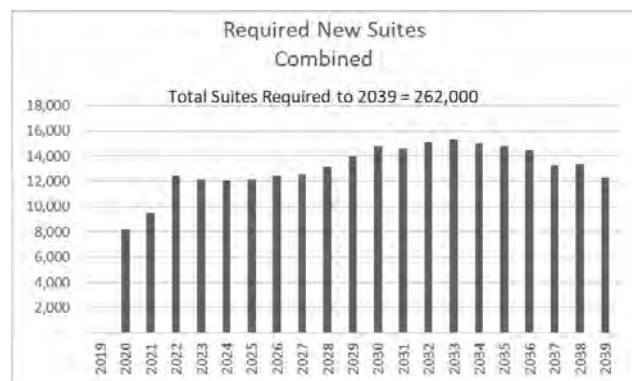
It is possible that the actual demand may exceed this estimate for the following reasons:

- The above estimate does not account for the demand growth for government funded long term care spaces. If governments are unable to fully address such demand growth, there may be additional demand for retirement suites. Today there are approximately 35,000 people on the wait list for LTC accommodation in Ontario alone.
- The existing inventory of 232,079 retirement suites includes a number of older properties which may become obsolete over time, further increasing demand for newer suites.
- The acceptance of retirement living is significantly higher in Quebec, with a penetration rate of 18.4% compared to penetration rates of 5.5% in Ontario, 5.7% in Alberta and 8.0% in British Columbia. We believe the introduction of more flexible service offering and pricing options, including a la carte services, across the country, may increase the acceptance of retirement living and further drive demand.

The following tables outline estimated future demand for retirement suites in Ontario, Quebec, Alberta and British Columbia:

Combined

Year	Population of 75+	Demand Growth	Total Suites	Required New Suites
2019	2,408,500		232,079	
2020	2,491,500	3.4%	240,315	8,236
2021	2,587,600	3.9%	249,760	9,445
2022	2,722,300	5.2%	262,168	12,408
2023	2,853,200	4.8%	274,334	12,166
2024	2,980,800	4.5%	286,433	12,098
2025	3,109,800	4.3%	298,562	12,130
2026	3,241,000	4.2%	311,007	12,445
2027	3,374,700	4.1%	323,553	12,546
2028	3,515,500	4.2%	336,674	13,122
2029	3,665,800	4.3%	350,706	14,032
2030	3,824,700	4.3%	365,484	14,777
2031	3,983,100	4.1%	380,065	14,581
2032	4,146,000	4.1%	395,184	15,118
2033	4,311,500	4.0%	410,494	15,310
2034	4,474,700	3.8%	425,501	15,007
2035	4,639,100	3.7%	440,322	14,821
2036	4,801,100	3.5%	454,809	14,487
2037	4,952,800	3.2%	468,115	13,306
2038	5,106,600	3.1%	481,463	13,348
2039	5,250,000	2.8%	493,771	12,308



Ontario

Year	Population of 75+ ⁽¹⁾	Demand Growth	Total Suites ⁽²⁾	Required New Suites
2019	1,087,400		59,807	
2020	1,121,600	3.1%	61,688	1,881
2021	1,161,700	3.6%	63,894	2,206
2022	1,222,700	5.3%	67,249	3,355
2023	1,280,400	4.7%	70,422	3,173
2024	1,334,600	4.2%	73,403	2,981
2025	1,388,700	4.1%	76,379	2,976
2026	1,443,700	4.0%	79,404	3,025
2027	1,500,000	3.9%	82,500	3,097
2028	1,559,500	4.0%	85,773	3,272
2029	1,622,700	4.1%	89,249	3,476
2030	1,689,800	4.1%	92,939	3,691
2031	1,757,000	4.0%	96,635	3,696
2032	1,826,600	4.0%	100,463	3,828
2033	1,897,300	3.9%	104,352	3,889
2034	1,968,100	3.7%	108,246	3,894
2035	2,041,700	3.7%	112,294	4,048
2036	2,115,400	3.6%	116,347	4,054
2037	2,186,100	3.3%	120,236	3,889
2038	2,258,700	3.3%	124,229	3,993
2039	2,327,500	3.0%	128,013	3,784

68,206

Quebec

Year	Population of 75+ ⁽¹⁾	Demand Growth	Total Suites ⁽²⁾	Required New Suites
2019	692,000		127,328	
2020	717,600	3.7%	132,038	4,710
2021	746,500	4.0%	137,356	5,318
2022	780,200	4.5%	143,557	6,201
2023	813,700	4.3%	149,721	6,164
2024	848,200	4.2%	156,069	6,348
2025	882,100	4.0%	162,306	6,238
2026	917,600	4.0%	168,838	6,532
2027	952,700	3.8%	175,297	6,458
2028	989,000	3.8%	181,976	6,679
2029	1,028,100	4.0%	189,170	7,194
2030	1,069,000	4.0%	196,696	7,526
2031	1,108,600	3.7%	203,982	7,286
2032	1,150,500	3.8%	211,692	7,710
2033	1,192,600	3.7%	219,438	7,746
2034	1,233,600	3.4%	226,982	7,544
2035	1,272,600	3.2%	234,158	7,176
2036	1,310,200	3.0%	241,077	6,918
2037	1,343,400	2.5%	247,186	6,109
2038	1,375,800	2.4%	253,147	5,962
2039	1,405,000	2.1%	258,520	5,373

131,192

Alberta

Year	Population of 75+ ⁽¹⁾	Demand Growth	Total Suites ⁽²⁾	Required New Suites
2019	234,100		13,344	
2020	243,300	3.9%	13,868	524
2021	254,000	4.4%	14,478	610
2022	269,100	5.9%	15,339	861
2023	284,200	5.6%	16,199	861
2024	299,100	5.2%	17,049	849
2025	314,900	5.3%	17,949	901
2026	330,900	5.1%	18,861	912
2027	348,000	5.2%	19,836	975
2028	366,700	5.4%	20,902	1,066
2029	387,500	5.7%	22,088	1,186
2030	409,700	5.7%	23,353	1,265
2031	432,700	5.6%	24,664	1,311
2032	455,800	5.3%	25,981	1,317
2033	479,300	5.2%	27,320	1,340
2034	502,900	4.9%	28,665	1,345
2035	526,700	4.7%	30,022	1,357
2036	550,200	4.5%	31,361	1,339
2037	572,600	4.1%	32,638	1,277
2038	594,800	3.9%	33,904	1,265
2039	615,700	3.5%	35,095	1,191

21,751

British Columbia

Year	Population of 75+ ⁽¹⁾	Demand Growth	Total Suites ⁽²⁾	Required New Suites
2019	395,000		31,600	
2020	409,000	3.5%	32,720	1,120
2021	425,400	4.0%	34,032	1,312
2022	450,300	5.9%	36,024	1,992
2023	474,900	5.5%	37,992	1,968
2024	498,900	5.1%	39,912	1,920
2025	524,100	5.1%	41,928	2,016
2026	548,800	4.7%	43,904	1,976
2027	574,000	4.6%	45,920	2,016
2028	600,300	4.6%	48,024	2,104
2029	627,500	4.5%	50,200	2,176
2030	656,200	4.6%	52,496	2,296
2031	684,800	4.4%	54,784	2,288
2032	713,100	4.1%	57,048	2,264
2033	742,300	4.1%	59,384	2,336
2034	770,100	3.7%	61,608	2,224
2035	798,100	3.6%	63,848	2,240
2036	825,300	3.4%	66,024	2,176
2037	850,700	3.1%	68,056	2,032
2038	877,300	3.1%	70,184	2,128
2039	901,800	2.8%	72,144	1,960

40,544

(1) Sources: Statistics Canada and CMHC.

(2) Total Suites = Population of 75+ multiplied by penetration rate (5.5% for Ontario; 18.4% for Quebec; 5.7% for Alberta; 8.0% for British Columbia).

Chartwell Top 15 Markets – Supply and Demand Data

Supply

Location ⁽⁴⁾	Chartwell Portfolio ⁽¹⁾			Existing Inventory ⁽²⁾		Immediate Competition Impact ⁽³⁾				
	Total			Total		Chartwell Exposure			Competition 5km to Chartwell Property	
	# of Properties	# of Suites	2019 Adjusted NOI at Share (\$Millions)	# of Properties	# of Suites	# of Properties	# of Suites	2019 Adjusted NOI at Share (\$Millions)	# of Properties	# of Suites
Greater Montreal Area	13	3,104	19.5	386	57,958	1	219	0.9	1	409
Gatineau	9	1,737	17.2	21	3,634	1	263	2.3	1	130
Greater Vancouver Area	14	1,701	25.5	148	15,447	1	104	0.5	1	117
Quebec City	5	1,542	11.1	145	17,570	0	0	0.0	0	0
Greater Ottawa Area	12	1,458	17.2	79	9,039	9	988	13.2	6	864
Edmonton	9	1,386	14.0	35	6,213	0	0	0.0	0	0
Toronto	7	1,168	14.1	61	7,118	1	208	3.7	1	280
Kitchener/Waterloo/Cambridge/Guelph	9	903	18.1	56	4,669	3	285	6.6	2	369
Ontario North	9	854	16.0	38	2,874	1	162	2.7	1	55
York	7	738	15.5	33	3,660	3	344	8.3	2	400
Calgary	5	641	13.3	41	5,572	4	525	10.5	4	730
Durham	6	603	11.3	29	3,148	6	603	11.3	8	1,470
Windsor/Essex County	6	603	9.3	30	2,595	1	112	2.4	1	120
Halton	5	566	10.2	30	3,146	1	131	3.4	1	182
Peel	3	517	8.6	30	3,627	1	81	2.2	1	309
Subtotal (Top 15 Markets)	119	17,521	220.9	1,162	146,270	33	4,025	67.9	30	5,435
Other	45	6,207	63.8							
Grand Total	164	23,728	284.7							

(1) Includes Retirement Operations segment only.

(2) Sources: CMHC Seniors Housing Report 2019 and CBRE.

(3) Summarizes Chartwell's existing properties impacted by competing properties in construction located within a five kilometer radius.

(4) Locations follow CMHC's region and naming convention except for Greater Vancouver Area (CMHC region Lower Mainland"), Greater Montreal Area (CMHC region Montreal), Greater Ottawa Area (CMHC region Ottawa"), and Kitchener/Waterloo/Cambridge/Guelph (CMHC region Waterloo/Wellington/Dufferin).

Demand

Location ⁽²⁾	Demographic Information ⁽¹⁾				Demographic Data 75+ yrs ⁽¹⁾		
	Total Population	Median Household Income (\$)	Avg House Value (\$)	Unemployment Rate %	Total Population	10 yr Growth %	Penetration Rate ⁽³⁾
Greater Montreal Area	4,350,817	66,910	417,722	6.0%	329,592	37.5%	17.6%
Gatineau	349,617	75,356	329,525	5.0%	20,731	65.6%	17.5%
Greater Vancouver Area	2,935,047	82,437	1,114,199	4.8%	205,877	50.7%	7.5%
Quebec City	827,533	70,947	330,740	3.5%	73,989	44.6%	23.7%
Greater Ottawa Area	1,079,717	93,447	552,306	4.2%	72,486	50.8%	12.5%
Edmonton	1,462,270	96,234	492,011	8.1%	75,470	56.3%	8.2%
Toronto	2,988,140	71,770	935,071	5.6%	219,599	33.1%	3.2%
Kitchener/Waterloo/Cambridge/Guelph	875,425	86,696	558,871	5.2%	57,684	49.5%	8.1%
Ontario North	764,047	72,686	295,605	5.4%	69,301	40.6%	4.1%
York	1,200,761	102,254	1,045,525	5.6%	78,269	63.8%	4.7%
Calgary	1,551,356	100,649	603,751	7.1%	70,716	67.4%	7.9%
Durham	700,733	97,829	613,862	6.1%	43,683	58.3%	7.2%
Windsor/Essex County	416,149	72,053	360,399	7.6%	33,600	43.8%	7.7%
Halton	605,475	112,332	917,118	5.6%	40,978	44.6%	7.7%
Peel	1,553,076	92,742	783,404	5.6%	84,992	69.7%	4.3%
Subtotal/Average (Top 15 Markets)	21,660,163	86,289⁽⁴⁾	623,341⁽⁴⁾	5.7%⁽⁴⁾	1,476,967	51.7%⁽⁴⁾	9.5%⁽⁴⁾

(1) Sources: CMHC Seniors Housing Report 2019, CBRE utilizing Environics Analytics demographics, and Statistics Canada projections.

(2) Locations follow CMHC's region and naming convention except for Greater Vancouver Area (CMHC region Lower Mainland"), Greater Montreal Area (CMHC region Montreal), Greater Ottawa Area (CMHC region Ottawa"), and Kitchener/Waterloo/Cambridge/Guelph (CMHC region Waterloo/Wellington/Dufferin).

(3) Penetration rate is calculated as ratio of existing inventory of retirement suites over total 75+ years population.

(4) Average.

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Management's Responsibility for Financial Statements

To the Unitholders of Chartwell Retirement Residences

The accompanying consolidated financial statements of Chartwell Retirement Residences and the information included in this Annual Report have been prepared by management, which is responsible for their consistency, integrity and objectivity. Management is also responsible for ensuring that the consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards. To fulfill these responsibilities, management maintains appropriate systems of internal control, policies and procedures to ensure its reporting practices and accounting and administrative procedures are of high quality.

KPMG LLP, the independent auditor, is responsible for auditing the consolidated financial statements in accordance with generally accepted auditing standards in Canada, to enable the expression of their opinion on the consolidated financial statements to the unitholders. Their report, as auditors, is set forth herein.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls and engaging the independent auditors. The Board of Trustees carries out this responsibility through its Audit Committee, which meets regularly with management and the independent auditors. The Audit Committee is composed of four members who are independent of management. The consolidated financial statements have been reviewed and approved by the Board of Trustees and its Audit Committee. The independent auditors have direct and full access to the Audit Committee and Board of Trustees.



Vlad Volodarski
Chief Executive Officer



Sheri Harris
Chief Financial Officer

Independent Auditors' Report

To the Unitholders of Chartwell Retirement Residences

Opinion

We have audited the consolidated financial statements of Chartwell Retirement Residences (the Entity), which comprise:

- the consolidated balance sheets as at December 31, 2019 and 2018
- the consolidated statements of net income and comprehensive income for the years then ended
- the consolidated statements of unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions; and
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2019 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2019 Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The image shows a handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Thomas Rothfischer.

Toronto, Canada

February 27, 2020

Consolidated Balance Sheets

(In thousands of Canadian dollars)

As at December 31,	Note	2019	2018
Assets			
Current assets:			
Cash and cash equivalents		\$ 22,890	\$ 29,779
Trade and other receivables		20,716	13,092
Capital funding receivable	7	6,672	6,317
Other assets	9	20,451	16,006
Loans receivable	10	6,753	494
Assets held for sale	18	10,476	
Total current assets		87,958	65,688
Non current assets:			
Other assets	9	2,310	2,417
Loans receivable	10	11,978	14,411
Capital funding receivable	7	35,542	42,214
Investment in joint ventures	11(b)	19,323	34,865
Intangible assets	6	75,103	65,507
Property, plant and equipment (PP&E)	5	3,262,180	3,093,746
Total non current assets		3,406,436	3,253,160
Total assets		\$ 3,494,394	\$ 3,318,848
Liabilities and Unitholders' Equity			
Current liabilities:			
Lease obligations	8	\$ 1,022	\$ 1,451
Accounts payable and other liabilities	16	170,355	176,301
Distributions payable		10,808	10,493
Mortgages payable	12	206,617	183,649
Liabilities related to asset held for sale	18	2,529	
Total current liabilities		391,331	371,894
Non current liabilities:			
Lease obligations	8	11,665	
Mortgages payable	12	1,734,061	1,628,685
Unsecured term loan	14	124,697	
Senior unsecured debentures	15	348,294	347,883
Class B Units of Chartwell Master Care LP (Class B Units)	19	22,210	22,456
Deferred tax liabilities	29	24,569	14,410
Total non current liabilities		2,265,496	2,013,434
Total liabilities		2,656,827	2,385,328
Unitholders equity	20	837,567	933,520
Total liabilities and unitholders equity		\$ 3,494,394	\$ 3,318,848

See accompanying notes to consolidated financial statements.

Approved by the Trustees:



Ann Davis, Trustee



Huw Thomas, Trustee

Consolidated Statements of Net Income and Comprehensive Income

(In thousands of Canadian dollars)

Years ended December 31,	Note	2019	2018
Revenue:			
Resident		\$ 860,595	\$ 814,262
Management and other fees		10,766	10,708
Lease revenue from joint ventures	11(b)	39,444	37,833
Interest income		4,507	3,851
		<u>915,312</u>	<u>866,654</u>
Income (expenses):			
Direct property operating	32	(590,016)	(557,839)
Depreciation of PP&E	5	(178,450)	(170,588)
Amortization of intangible assets	6	(2,072)	(1,767)
Share of net income from joint ventures	11(b)	2,453	1,482
General, administrative and trust	32	(43,148)	(43,890)
Other income (expense)	26	(3,963)	12,234
Finance costs	27	(85,526)	(76,778)
Change in fair values of financial instruments and foreign exchange gains (losses)	28	(3,314)	8,219
		<u>(904,036)</u>	<u>(828,927)</u>
Income before income taxes		11,276	37,727
Income tax expense:			
Current			(63)
Deferred	29	(10,209)	(19,145)
		<u>(10,209)</u>	<u>(19,208)</u>
Net income and comprehensive income ⁽¹⁾		\$ 1,067	\$ 18,519

⁽¹⁾ Referred to as Net income throughout the consolidated financial statements

See accompanying notes to consolidated financial statements.

Consolidated Statements of Unitholders' Equity

(In thousands of Canadian dollars, except per unit amounts)

2019	Trust Units issued in dollars, net	Trust Units issued under EUPP	EUPP receivable	Accumulated income (losses)	Distributions	Other equity components	Total
Unitholders equity, December 31, 2018	\$ 2,285,736	\$ 17,519	\$ (12,053)	\$ (122,907)	\$ (1,241,182)	\$ 6,407	\$ 933,520
Net income				1,067			1,067
Distributions to unitholders					(127,617)		(127,617)
Other equity related costs	(94)						(94)
Deferred tax asset	50						50
Trust Units issued under the Distribution Reinvestment Program (DRIP)	26,937						26,937
Trust Units issued on exchange of Class B Units	671						671
Trust Units issued under the Executive Unit Purchase Plan (EUPP), net of cancellations and Trust Units released on settlement of EUPP receivable	2,736	405	(993)			90	2,238
Interest on EUPP receivable			(124)				(124)
Distributions applied against EUPP receivable			919				919
Unitholders equity, December 31, 2019	\$ 2,316,036	\$ 17,924	\$ (12,251)	\$ (121,840)	\$ (1,368,799)	\$ 6,497	\$ 837,567

During the year ended December 31, 2019, distributions were declared and paid at \$0.049 per unit per month for the months of January and February, and \$0.050 per unit per month from March to December. In the first two months of 2020, distributions were declared at \$0.050 per unit per month.

2018	Trust Units issued in dollars, net	Trust Units issued under EUPP	EUPP receivable	Accumulated income (losses)	Distributions	Other equity components	Total
Unitholders equity, December 31, 2017	\$ 2,257,424	\$ 16,213	\$ (11,362)	\$ (141,426)	\$ (1,117,176)	\$ 6,494	\$ 1,010,167
Net income				18,519			18,519
Distributions to unitholders					(124,006)		(124,006)
Issue costs related to Trust Units pursuant to public offering	(267)						(267)
Deferred tax asset	6,149						6,149
Trust Units issued under the Distribution Reinvestment Program (DRIP)	21,253						21,253
Trust Units issued on exchange of Class B Units	87						87
Trust Units issued under the Executive Unit Purchase Plan (EUPP), net of cancellations and Trust Units released on settlement of EUPP receivable	1,090	1,306	(1,460)			(87)	849
Interest on EUPP receivable			(120)				(120)
Distributions applied against EUPP receivable			889				889
Unitholders equity, December 31, 2018	\$ 2,285,736	\$ 17,519	\$ (12,053)	\$ (122,907)	\$ (1,241,182)	\$ 6,407	\$ 933,520

During the year ended December 31, 2018, distributions were declared and paid at \$0.048 per unit per month for the months of January and February, and \$0.049 per unit per month from March to December.

See accompanying notes to consolidated financial statements.

(iii) Business combinations:

The cost of a business combination is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Chartwell recognizes assets or liabilities, if any, resulting from a contingent consideration arrangement at their acquisition date fair value and such amounts form part of the cost of the business combination.

Subsequent changes in the fair value of contingent consideration arrangements are recognized in net income. The excess of the purchase price over the fair value of the acquired identifiable net assets and liabilities is goodwill. On the date of acquisition goodwill is recorded as an asset. When an acquisition does not meet the criteria for business combination accounting treatment, it is accounted for as an acquisition of a group of assets and liabilities, the cost of which includes transaction costs that are allocated upon initial recognition to the assets and liabilities acquired based upon their relative fair values.

For business combinations, measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period", which cannot exceed one year from the acquisition date, about facts and circumstances that existed at the acquisition date. Subsequent changes in fair value of contingent consideration classified as assets or liabilities that do not qualify as measurement period adjustments are recognized as a gain or loss in net income.

Transaction costs, other than those associated with the acquisitions accounted for as an acquisition of a group of assets and liabilities and the issue of debt or equity securities incurred in connection with the acquisition are expensed as incurred.

If a business combination is achieved in stages, the fair value on the acquisition date of Chartwell's previously held equity interest in the acquiree is remeasured to fair value through profit or loss.

(b) Foreign currency:

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currencies at the exchange rate at the reporting dates. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Property, plant and equipment:

Chartwell considers its properties to be owner occupied properties under International Accounting Standard ("IAS") 16, Property, Plant and Equipment ("IAS 16").

PP&E includes land, buildings, furniture, fixtures and equipment, which are measured at cost less accumulated depreciation and accumulated impairment losses.

Properties under development and land held for development are carried at cost and are not subject to depreciation. Cost includes initial acquisition costs, other direct costs, realty taxes and interest during the development period. The development period ends when the asset is available for use and construction is complete. Upon completion, properties under development are transferred to the appropriate asset class.

Significant parts of the buildings are accounted for as separate components of the property, based on management's judgement of what components constitute a significant cost in relation to the total cost of an asset and whether these components have similar or dissimilar patterns

of consumption and useful lives for purposes of calculating depreciation and amortization. The cost of replacing a major component of a building is recognized in the carrying amount of the building if it is probable that the future economic benefits embodied within the component will flow to Chartwell, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of ongoing repairs and maintenance of the properties are recognized in profit or loss as incurred.

Depreciation is recorded in profit or loss on a straight line basis over the estimated useful lives of the assets. The following are the estimated maximum useful lives of existing PP&E:

Components:

Building Structure	40 years
Building Mechanical, electrical and elevators	30 years
Building Roof, windows and doors	20 years
Building Interior upgrades	3 years
Building Resident contracts and above and below market leases	3 years
Furniture, fixtures and equipment	5 years

Estimated useful lives were determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset and current and forecasted demand. The rates and methods used are reviewed annually at year end to ensure they continue to be appropriate, and are also reviewed in conjunction with impairment testing.

Gains/losses on disposition of PP&E are recognized in profit or loss in accordance with the requirements for determining when a performance obligation is satisfied under IFRS 15, Revenue from Contracts with Customers ("IFRS 15").

The value associated with in place resident contracts, which represents the avoided cost of originating the acquired resident contracts plus the value of the avoided loss of net resident revenue over the estimated lease up period of the property, is amortized over the expected term of the resident occupancy. Resident contracts are recorded as a component of buildings.

(d) Intangible assets:

Intangible assets, which include licenses, goodwill arising on business combinations and other intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, except in the case of goodwill and intangible assets with an indefinite life, which are measured at cost less accumulated impairment losses and are not amortized.

(i) Licenses:

Licenses for the operation of long term care properties are considered to have indefinite lives. Given the current demographic of the Canadian markets, as well as the expectation that the demand for licensed beds will increase beyond its current supply, management has determined that the licenses have an indefinite life.

(ii) Software:

Software costs, which include internally developed and externally purchased software licenses, are amortized over one to three years on a straight line basis.

(iii) Goodwill:

Goodwill represents the excess amount of consideration given over the fair value of the underlying net assets acquired in a business combination and is measured at cost less any

accumulated impairment losses. An impairment loss, once recorded, cannot be reversed in subsequent years.

(e) Impairment of non financial assets:

The carrying amounts of Chartwell's PP&E are assessed at each reporting date to determine if any events have occurred that would indicate the PP&E may be impaired. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognized immediately in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or cash generating unit ("CGU") is the higher of (a) fair value less costs of disposal, and (b) value in use. The determination of recoverable amounts can be significantly impacted by estimates related to current market valuations, current and future economic conditions in the geographical markets of each CGU, and management's strategic plans within each of its markets. Estimates and assumptions used in the determination of the recoverable amounts were based upon information that was known at the time, along with the future outlook. Chartwell completes the assessment of fair value using financial performance and current capitalization rates or bona fide offers from market participants.

Intangible assets that have indefinite useful lives are tested for impairment annually, or more frequently, if events or circumstances indicate that the assets might be impaired.

Goodwill is tested for impairment at least annually or whenever indicators of impairment of the CGU to which the goodwill relates have occurred.

Intangible assets with finite useful lives are tested for impairment if events or changes in circumstances, assessed at each reporting date, indicate the carrying amount may not be recoverable.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed (except for goodwill) if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(f) Capital funding receivable:

Grants received from the Government of Ontario for the construction costs of long term care properties are initially recorded at fair value as capital funding receivable, with an offset to the cost of the related PP&E. These grants are received over time and the accretion of the receivables is recognized in profit or loss as interest income over the life of the grant.

(g) Assets held for sale:

Assets, or disposal groups comprising assets and liabilities, are categorized as held for sale where the asset or disposal group is available for sale in its present condition, and the sale is highly probable. For this purpose, a sale is highly probable if management is committed to a plan to achieve the sale; there is an active program to dispose of the assets of the disposal group; the asset or disposal group is being actively marketed at a reasonable price; the sale is anticipated to be completed within one year from the date of classification; and it is unlikely there will be changes to the plan. Immediately before classification as held for sale, the assets, or components of the disposal group are remeasured in accordance with Chartwell's accounting policies, and are subsequently measured at the lower of their carrying amount and fair value less costs of disposal. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss until the completion of sale.

(h) Financial instruments:

Financial instruments are generally measured at fair value on initial recognition. The classification and measurement of financial assets consists of the following categories: (i) measured at amortized cost, (ii) fair value through profit and loss ("FVTPL"), and (iii) fair value through other comprehensive income ("FVTOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets classified at amortized cost are measured using the effective interest method. Financial assets classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statement of net income. Financial assets classified as FVTOCI are measured at fair value with gains or losses recognized through other comprehensive income, except for gains and losses pertaining to impairment or foreign exchange recognized through net income.

The classification and measurement of financial liabilities consists of the following categories: (i) measured at amortized cost and (ii) FVTPL. Financial liabilities classified at amortized cost are measured using the effective interest method. Financial liabilities classified as FVTPL are measured at fair value with changes in fair value attributable to changes in the credit risk of the liability presented in other comprehensive income, and the remaining amount of change in fair value presented in the consolidated statement of net income.

Chartwell has made the following classifications for its financial instruments:

Account	Measurement
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Restricted cash	Amortized cost
Income guarantee receivable	FVTPL
Loans receivable	FVTPL
Accounts payable and other liabilities	Amortized cost
Distributions payable	Amortized cost
Mortgages payable	Amortized cost
Credit facilities	Amortized cost
Unsecured term loan	Amortized cost
Senior unsecured debentures	Amortized cost
Derivative Instruments	FVTPL
Class B Units	FVTPL

Chartwell derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Chartwell derecognizes a financial liability when, and only when, Chartwell's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized through net income.

Chartwell adopted the practical expedient to determine expected credit losses ("ECL") on trade and other receivables using a provision matrix based on historical credit loss experiences adjusted for current and forecasted future economic conditions to estimate lifetime ECL.

Impairment losses are recorded in the consolidated statements of net income and comprehensive income with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts.

Transaction costs other than those related to financial instruments classified as FVTPL, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs include, discounts or premiums relating to assumed debt, fees and commissions paid to agents, brokers, advisers, lenders and insurers, transfer taxes and duties.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derivative financial instruments:

Chartwell enters into interest rate swap arrangements from time to time in order to reduce the impact of fluctuating interest rates on long term debt. These swap agreements require periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. These swap arrangements are not designated as hedging instruments under IFRS.

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheets when Chartwell has a legal right to offset the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Trust Units:

Trust Units are redeemable at the holder's option and therefore are considered to be a puttable instrument in accordance with IAS 32, Financial Instruments: Presentation ("IAS 32"). Puttable instruments are required to be accounted for as financial liabilities, except where certain exemption conditions are met in accordance with IAS 32, in which case the puttable instruments may be presented as equity. The Trust Units meet the exemption conditions of IAS 32 and are presented as equity.

As a result of the redemption feature of the Trust Units, they meet the definition of a financial liability under IAS 32 and may not be considered as equity for the purposes of calculating net income on a per unit basis in accordance with IAS 33, Earnings Per Share. Chartwell has therefore elected to not report an earnings per unit calculation, permitted under IFRS.

Class B Units:

The Class B Units of the Partnership are economically equivalent to Trust Units, receive distributions equal to the distributions paid on Trust Units and are exchangeable at the holder's option into Trust Units. One Special Trust Voting Unit in Chartwell is issued to the holder of Class B Units for each Class B Unit held. However, the limited IAS 32 exception for presentation as equity does not extend to the Class B Units. As a result, the Class B Units have been classified as financial liabilities and are measured at FVTPL. The fair value of the Class B Units is measured every period by reference to the traded value of the Trust Units, with changes in measurement recorded in net income. Distributions on the Class B LP Units are recorded as a finance cost in the consolidated statements of net income and comprehensive income in the period in which they become payable.

(i) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by Chartwell.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests.

Chartwell uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(j) Employee benefits:

(i) Short term benefits:

Short term employee benefit obligations, including vacation and bonus payments, are measured on an undiscounted basis and are expensed as the related service is provided. Liabilities are recognized for the amounts expected to be paid within 12 months as Chartwell has an obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. Short term employee benefits are recorded in accounts payable and other liabilities.

(ii) Employee health benefits:

Chartwell self insures the cost of certain employee health plans. These plans are administered by an independent third party. Accruals for self insured liabilities include estimates of costs of both reported claims and claims incurred but not reported and are based on estimates of loss based on assumptions made by management, including consideration of projections provided by the independent third party administrator of the plan.

(iii) Unit based payment plans:

Chartwell maintains an EUPP, Deferred Trust Unit ("DTU") Plan, and Restricted Trust Unit Plans ("RTU") for its employees, directors and Trustees. While the EUPP and DTU Plan require settlement in Trust Units and the RTU Plan is settled in cash, all these plans are accounted for as cash settled awards, as Chartwell's Trust Units are puttable. The fair value of the amount payable is recognized as an expense with a corresponding increase in

liabilities, over the relevant service periods. The liability is remeasured at each reporting date and at the settlement date. Any changes in the fair value of the liability are recognized in profit or loss.

(k) Income taxes:

Income tax expense (recovery) comprises current and deferred taxes. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination or items recognized directly in unitholders' equity or in net income.

Current tax is the expected taxes payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable or receivable in respect of previous years.

Chartwell is a mutual fund trust and a specified investment flow through trust ("SIFT") pursuant to the Income Tax Act (Canada). Under the SIFT rules, certain distributions from a SIFT are not deductible in computing taxable income, and the SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general income tax rate applicable to a Canadian corporation. Distributions paid by a SIFT as returns of capital are not subject to the SIFT tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

Judgment is required to assess the interpretation of tax legislation when recognizing and measuring current and deferred tax assets and liabilities. The impact of different interpretations and applications could potentially be material. Chartwell recognizes a tax benefit from an uncertain tax position when it is probable that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Management's estimate of future taxable profits and the recognition of deferred tax assets are reviewed at each reporting date and deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Revenue recognition:

Chartwell derives most of its revenue from rental income, care services to residents and management services.

(i) Retirement community resident revenue:

Chartwell charges for (a) the rental of retirement accommodation and (b) care services provided to residents of retirement communities. Base rent amounts are allocated to lease components based on relative stand alone selling prices. The stand alone selling prices of the rental component is determined using an adjusted market assessment approach and the stand alone selling price of the care services components are determined using both adjusted market assessment and expected cost plus a margin approaches.

(a) Rental revenue:

Revenue from rental components is recognized on a straight line basis over the lease term. Revenue recognition commences when a resident has the right to use the retirement community and revenue is recognized pursuant to the terms of the lease agreement. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are deferred.

(b) Services revenue:

Revenue related to the care service components of Chartwell's leases is accounted for in accordance with IFRS 15. These services consist primarily of the provision of meals, nursing services, housekeeping and laundry services, programs, amenities and the recovery of utilities and property maintenance costs and are recognized over time, typically on a monthly basis, which is when the services are provided. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are recorded as contract liabilities.

In certain jurisdictions, residents of retirement communities are eligible for government subsidies and the rates of these subsidies are regulated. In some jurisdictions, rent control regulations affect the rates that can be charged for rental accommodation.

(ii) Long term care community resident revenue:

Revenue in respect of services provided to residents of long term care communities is accounted for in accordance with IFRS 15. These services consist primarily of the provision of meals, nursing services, housekeeping and laundry services, programs, amenities and the recovery of utilities and property maintenance costs.

In Canada, the provinces or regional health authorities (collectively, the "funding agency") regulate the amounts charged to residents of long term care communities, a substantial portion of which are funded by provincial or regional programs. Such revenue is recognized over time, typically on a monthly basis, which is when the services are provided to residents. Payments are due at the beginning of each month and any payments made in advance of scheduled due dates are recorded as contract liabilities.

In certain cases, Chartwell is only entitled to funding when it has achieved predetermined occupancy levels and has met additional criteria, which may include achieving certain levels of expenditures or levels of labour hours. Revenue in respect of such variable consideration is recognized based on management's best estimate of the most likely amount to which Chartwell will ultimately be entitled.

(iii) Fee revenue:

Chartwell provides property and development management services for both third party and jointly owned operating entities. Property management services revenue relates to providing certain operations management and asset management services. Fees related to these services are variable in nature and are not estimated, but rather are allocated to

the distinct service periods to which they specifically relate and are recognized when services are performed. Payments are due at the beginning of each month.

(iv) Lease revenue from joint ventures:

Chartwell earns revenue under lease arrangements with operating entities which are jointly owned with Welltower Inc. The leases are accounted for as operating leases and lease revenue is recognized over the term of the underlying leases on a straight line basis. Payments are due at the beginning of each month.

(m) Leases:

Chartwell has applied IFRS 16, Leases, using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17, Leases, and International Financial Reporting Interpretations Committee ("IFRIC") 4, Determining Whether an Arrangement Contains a Lease.

Policy applicable from January 1, 2019:

At inception of a contract, Chartwell assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Chartwell uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after January 1, 2019.

(i) As a lessee:

At commencement or on modification of a contract that contains a lease component, Chartwell allocates the consideration in the contract to each lease component on the basis of its relative stand alone prices. However, for the leases of property, Chartwell has elected not to separate non lease components and account for the lease and non lease components as a single lease component.

Chartwell recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term and is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Chartwell's incremental borrowing rate. Generally, Chartwell uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized costs using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Chartwell's estimate of the amount expected to be payable under a residual value guarantee, if Chartwell changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

Chartwell presents the right of use assets in property, plant and equipment and lease liabilities are recorded separately on the balance sheet as "lease obligations".

(ii) Short term leases and leases of low value assets:

Chartwell has elected not to recognize right of use assets and lease liabilities for leases of low value assets and short term leases, including IT equipment. Chartwell recognizes the lease payments associated with these leases as an expense on a straight line basis of the lease term.

(iii) As a lessor:

At inception or on modification of a contract that contains a lease component, Chartwell allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

Chartwell has determined that when it acts as a lessor, its leases do not transfer substantially all of the risks and rewards incidental to ownership of the underlying assets and as a result they are classified as operating leases.

If an arrangement contains lease and non lease components, Chartwell applies IFRS 15 to allocate the consideration in the contract.

Chartwell recognizes lease payments received under operating leases as income on a straight line basis over the lease term as part of resident revenue.

Policy applicable before January 1, 2019:

(i) As a lessee:

Chartwell classified its leases as operating leases which were not recognized in the consolidated balance sheets as substantially all of the risks and rewards of ownership are not transferred to Chartwell. Payments made under operating leases were recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor:

Chartwell determined that when it acts as a lessor, its leases do not transfer substantially all of the risks and rewards incidental to ownership of the underlying assets and as a result they were classified as operating leases. Lease payments received under operating leases were recognized on a straight line basis over the lease term as part of resident revenue.

(n) IFRS amendments adopted in 2019:

(i) IFRS 16:

Chartwell adopted IFRS 16, which replaced IAS 17 using the modified retrospective approach, beginning on January 1, 2019, the mandatory effective date. The new standard requires a lessee to recognize in the statement of financial position: a liability for future lease payments (the "lease liabilities") and an asset for the right to use the underlying leased asset during the lease term ("right of use assets").

Chartwell recognized the initial effect of applying IFRS 16 as an adjustment to the balance sheet at January 1, 2019 (the date of initial application). There was no impact on unitholders' equity at the date of initial application. Comparative information has not been restated and continues to be reported in accordance with the standards and accounting policies in effect prior to January 1, 2019.

The adoption of IFRS 16 at January 1, 2019, resulted in the recognition of right of use assets of \$18,402 related to land leases, office leases, below market leases and capital leases and \$12,744 in lease liabilities. Included in the above are right of use assets of \$1,553 and lease liabilities of \$1,451 previously accounted for as capital leases, and right of use assets of \$5,661 previously accounted for as below market leases under IAS 17, which continue to be recorded at their carrying amounts immediately prior to the adoption of IFRS 16 as measured by applying IAS 17.

For leases previously classified as operating leases, lease liabilities were measured at the present value of the remaining lease payments, discounted using Chartwell's incremental borrowing rate at January 1, 2019, which was a weighted average rate of 3.8%.

At the date of initial application, Chartwell did not reassess whether a contract contained a lease, instead applying IFRS 16 only to contracts that were previously identified as leases. Chartwell has elected not to recognize right of use assets and liabilities for short term leases that have a lease term of twelve months or shorter and low value leases with a value lower than five thousand dollars. Payments associated with these leases are recognized as expense on a straight line basis over the term of the lease.

Chartwell relied on its assessment of whether leases were onerous as at January 1, 2019 and did not test right of use assets for impairment at the date of initial application and excluded initial direct costs when measuring right of use assets at January 1, 2019. Chartwell did not separate the non lease components from the lease components for office leases and certain equipment leases.

(ii) IFRIC Interpretation 23, Uncertainty over Income Tax Treatments ("IFRIC 23"):

Chartwell adopted IFRIC 23, beginning on January 1, 2019, the mandatory effective date with no material impact to the financial statements.

IFRIC 23 requires (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

(iii) Annual Improvements to IFRS Standards (2015 2017) Cycle:

Chartwell adopted the following amendments to three standards on January 1, 2019, the mandatory effective date with no material impact on the financial statements:

- IFRS 3, Business Combinations ("IFRS 3"), and IFRS 11, Joint Arrangements ("IFRS 11") to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12, Income Taxes to clarify that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits i.e. in profit or loss, other comprehensive or equity; and
- IAS 23, Borrowing Costs to clarify that specific borrowings i.e. funds borrowed specifically to finance the construction of a qualifying asset should be transferred to the general borrowings pool once the construction of the qualifying asset has been

completed. The amendments also clarify that an entity includes funds borrowed specifically to obtain an asset other than a qualifying asset as part of general borrowings.

(o) IFRS standards and amendments issued but not yet effective:

On October 22, 2018, the IASB issued amendments to IFRS 3 that seek to clarify whether a transaction is to be accounted for as an asset acquisition or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

Chartwell intends to adopt the amendments in its consolidated financial statements beginning on January 1, 2020, when the standard becomes effective. Chartwell expects no material impact of this standard on its consolidated financial statements.

4. Acquisitions

(a) Acquisitions during the year ended December 31, 2019:

On December 11, 2019, Chartwell executed on the forward purchase agreement that was entered into on April 23, 2018 to acquire a 100% interest in Chartwell Emerald Hills Retirement Residence (256 suites) located in Edmonton, Alberta for a contractual purchase price of \$120,000. The vendor has provided Chartwell with an income guarantee of up to \$7,500 for a two year period if operating results fall below certain threshold amounts. The acquisition was accounted for as an asset acquisition and acquisition related costs of \$843 incurred by Chartwell have been capitalized to PP&E.

The following table summarizes the allocation of purchase price to each major category of net assets acquired at the date of the acquisition and the major categories of consideration transferred.

	December 11, 2019
Date of acquisition	December 11, 2019
Segment	Retirement Operations
Location	Province of Alberta
Number of properties (suites)	1 (256 suites)
PP&E	\$ 114,482
Income guarantee receivable (1)	6,361
Working capital adjustments	(947)
Net assets acquired	\$ 119,896
Considerations transferred:	
Cash transferred to the seller	\$ 119,053
Acquisition related costs incurred	843
Total consideration including transaction costs	\$ 119,896

(1) Represents the present value of income guarantee receivable calculated based on the budget.

On January 31, 2019, Chartwell acquired the remaining interest in Clair Hills Retirement Residence (120 suites), ("Clair Hills") for a purchase price of \$9,195. On February 1, 2019, Chartwell acquired the remaining interest in Oak Ridges Retirement Residence (129 suites), ("Oak Ridges") for a purchase price of \$324. Previously, Chartwell accounted for its interests in these properties as investments in joint ventures (note 11). Upon completion of these transactions, Chartwell owns a 100% interest in the properties. Since these acquisitions were completed in steps, immediately before the acquisition, Chartwell remeasured its original interests to fair value. The remeasurement has resulted in an increase in value of \$37,859 which has been recognized as a gain in other income in the consolidated statement of net income and comprehensive income. Chartwell incurred acquisition related costs of \$592 which have been expensed in the consolidated statement of net income and comprehensive income for 2019. Clair Hills has contributed revenue of \$7,235 and net loss of \$267 since acquisition. Oak Ridges has contributed revenue of \$6,563 and net loss of \$1,106 since acquisition.

The following table summarizes the allocation of purchase price to each major category of assets and liabilities assumed at the date of the acquisition and the major categories of consideration transferred. The acquisitions were accounted for as business combinations under IFRS 3.

Date of acquisition	January 31, 2019	February 1, 2019			
Segment	Retirement Operations				
Location	Province of Ontario	Province of Ontario		Step accounting	
Number of properties (suites)	1 (120 suites)	1 (129 suites)	Subtotal	adjustments	Total
PP&E	\$ 9,195	\$ 324	\$ 9,519	\$ 101,481	\$ 111,000
Net assets acquired	\$ 9,195	\$ 324	\$ 9,519	\$ 101,481	\$ 111,000
Cash consideration	\$ 9,195	\$ 324	\$ 9,519	\$	\$ 9,519
Mortgage assumed				57,417	57,417
Fair value of previously held interest				44,064	44,064
	\$ 9,195	\$ 324	\$ 9,519	\$ 101,481	\$ 111,000

(b) Acquisitions during the year ended December 31, 2018:

The following table summarizes the allocation of the purchase price to each major category of assets acquired and liabilities assumed at the date of acquisition and the major categories of consideration transferred. The acquisitions were accounted for as business combinations under IFRS 3:

Date of acquisition	April 23, 2018	June 1, 2018	Total
Segment	Retirement Operations		
Location	Province of Alberta	Province of Alberta	
Number of properties (suites)	4 (775 suites)	1 (104 suites)	
PP&E	\$ 295,776	\$ 20,000	\$ 315,776
Net assets acquired	\$ 295,776	\$ 20,000	\$ 315,776
Cash consideration	\$ 196,724	\$ 20,000	\$ 216,724
Mortgage assumed	100,676		100,676
Income guarantee receivable (note 9)	(1,624)		(1,624)
Total consideration transferred	\$ 295,776	\$ 20,000	\$ 315,776

On April 23, 2018, Chartwell acquired a 100% interest in a portfolio of four properties in Alberta totaling 775 suites. The purchase price before working capital adjustments and closing costs was \$297,400 and was settled through the assumption of mortgages and cash. The vendor has provided Chartwell with an income support guarantee of up to \$1,624 on one property if operating results fall below certain threshold amounts.

On June 1, 2018, Chartwell acquired a 100% interest in a 104 suite retirement residence located in Edmonton, Alberta. The purchase price before working capital adjustments and closing costs was \$20,000 and was settled in cash.

5. Property, Plant and Equipment

	Land	Buildings	Furniture, fixtures and equipment	Properties under development	Land held for development	Total
Cost						
Balance, December 31, 2017	\$ 299,752	\$ 2,795,475	\$ 121,985	\$ 91,448	\$ 22,727	\$ 3,331,387
Additions		64,318	13,835	132,454	6,125	216,732
Additions through business combinations (note 4)	16,268	293,160	6,348			315,776
Disposals	(6,434)	(20,315)	(1,217)			(27,966)
Derecognition		(74,338)	(1,013)			(75,351)
Transfers	804	24,113	3,030	(30,354)	(8,825)	(11,232)
Balance, December 31, 2018	310,390	3,082,413	142,968	193,548	20,027	3,749,346
Recognition of right of use assets upon adoption of IFRS 16	7,840	898			2,450	11,188
Additions		81,507	9,859	92,470	3,500	187,336
Additions through acquisitions (note 4)	15,765	205,097	4,620			225,482
Disposals	(2,597)	(26,720)	(957)			(30,274)
Derecognition		(63,555)	(522)			(64,077)
Transfers	14,293	117,510	5,098	(133,401)	(3,500)	(12,055)
Transfers to assets held for sale	(2,143)	(7,332)	(2,327)		(253)	(12,055)
Balance, December 31, 2019	\$ 343,548	\$ 3,389,818	\$ 158,739	\$ 152,617	\$ 22,224	\$ 4,066,946
Accumulated depreciation and impairment losses						
Balance, December 31, 2017	\$	\$ 491,993	\$ 74,784	\$	\$	\$ 566,777
Depreciation		151,301	19,287			170,588
Disposals		(5,380)	(1,034)			(6,414)
Derecognition		(74,338)	(1,013)			(75,351)
Balance, December 31, 2018		563,576	92,024			655,600
Depreciation of right of use assets	172	115			83	370
Depreciation		157,185	20,895			178,080
Disposals		(9,346)	(786)			(10,132)
Derecognition		(63,555)	(522)			(64,077)
Impairment		46,974				46,974
Loss due to water damage		2,803	98			2,901
Transfers to assets held for sale		(3,389)	(1,561)			(4,950)
Balance, December 31, 2019	\$ 172	\$ 694,363	\$ 110,148	\$	\$ 83	\$ 804,766
Carrying amounts						
Balance, December 31, 2018	\$ 310,390	\$ 2,518,837	\$ 50,944	\$ 193,548	\$ 20,027	\$ 3,093,746
Balance, December 31, 2019	343,376	2,695,455	48,591	152,617	22,141	3,262,180

Chartwell adopted IFRS 16 effective January 1, 2019 using the modified retrospective approach resulting in the capitalization of land leases and office leases which are included under the components of PP&E. The adoption of IFRS 16 did not result in changes to the measurement of leases previously accounted for as capital leases and below market leases under IAS 17. Capital leases are included in the furniture, fixtures and equipment component and below market leases are included in the building component of PP&E.

The following table summarize the right of use assets included in PP&E at January 1, 2019 and at December 31, 2019:

Right of use assets	Land ⁽¹⁾	Buildings ⁽²⁾	Furniture, fixtures and equipment	Land held for development	Total
December 31, 2018	\$	\$ 5,661	\$ 1,553	\$ 2,450	\$ 7,214
Newly recognized assets	7,840	898		2,450	11,188
Balance, January 1, 2019	7,840	6,559	1,553	2,450	18,402
Additions		223	634		857
Depreciation newly recognized assets	(172)	(115)		(83)	(370)
Depreciation additions		(11)			(11)
Depreciation below market leases and capital leases		(184)	(771)		(955)
Balance, December 31, 2019	\$ 7,668	\$ 6,472	\$ 1,416	\$ 2,367	\$ 17,923

(1) Relates to land leases

(2) Relates to office leases

During the twelve months ended December 31, 2019, four properties including an extension to one property (2018 one property) were transferred from properties under development to other components of PP&E upon commencement of operations.

On May 31, 2019, Chartwell completed the sale of a retirement residence located in Ontario for \$750.

On July 12, 2019, Chartwell completed the sale of a retirement residence located in Quebec for \$10,500.

On November 29, 2019, Chartwell acquired vacant land in Edmonton, Alberta for \$3,500. The purchase price was settled in cash and the land is included in properties under development.

On December 9, 2019, Chartwell completed the sale of its 85% interest in a medical office building located in Quebec for \$9,137.

During the year ended December 31, 2019, Chartwell capitalized \$4,986 (2018 \$5,218) of borrowing costs related to development projects under construction at an average interest rate of 3.78% (2018 3.85%).

As at December 31, 2019, four long term care residences located in Ontario were classified as held for sale (note 18).

Chartwell completes regular assessments of PP&E to determine if any events have occurred that would indicate possible impairment of PP&E. Impairment provision of \$46,974 was recorded on seven properties in Ontario and Quebec for the year ended December 31, 2019 (2018 nil) (note 26).

During the year ended December 31, 2019, one vacant land for \$3,500 was transferred from land held for development to properties under development (2018 \$8,825).

Since January 1, 2010, the cost and accumulated depreciation of PP&E has been reduced by \$234,009 (December 31, 2018 \$218,624) to remove fully amortized value of resident contracts.

On January 15, 2018, Chartwell disposed of vacant land in Nanaimo, British Columbia; with a net book value of \$2,462.

On February 6, 2018, Chartwell disposed of three properties in Quebec, with a net book value of \$17,570.

On March 7, 2018, Chartwell acquired vacant land in Oshawa, Ontario for \$6,000. The purchase price was settled in cash and is included in properties under development.

On May 11, 2018, Chartwell disposed of a property in Quebec, with a net book value of \$10,809; which was classified as held for sale at December 31, 2017.

On September 26, 2018, Chartwell acquired 90% interest in vacant land in Pickering, Ontario for \$5,508. The purchase price was settled in cash and is included in properties under development.

On September 27, 2018, Chartwell acquired vacant land in Calgary, Alberta for \$5,750. The purchase price was settled in cash and is included in properties under development.

6. Intangible Assets

	Goodwill	Licenses	Software ⁽¹⁾	Total
Cost				
Balance, December 31, 2017	\$ 9,233	\$ 44,334	\$ 12,280	\$ 65,847
Additions			8	8
Disposals			(14)	(14)
Derecognition			(395)	(395)
Transfers			11,232	11,232
Balance, December 31, 2018	9,233	44,334	23,111	76,678
Additions			14,720	14,720
Disposals			(31)	(31)
Derecognition			(149)	(149)
Transfers to assets held for sale		(2,990)	(98)	(3,088)
Balance, December 31, 2019	\$ 9,233	\$ 41,344	\$ 37,553	\$ 88,130
Accumulated amortization and impairment losses				
Balance, December 31, 2017	\$	\$	\$ 9,813	\$ 9,813
Disposals			(14)	(14)
Derecognition			(395)	(395)
Amortization			1,767	1,767
Balance, December 31, 2018			11,171	11,171
Disposals			(14)	(14)
Derecognition			(149)	(149)
Amortization			2,072	2,072
Transfers to assets held for sale			(53)	(53)
Balance, December 31, 2019	\$	\$	\$ 13,027	\$ 13,027
Carrying amounts				
Balance, December 31, 2018	\$ 9,233	\$ 44,334	\$ 11,940	\$ 65,507
Balance, December 31, 2019	9,233	41,344	24,526	75,103

⁽¹⁾The 2019 balance includes \$ 20,937 (2018 \$8,385) in software under development.

Chartwell completed its annual impairment assessment of the carrying value of licenses and goodwill which are classified as intangible assets with indefinite useful lives. The impairment assessment on the carrying value of licenses was completed in November for the years ended December 31, 2019 and 2018 and, for goodwill, the impairment assessment was completed in December for the years ended December 31, 2019 and 2018. These intangible assets do not generate cash inflows that are largely independent of those of other assets and Chartwell completed the assessment of the recoverable amount of these intangible assets by comparing the fair value less costs of disposal of the related CGUs containing these intangible assets determined using the direct capitalization method, to their carrying values. The direct capitalization method divides the estimated stabilized net operating income by an appropriate market capitalization rate. The key assumptions used in the impairment assessment include capitalization rates ranging from 7% - 12% for licenses and for goodwill, the capitalization rates used ranged from 6.25% - 6.65%. The capitalization rates used were derived from a combination of third party information and the observation of industry trends. Chartwell determined that the fair value less costs of disposal exceeded the carrying value of the CGUs for the years ended December 31, 2019 and 2018.

7. Capital Funding Receivable

The following table summarizes the capital funding receivable activity:

	2019	2018
Opening Balance	\$ 48,531	\$ 54,511
Capital funding applied to receivable	(6,317)	(5,980)
Closing Balance	\$ 42,214	\$ 48,531
Current	\$ 6,672	\$ 6,317
Non current	35,542	42,214
	\$ 42,214	\$ 48,531

The capital funding receivable of \$42,214 (2018 \$48,531) represents the present value of the funding receivable from the Government of Ontario in respect of 15 long term care properties. The weighted average remaining term of this funding is approximately 6.2 years. The discount rate used on the receivables above is based on applicable Ontario Government Bond Rates. The receipt of funding for the remaining terms of the agreements is subject to the condition that the homes continue to operate as long term care communities for the remaining period. During 2019, capital funding receipts amounted to \$8,555 (2018 \$8,555) of which \$2,238 (2018 \$2,575) was recorded as interest income and \$6,317 (2018 \$5,980) as a reduction of capital funding receivable.

8. Leases

As at December 31, 2019, Chartwell has right of use assets in respect of leases totalling \$17,923 with remaining lease terms ranging from 2 to 59 years (note 5). Lease obligations related to these right of use assets totalled \$12,687 of which \$1,022 was classified current and \$11,665 classified non current as at December 31, 2019. Chartwell generally does not include purchase, extension or termination options in its leases, other than extension options for land leases that support properties with lengthy useful lives.

The following table details the contractual undiscounted cash flow on the lease payments for the right of use assets:

Less than one year	\$ 1,032
One to five years	3,929
More than five years	22,281
Total⁽¹⁾	\$ 27,242

⁽¹⁾ Includes three land leases with cumulative required undiscounted cash payments of \$24,567 which mature between 2044 and 2079.

9. Other Assets

	2019	2018
Prepaid expenses and deposits	\$ 7,701	\$ 7,672
Restricted cash	1,168	1,147
Other assets	13,892	9,604
	\$ 22,761	\$ 18,423
Current	\$ 20,451	\$ 16,006
Non current	2,310	2,417
	\$ 22,761	\$ 18,423

Other assets include receivables of \$7,184 recorded at their fair value, related to income guarantees provided by vendors of certain acquired properties (2018 \$2,619). Income guarantees are considered Level 3 in the fair value hierarchy. Fair value is determined by discounting the applicable expected future income from these properties. As a result, the fair value of the income guarantees is based on level 3 inputs. For the year ended December 31, 2019, \$2,142 (2018 \$2,383) of income guarantees were collected. Chartwell recorded an income guarantee of \$6,361 related to an acquisition in Edmonton, Alberta (note 4).

10. Loans receivable

	2019	2018
Current	\$ 6,753	\$ 494
Non current	11,978	14,411
	\$ 18,731	\$ 14,905

On January 28, 2019, Chartwell advanced a loan of \$3,826 for development of a 368 suite retirement residence in Longueuil, Quebec.

Loans are due from Batimo, mature between 2020 and 2024, bear interest at rates ranging from 8% to 10%, and are secured by first and second charges on Batimo's interests in certain operating and development seniors' housing projects and vacant land, as well as by Batimo's corporate guarantee and contain certain cross collateralization and cross default provisions.

Loans receivable are measured at FVTPL and are considered Level 3 in the fair value hierarchy.

11. Joint Arrangements

As at December 31, 2019, the following are Chartwell's joint arrangements:

Joint arrangements	Number of properties	Location	Chartwell ownership	Consolidation type
Chartwell Welltower Landlord ⁽¹⁾	37	Canada	50%	Joint operation
Chartwell Welltower Operator ⁽¹⁾	37	Canada	50%	Joint venture ⁽²⁾
Batimo	3	Canada	85%	Joint operation
Chartwell Oakville Retirement Residence	1	Canada	50%	Joint venture ⁽²⁾
Chartwell Constantia Retirement Residence	1	Canada	50%	Joint venture ⁽²⁾
Chartwell Riverside Retirement Residence	1	Canada	50%	Joint operation
Chartwell Churchill House Retirement Residence	1	Canada	50%	Joint operation
The Sumach by Chartwell	1	Canada	45%	Joint operation
Kingsbridge Retirement Community	1	Canada	60%	Joint venture ⁽²⁾
Pickering Project ⁽³⁾	1	Canada	90%	Joint operation

⁽¹⁾Chartwell directly holds its interest in real estate while its interest in operations is held through separate legal entities.

⁽²⁾These joint arrangements have been structured through separate legal vehicles.

⁽³⁾Properties under development.

Chartwell has entered into joint arrangements in respect of certain of its seniors housing operations, as detailed in the table above. These joint arrangements are consistent with Chartwell's strategy by allowing a presence in markets or properties Chartwell otherwise would not have had access to. There are risks which arise from the joint arrangements, including: the willingness of the other partners to contribute or withdraw funds; a change in creditworthiness of the partner; the risk that the other partners may exercise buy sell, put or other sale or purchase rights which could obligate Chartwell to sell its interest or buy the other partners' interest at a price which may not be favourable to Chartwell or at a time which may not be advantageous to Chartwell, the effect of which could be materially adverse to Chartwell's financial position or resources.

(a) At December 31, 2019, Chartwell has an interest in a number of joint operations, which have been accounted for under the proportionate consolidation method. The following is the summarized financial information in respect of the interests in these joint operations, which is included line by line in the consolidated financial statements at Chartwell's share:

	2019	2018
Current assets	\$ 21,223	\$ 19,534
Non current assets	483,676	537,257
Total assets	\$ 504,899	\$ 556,791
Current liabilities	\$ 40,759	\$ 39,637
Non current liabilities	331,780	368,352
Total liabilities	\$ 372,539	\$ 407,989
Total revenue	\$ 60,044	\$ 57,415
Total expenses	\$ (48,271)	\$ (39,954)

- (b) The following tables summarize the information about Chartwell's investment in joint ventures, which have been accounted for under the equity method, excluding lease assets and related lease obligations. During 2019 Chartwell acquired the remaining interest in Clair Hills and Oak Ridges Retirement Residence, which had previously been accounted for as investments in joint ventures (note 4).

	2019	2018
Contributions to joint ventures	\$ 2,279	\$ 28,057
Distributions received from joint ventures ⁽¹⁾	20,275	32,238

⁽¹⁾Includes non cash distribution of \$16,000

	2019	2018
Cash and cash equivalents	\$ 4,964	\$ 10,328
Trade and other receivables	13,144	8,830
Other assets	2,230	2,237
Current assets	20,338	21,395
PP&E and intangible assets	58,500	113,780
Total assets	\$ 78,838	\$ 135,175
Accounts payable and other liabilities	\$ 10,761	\$ 1,943
Mortgages payable current	341	1,099
Current liabilities	11,102	3,042
Mortgages payable non current	48,413	97,268
Total liabilities	\$ 59,515	\$ 100,310
Net investment in joint ventures	\$ 19,323	\$ 34,865

	2019	2018
Revenue	\$ 116,784	\$ 125,483
Direct property operating expense	(70,322)	(76,831)
Lease expense	(39,444)	(37,833)
Finance cost	(1,625)	(2,017)
Depreciation of PPE	(2,865)	(6,622)
Change in fair value of financial instruments and foreign exchange gains (losses)	(77)	(671)
Other income (expense)	2	(27)
Chartwell's share of net income from joint ventures	\$ 2,453	\$ 1,482

Related party transactions occur between Chartwell and its joint ventures. These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Except as disclosed elsewhere in these consolidated financial statements, the related party balances are included in accounts payable and receivable, and in management fee revenue, as applicable. As of December 31, 2019, \$526 (2018 \$221) of Chartwell's accounts receivable and \$13,005 (2018 \$8,926) of Chartwell's accounts payable relate to its investment in joint ventures. For the year ended December 31, 2019, \$6,730 (2018 \$7,456) of Chartwell's management fees were related to its investment in joint ventures.

Chartwell and Welltower (referred to as the "landlords") each owns a 50% direct beneficial interest in the real estate assets and are obligated for the related mortgages for a portfolio of 37 properties, which under IFRS 11, are accounted for as joint operations. Chartwell's 50% interest in the operations of these properties is held through separate legal entities (collectively referred to as "Chartwell Welltower Operator"), which under IFRS 11 are accounted for as joint ventures using the equity method.

Chartwell Welltower Operator has leased the real estate from the landlords under their respective lease agreements. The terms of these leases are for three year periods, with automatic renewals as long as the joint arrangement between Chartwell and Welltower is still in effect. As a result, Chartwell's 50% share of the landlords' lease receipts, \$39,444 for the year ended December 31, 2019 (2018 \$37,833), is reported as lease revenue and is included in lease revenue from joint ventures. Chartwell Welltower Operator lease expense is included in the share of net income from joint ventures.

12. Mortgages Payable

	2019	2018
Mortgage principal balance	\$ 1,975,089	\$ 1,836,904
Mark to market adjustments on assumed mortgages	9,389	12,460
Financing costs	(43,800)	(37,030)
	\$ 1,940,678	\$ 1,812,334
Current	\$ 206,617	\$ 183,649
Non current	1,734,061	1,628,685
	\$ 1,940,678	\$ 1,812,334

Mortgages payable are secured by first and second charges on specific properties and are measured at amortized cost. For more information about Chartwell's exposure to interest rates and liquidity risks, see note 22.

The mortgages payable as at December 31, 2019 are as follows:

	Regular principal payments	Principal due on maturity	Total debt	% of total debt
2020	\$ 73,284	\$ 132,998	\$ 206,282	10
2021	71,586	203,916	275,502	14
2022	67,589	227,920	295,509	15
2023	61,548	67,129	128,677	7
2024	51,841	165,242	217,083	11
2025	45,822	59,178	105,000	5
2026	44,362	37,235	81,597	4
2027	41,765	63,176	104,941	5
2028	44,547	180,955	225,502	11
2029	28,301	99,064	127,365	6
2030	23,154		23,154	1
2031	21,814	9,490	31,304	2
2032	20,657	14,978	35,635	2
2033	19,638	31,224	50,862	3
Thereafter	40,358	26,318	66,676	4
	\$ 656,266	\$ 1,318,823	\$ 1,975,089	100

	2019	2018
Mortgages at fixed rates:		
Mortgages (principal)	\$1,920,778	\$1,805,176
Interest rates	1.90% to 7.85%	1.90% to 7.85%
Weighted average interest rate	3.68%	3.80%
Mortgages at variable rates:		
Mortgages (principal)	\$54,311	\$31,728
Interest rates	Bankers' acceptance plus 0.975% to Bankers' acceptance plus 1.65%	Bankers' acceptance plus 1.55% to prime plus 2.10%
Weighted average interest rate	3.52%	4.10%
Blended weighted average rate	3.68%	3.80%

Included in mortgages at fixed rates above, are mortgages totaling \$126,818 (2018 \$166,432) with interest rates fixed through interest rate swap contracts with an equivalent notional value, maturing between 2020 and 2021. The swaps have a fair value liability of \$509 (2018 \$694) included in accounts payable and other accrued liabilities and fair value asset of \$328 (2018 \$1,483) included in trade and other receivables. The swaps are considered Level 2 in the fair value hierarchy.

13. Credit Facilities

The following tables summarize certain details of Chartwell's revolving credit facility as at December 31, 2019 and December 31, 2018:

December 31, 2019:

	Maximum capacity	Available capacity ⁽¹⁾	Principal amounts outstanding	Utilized for letters of credit	Available to be drawn	Maturity date
Secured credit facility	\$ 300,000	\$ 300,000	\$	\$ (8,219)	\$ 291,781	May 29, 2024
Unsecured credit facility	100,000	100,000			100,000	May 29, 2024
Total	\$ 400,000	\$ 400,000	\$	\$ (8,219)	\$ 391,781	

⁽¹⁾ Formula based calculation per the credit facility agreement.

December 31, 2018:

	Maximum capacity	Available capacity ⁽¹⁾	Principal amounts outstanding	Utilized for letters of credit	Available to be drawn	Maturity date
Secured credit facility	\$ 300,000	\$ 291,765	\$	\$ (5,998)	\$ 285,767	May 29, 2021
Unsecured credit facility	100,000	100,000			100,000	May 29, 2021
Total	\$ 400,000	\$ 391,765	\$	\$ (5,998)	\$ 385,767	

⁽¹⁾ Formula based calculation per the credit facility agreement.

On May 10, 2019, Chartwell entered into an amending agreement with its syndicate lenders to extend maturity of the \$300,000 secured facility and \$100,000 unsecured credit facility to May 29, 2024.

The amounts outstanding on the secured credit facility bear interest at the bank's prime rate plus 0.65% or banker's acceptance rate plus 1.65% based on Chartwell's current credit rating. The secured credit facility is secured by second ranked charges on specific properties and is subject to various financial covenants including among others, minimum equity requirements and limitations on entering into certain investments and on the amount of cash distributions that can be paid to unitholders.

The amounts outstanding on the unsecured credit facility bear interest at the bank's prime rate plus 0.70% or banker's acceptance rate plus 1.70% based on Chartwell's current credit rating. The unsecured credit facility is subject to various financial covenants including among others, minimum equity requirements, minimum unencumbered asset ratio, limitations on entering into certain investments and on the amount of cash distributions that can be paid to unitholders and limitation on the amount of secured indebtedness.

14. Unsecured Term Loan

On December 10, 2019 Chartwell entered into \$125,000 unsecured term loan agreement with a Canadian chartered bank. The loan matures on May 31, 2024 and through an interest rate swap, bears a fixed interest rate of 3.523%.

	Outstanding principal	Financing costs, net	Carrying value	Maturity date
Unsecured term loan	\$ 125,000	\$ (303)	\$ 124,697	May 31, 2024

Under the terms of the unsecured term loan, Chartwell is required to meet certain financial covenants. These covenants among others include restrictions on certain investments, minimum equity requirement, required interest coverage ratio, leverage ratio, indebtedness percentage ratio, unencumbered asset ratio and debt service coverage ratio.

15. Senior Unsecured Debentures

The following tables detail the outstanding principal amounts and the carrying value of Chartwell's senior unsecured debentures at December 31, 2019 and at December 31, 2018:

December 31, 2019:

	Date issued	Outstanding principal	Financing costs, net	Carrying value	Redemption date ⁽¹⁾	Due date
3.786% Series A	June 9, 2017	\$ 200,000	\$ (952)	\$ 199,048	October 11, 2023	December 11, 2023
4.211% Series B	April 27, 2018	150,000	(754)	149,246	February 25, 2025	April 28, 2025
Total		\$ 350,000	\$ (1,706)	\$ 348,294		

⁽¹⁾The debentures are redeemable at the option of Chartwell, at any time, subject to a yield maintenance payment if such redemption is prior to the redemption date.

December 31, 2018:

	Date issued	Outstanding principal	Financing costs, net	Carrying value	Redemption date ⁽¹⁾	Due date
3.786% Series A	June 9, 2017	\$ 200,000	\$ (1,195)	\$ 198,805	October 11, 2023	December 11, 2023
4.211% Series B	April 27, 2018	150,000	(922)	149,078	February 25, 2025	April 28, 2025
Total		\$ 350,000	\$ (2,117)	\$ 347,883		

⁽¹⁾The debentures are redeemable at the option of Chartwell, at any time, subject to a yield maintenance payment if such redemption is prior to the redemption date.

Under the terms of the indentures, Chartwell is required to meet certain financial covenants. These covenants include required interest coverage ratio, indebtedness percentage ratio and unencumbered asset ratio.

16. Accounts Payable and Other Liabilities

	Note	2019	2018
Accounts payable and accrued liabilities		\$ 137,171	\$ 144,281
Resident deposits		3,751	3,500
Deferred revenue		693	1,505
Deferred Trust Units	(a)	15,038	13,313
Restricted Trust Units	(b)	3,710	4,755
EUPP option component	(c)	9,992	10,398
		\$ 170,355	\$ 177,752

(a) DTU Plan:

Chartwell provides a DTU Plan for its independent directors. The plan entitles directors, at their option, to receive all, 75%, 50% or 25% of their directors' fees in the form of DTU. Chartwell matches, on a one on one basis, the number of Trust Units elected to be received by directors. The number awarded is based on the fair market value of Chartwell Trust Units, as defined in the plan, on the award date.

The DTUs earn additional DTUs related to distributions that would otherwise have been paid if Trust Units, as opposed to DTUs, had been issued on the date of the grant. The number of DTUs issued in regard to distributions is based on the fair market value of Trust Units, as defined in the plan, on the date distributions are paid. DTUs cannot be distributed to the directors until after they retire from the board.

As described in note 3(j)(iii), the value of issued units is recorded as a liability on the consolidated balance sheets. DTU values are initially calculated based on the grant date fair value. Fair value is determined using the market prices for listed Trust Units since there is a one for one conversion feature. The liability is remeasured to fair value at each reporting date until the liability is settled. The liability is released after settlement upon retirement of the director. The market price of Trust Units as at December 31, 2019 was \$13.90 (2018 \$13.67). The following table summarizes the DTU activity:

	Units outstanding	Amount
Balance, December 31, 2017	872,599	\$ 14,186
Units granted	65,830	975
Change in fair value and distributions	35,634	(1,848)
Balance, December 31, 2018	974,063	13,313
Units granted	66,632	986
Change in fair value and distributions	41,172	739
Balance, December 31, 2019	1,081,867	\$ 15,038

The non cash compensation expense attributable to DTUs granted of \$986 for the year ended December 31, 2019 (2018 \$975) is included in general, administrative and trust expenses.

(b) RTU Plan:

Under the terms of the RTU Plan, qualified employees are granted notional Trust Units on an annual basis which will vest three years after the date of any grant and will be paid out in cash ("RTU payout"). The notional Trust Units earn additional notional Trust Units related to distributions that would otherwise have been paid if Trust Units had been issued on the date of the grant. The number of notional Trust Units issued in regard to distributions is based on the fair market value of Trust Units, as defined in the plan, on the date distributions are paid. The value of outstanding RTUs is recognized as compensation expense over the vesting period, with the corresponding amount recorded as a liability on the consolidated balance sheets. The liability is remeasured to fair value at each reporting date until the liability is settled. The amount of RTU payout to certain participants is also dependent on the extent to which Chartwell has achieved certain targets over a three-year period subject to certain conditions.

During the year ended December 31, 2019, 271,678 notional Trust Units were granted (2018 247,225), 14,961 notional Trust units were cancelled (2018 17,908), 28,366 notional Trust units were issued in regard to distributions (2018 25,106), and 206,618 notional Trust units vested and were paid out (2018 204,433). At December 31, 2019, 654,650 notional Trust Units remained outstanding (2018 576,185).

The compensation expense attributable to the RTU Plan of \$2,933 for the year ended December 31, 2019 (2018 \$1,982) is included in general, administrative and trust expenses.

(c) EUPP option component:

The description of the EUPP is included in note 20(b). The fair value of the EUPP option component is recognized as an expense with a corresponding increase in liability over the employee service period. The liability is remeasured at each reporting date and at settlement date. Any change in liability is recognized in profit and loss.

The fair value of the EUPP option component is measured using the Monte Carlo simulation method. The following table summarizes the assumptions used to determine the fair value of the EUPP option component:

	2019		2018	
Expected volatility	13.53%	18.53%	20.23%	25.23%
Risk free rate	2.05%	2.25%	2.32%	2.60%
Distribution yield	4.60%	5.28%	4.61%	5.18%

17. Reconciliation of Changes in Liabilities Arising from Financing Activities

	Mortgages payable	Unsecured term loan	Senior unsecured debentures	Total
Balance, December 31, 2017	\$ 1,614,332	\$	\$ 198,593	\$ 1,812,925
Proceeds from financing	239,220		150,000	389,220
Repayments	(69,110)			(69,110)
Scheduled principal payments	(63,833)			(63,833)
Financing costs paid ⁽¹⁾	(9,462)		(1,085)	(10,547)
Assumed on acquisition	100,676			100,676
Amortization of financing costs and mark to market adjustments on assumed mortgages ⁽¹⁾	511		375	886
Balance, December 31, 2018	1,812,334		347,883	2,160,217
Proceeds from financing	259,933	125,000		384,933
Repayments	(108,183)			(108,183)
Scheduled principal payments	(70,963)			(70,963)
Financing costs paid ⁽¹⁾	(11,066)	(303)		(11,369)
Assumed on acquisition	57,417			57,417
Amortization of financing costs and mark to market adjustments on assumed mortgages ⁽¹⁾	1,206		411	1,617
Balance, December 31, 2019	\$ 1,940,678	\$ 124,697	\$ 348,294	\$ 2,413,669

⁽¹⁾Mortgages payable includes credit facilities related costs of \$1,531 (2018 \$496) in relation to financing costs paid and \$762 (2018 \$857) in relation to amortization of financing costs.

18. Asset Held for Sale and Related Liabilities

As at December 31, 2019, management is committed to a plan to sell four long term care residences located in Ontario. The sale of these long term care residences is expected to be completed in early 2020.

The following table summarizes the significant assets held for sale and related liabilities at December 31, 2019:

	2019	2018
Assets:		
Cash and cash equivalents	\$ 5	\$
Trade and other receivables	256	
Other assets	75	
PP&E and intangibles, net	10,140	
	\$ 10,476	\$
Liabilities:		
Accounts payable and other liabilities	\$ 2,529	\$

19. Class B Units

Class B Units are exchangeable, at the option of the holder, into Trust Units. Such exchangeable instruments are presented as a liability and are measured at fair value. Fair value is determined by using market prices for listed Trust Units since there is a one for one exchange feature for each Class B Unit into a Trust Unit. Class B Units are considered Level 2 in the fair value hierarchy. The market price of Trust Units at December 31, 2019 was \$13.90 per unit (2018 \$13.67 per unit). At December 31, 2019, 1,597,860 Class B units were outstanding (2018 1,642,738).

Holders of the Class B Units are entitled to receive distributions equal to those provided to holders of Trust Units. These distributions are included in finance costs in the consolidated statements of net income and comprehensive income.

	Units outstanding	Amount
Balance, December 31, 2017	1,648,738	\$ 26,808
Exchange of Class B Units into Trust Units	(6,000)	(87)
Change in fair value		(4,265)
Balance, December 31, 2018	1,642,738	22,456
Exchange of Class B Units into Trust Units	(44,878)	(671)
Change in fair value		425
Balance, December 31, 2019	1,597,860	\$ 22,210

20. Unitholders' Equity and EUPP

(a) Trust Units:

Chartwell is authorized to issue an unlimited number of Trust Units.

Trust Units are redeemable at any time, in whole or in part, on demand by holders. Upon receipt of a redemption notice by Chartwell, all rights to and under Trust Units tendered for redemption shall be surrendered and the holder shall be entitled to receive a price per Trust Unit equal to the lesser of:

- (i) 90% of the "market price" of the units on the principal market on which the units are quoted for trading during the 10 trading day period ending immediately prior to the date on which the units were surrendered for redemption; and
- (ii) 100% of the "closing market price" on the principal market on which the units are listed for trading on the redemption date.

The aggregate redemption price payable by Chartwell in respect of any Trust Units surrendered for redemption during any calendar month shall not exceed \$50 unless waived at the discretion of Trustees and satisfied by way of cash payment in Canadian dollars within 30 days after the end of the calendar month in which the units were tendered for redemption. To the extent the redemption price payable in respect of Trust Units surrendered for redemption exceeds \$50 in any given month, such excess may be satisfied by way of a distribution in species of assets held by Chartwell.

The following Trust Units are issued and outstanding:

	Number of Trust Units	Amount
Balance, December 31, 2017	209,481,633	\$ 2,257,424
Trust Units issued under DRIP	1,460,800	21,253
Trust Units issued in exchange of Class B Units	6,000	87
Trust Units released on settlement of EUPP receivable	43,117	1,090
Issue costs related to Trust Units pursuant to public offering		(267)
Deferred tax asset (note 29)		6,149
Balance, December 31, 2018	210,991,550	2,285,736
Trust Units issued under DRIP	1,880,295	26,937
Trust Units issued in exchange of Class B Units	44,878	671
Trust Units released on settlement of EUPP receivable	138,305	2,736
Other equity related costs		(94)
Deferred tax asset (note 29)		50
Balance, December 31, 2019	213,055,028	\$ 2,316,036

(b) Trust Units issued under EUPP:

Chartwell has established an EUPP, under which the eligible participants may subscribe for Trust Units for a purchase price equal to the weighted average trading price of the units for 20 trading days preceding the date of issuance. Participants are required to pay interest on the unpaid balance of the purchase price at a rate not less than the rate prescribed under the Income Tax Act (Canada) at the time Trust Units under the EUPP are issued. All distributions on Trust Units under the EUPP are applied as payments, first of interest and then toward reduction of the principal of the EUPP receivable. Trust Units issued under the EUPP are held as security for the outstanding EUPP receivable. Participants may prepay the principal at their discretion and receive the Trust Units. If a participant elects to withdraw from the plan without paying the balance of the EUPP receivable in full, Chartwell may elect to sell Trust Units issued under the EUPP in satisfaction of the outstanding EUPP receivable. Chartwell's recourse is limited to Trust Units it holds as security. On May 15, 2014, the EUPP was amended, such that the period for payment for the exercise of terms of the EUPP awards was extended from 10 to 20 years, for EUPP awards issued before April 1, 2014. Subsequent EUPP awards are limited to senior executives, continue to have 10 year terms and vest immediately.

An aggregate of 5,900,890 Trust Units are reserved for issuance pursuant to the EUPP, of which 2,572,950 were available to be issued at December 31, 2019 (2018 2,688,718).

The following table summarizes Trust Units issued under the EUPP:

	Number of Trust Units issued under EUPP	Amount
Balance, December 31, 2017	1,452,089	\$ 16,213
Trust Units issued under EUPP	115,348	1,787
Trust Units surrendered for cancellation under EUPP	(838)	(12)
Trust Units released on settlement of EUPP receivable	(43,117)	(469)
Balance, December 31, 2018	1,523,482	17,519
Trust Units issued under EUPP	115,768	1,727
Trust Units surrendered for cancellation under EUPP		
Trust Units released on settlement of EUPP receivable	(138,305)	(1,322)
Balance, December 31, 2019	1,500,945	\$ 17,924

The non cash compensation expense attributable to the EUPP of \$254 for the year ended December 31, 2019 (2018 \$413) is included in general, administrative and trust expenses with a corresponding amount included in accounts payable and other liabilities (note 16). Trust Units issued under EUPP and EUPP receivable are recorded in unitholders' equity.

(c) DRIP:

Chartwell has established a DRIP for its unitholders, which allows participants to reinvest their monthly cash distributions in additional Trust Units at an effective discount of 3%.

21. Segmented Information

Chartwell monitors and operates its Retirement and Long Term Care properties separately. The Retirement Operations segment includes 164 communities that Chartwell owns and operates in Canada. The retirement communities provide services to residents at rates set by Chartwell based on the services provided and market conditions. The Long Term Care Operations segment represents the 24 long term care communities in Ontario. Admission and funding for the long term care communities is overseen by local government agencies in each province. Where a community provides more than one level of care, it has been designated to a segment according to the predominant level of care, type of licensing and funding and internal management responsibility.

The accounting policies of each of the segments are the same as those for Chartwell, except these segments include Chartwell's proportionate share of its joint ventures. The "Reconciliation" column shows the adjustments to account for these joint ventures using the equity method, as applied in these consolidated financial statements. Certain general, administrative and trust expenses are managed centrally by Chartwell and are not allocable to reportable operating segments. Chartwell has no material inter segment revenue, transfers or expenses.

The measure of segment profit or loss is adjusted net operating income which is resident revenue less direct property operating expenses, including Chartwell's proportionate share of its joint ventures' revenue and direct property operating expenses, respectively.

2019	Retirement Operations	Long Term Care Operations	Segment total	Other ⁽²⁾	Subtotal	Recon ciliation	Total
Revenue:							
Resident Management and other fees	\$ 737,076	\$ 239,609	\$ 976,685	\$ 10,766	\$ 976,685	\$ (116,090)	\$ 860,595
Lease revenue from joint ventures				5,201	5,201	39,444	39,444
Interest income						(694)	4,507
	737,076	239,609	976,685	15,967	992,652	(77,340)	915,312
Expenses (income):							
Direct property operating	(452,385)	(207,953)	(660,338)		(660,338)	70,322	(590,016)
Adjusted net operating income ⁽¹⁾	284,691	31,656	316,347				
Depreciation of PP&E							(178,450)
Amortization of intangible assets							(2,072)
Share of net income from joint ventures							2,453
General, administrative and trust							(43,148)
Other income (expense)							(3,963)
Finance costs							(85,526)
Change in fair values of financial instruments and foreign exchange gains (losses)							(3,314)
							(314,020)
Income before income taxes							11,276
Income tax benefit (expense):							
Current							(10,209)
Deferred							(10,209)
Net income							\$ 1,067
Expenditures for non current assets:							
Acquisition of properties	\$ 225,482	\$	\$ 225,482	\$	\$ 225,482	\$	\$ 225,482
Capital additions	140,397	8,874	149,271	62,455	211,726	(9,670)	202,056

⁽¹⁾Adjusted net operating income represents resident revenue less direct property operating expenses, including Chartwell's proportionate share of its joint ventures' resident revenue and direct property operating expenses.

⁽²⁾Items included under "other" are not monitored at the segment level.

2018	Retirement Operations	Long Term Care Operations	Segment total	Other ⁽²⁾	Subtotal	Recon ciliation	Total
Revenue:							
Resident Management and other fees	\$ 705,021	\$ 234,342	\$ 939,363	\$ 10,708	\$ 939,363	\$ (125,101)	\$ 814,262
Lease revenue from joint ventures					10,708		10,708
Interest income				4,233	4,233	37,833	37,833
	705,021	234,342	939,363	14,941	954,304	(87,650)	866,654
Expenses (income):							
Direct property operating	(431,070)	(203,600)	(634,670)		(634,670)	76,831	(557,839)
Adjusted net operating income ⁽¹⁾	273,951	30,742	304,693				
Depreciation of PP&E							(170,588)
Amortization of intangible assets							(1,767)
Share of net income from joint ventures							1,482
General, administrative and trust							(43,890)
Other income (expense)							12,234
Finance costs							(76,778)
Change in fair values of financial instruments and foreign exchange gains (losses)							8,219
							(271,088)
Income before income taxes							37,727
Income tax benefit (expense):							
Current							(63)
Deferred							(19,145)
							(19,208)
Net income							\$ 18,519

Expenditures for non current assets:							
Acquisition of properties	\$ 315,776	\$	\$ 315,776	\$	\$ 315,776	\$	\$ 315,776
Capital additions	189,183	11,225	200,408	28,581	228,989	(12,257)	216,732

⁽¹⁾Adjusted net operating income represents resident revenue less direct property operating expenses, including Chartwell's proportionate share of its joint ventures' resident revenue and direct property operating expenses.

⁽²⁾Items included under 'Other' are not monitored at the segment level.

2019	Retirement Operations	Long Term Care Operations	Segment total	Other	Subtotal	Recon ciliation	Total
Total assets	\$ 3,163,095	\$ 247,388	\$ 3,410,483	\$ 162,749	\$ 3,573,232	\$ (78,838)	\$ 3,494,394
Total liabilities	\$ 1,928,290	\$ 215,406	\$ 2,143,696	\$ 572,646	\$ 2,716,342	\$ (59,515)	\$ 2,656,827

2018	Retirement Operations	Long Term Care Operations	Segment total	Other	Subtotal	Recon ciliation	Total
Total assets	\$ 3,091,127	\$ 250,564	\$ 3,341,691	\$ 112,332	\$ 3,454,023	\$ (135,175)	\$ 3,318,848
Total liabilities	\$ 1,881,179	\$ 155,051	\$ 2,036,230	\$ 449,408	\$ 2,485,638	\$ (100,310)	\$ 2,385,328

22. Financial Instruments and Financial Risk Management

(a) Carrying values and fair values of financial instruments:

The carrying amounts and fair values of financial instruments, excluding loans receivable, interest rate swaps, liabilities related to Class B Units, and income guarantees which are carried at fair value are shown in the table below. The table below excludes cash and cash equivalents, restricted cash, trade and other receivables, accounts payable and other liabilities, and distributions payable, as the carrying amounts of these assets and liabilities are a reasonable approximation of fair value.

	2019		2018	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities:				
Financial liabilities recorded at amortized cost:				
Mortgages payable	\$ 1,940,678	\$ 2,037,840	\$ 1,812,334	\$ 1,882,491
Unsecured term loan	124,697	125,000		
Senior unsecured debentures	348,294	353,787	347,883	349,198

Fair value represents management's estimates of the fair market value at a given point in time, which may not reflect fair value in the future. These calculations are subjective, involve uncertainties and are a matter of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above.

The fair value of mortgages payable is estimated by discounting the expected future cash outflows using the rates currently prevailing for similar instruments of similar maturities. At December 31, 2019, the mortgages payable were discounted using rates between 2.58% and 3.86% (2018 2.86% and 4.38%). As inputs are observable for the liability, either directly or indirectly through prevailing rates of similar items, the fair value of mortgages is Level 2 in the fair value hierarchy.

The fair values of the credit facilities and term loan approximates their carrying values and is considered Level 2 in the fair value hierarchy as inputs are observable directly or indirectly. The fair value of senior unsecured debentures are estimated by discounting the expected future cash flows using the rates currently prevailing for similar instruments of similar maturities. At December 31, 2019, senior unsecured debentures were discounted using a rate of 3.72% (2018 4.03%). As inputs are observable for the liability, either directly or indirectly through prevailing rates of similar items, the fair value of senior unsecured debentures is Level 2 in the fair value hierarchy.

(b) Financial risk management objectives and policies:

In the normal course of business, Chartwell is exposed to risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives and unitholder returns. Chartwell is exposed to financial instrument risks that arise from the fluctuation of interest rates, the credit quality of its residents and borrowers pursuant to mezzanine and other loans.

The Board of Trustees has overall responsibility for the establishment and oversight of Chartwell's risk management framework. Management is responsible for developing and monitoring Chartwell's risk management policies and reports regularly to the Board of Trustees on its activities.

There have been no significant changes to Chartwell's risk management policies and strategies since December 31, 2018.

These financial instrument risks are managed as follows:

(i) Credit risk:

Chartwell is exposed to credit risk arising from the possibility that parties responsible for payment of fees or the borrowers of mezzanine and other loans may experience financial difficulty and be unable to fulfill their contractual obligations. Chartwell has two significant categories of receivables: resident receivables and loans receivable.

Chartwell regularly monitors the credit risk exposure and takes steps to mitigate the likelihood that these exposures will result in an actual loss.

Chartwell's exposure to credit risk from resident receivables is influenced mainly by the individual characteristics of each resident, the demographics of its resident base and general economic conditions. Due to the nature of Chartwell's business and geographic spread of its resident base, there is no significant concentration of receivables from residents.

In the event that Chartwell's borrowers face financial difficulty and are not able to meet their commitments, Chartwell could suffer a loss of either interest or principal or both on the loans it has advanced, since other lenders will rank ahead of Chartwell in any recovery. To decrease the credit risk exposure, the loans are secured by charges of the borrowers' interests in various real estate projects, and by corporate guarantees.

Generally, the carrying amount on the consolidated balance sheets of Chartwell's financial assets exposed to credit risk, net of applicable loss allowances, represents Chartwell's maximum exposure to credit risk. Chartwell limits its exposure to credit risk related to derivatives by transacting with counterparties that are stable and of high credit quality.

Chartwell adopted the practical expedient to determine ECL on trade and other receivables using a provision matrix based on historical credit loss experiences adjusted for current and forecasted future economic conditions to estimate lifetime ECL. At December 31, 2019, outstanding residents receivables were \$1,785 (2018 \$1,638), net of ECL of \$1,229 (2018 \$1,301).

(ii) Liquidity risk:

Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to Chartwell to fund its growth program and refinance or meet its payment obligations as they arise.

Chartwell's principal liquidity needs arise from working capital requirements, debt servicing and repayment obligations, planned funding of property improvements, leasing costs and distributions to unitholders, and property development and acquisition funding requirements.

As at December 31, 2019, current liabilities totalled \$391,331, exceeding current assets of \$87,958, resulting in a working capital deficiency of \$303,373. Current liabilities includes an amount of \$206,617 of current mortgages payable, comprised of \$132,998 related to maturing balances which are expected to be renewed on maturity, \$73,619 related to regular principal payments and the balance of unamortized mark to market adjustments net of unamortized financing costs. These and other contractual obligations and contingencies, including those related to agreements with Batimo, are disclosed in note 30. Chartwell expects to be able to meet all of its obligations as they become due utilizing some or all of

the following sources of liquidity: (i) cash flow generated from property operations, (ii) property specific mortgages, (iii) unsecured term loan and (iv) secured and unsecured credit facilities, under which \$391,781 was available and undrawn at December 31, 2019 (note 13). In addition, subject to market conditions, Chartwell may seek to raise funding through new senior unsecured debentures or equity financing. The particular features and quality of the underlying assets and the debt and equity market parameters existing at the time of financing may impact the ability for financing.

There is a risk that lenders will not refinance maturing debt on terms and conditions acceptable to Chartwell or on any terms at all. Management mitigates this risk by staggering debt maturities and through the use of programs, such as Canadian Mortgage and Housing Corporation's ("CMHC") insured mortgages.

On December 5, 2015, Chartwell entered into a large borrower agreement ("LBA") with CMHC. The LBA provides among other things, the cross collateralization of mortgage loans for Chartwell's largest CMHC insured lenders, and contains certain financial and operating covenants.

There is also a risk that the credit facilities will not be renewed or that the senior unsecured debentures may not be refinanced on terms and conditions acceptable to Chartwell or on any terms at all.

Chartwell holds licenses related to each of its long term care communities and in certain cases, retirement communities. Holders of these licenses receive funding from the relevant provincial government. During the year ended December 31, 2019, Chartwell received \$214,278 (2018 \$197,365) in funding in respect of these licenses, which has been recorded as resident revenue, interest income and capital funding receivable, as applicable.

(iii) Market risk:

Chartwell is exposed to market risk, which is the risk arising from its financial instruments, principally related to interest rates and equity prices.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Chartwell is exposed to interest rate risk on its floating rate debt on an ongoing basis and its fixed rate debt upon renewal. To mitigate interest rate risk, Chartwell fixes or otherwise limits the interest rate on its long term debt to the extent possible on renewal. It may also enter into derivative financial instruments from time to time to mitigate interest rate risk. Generally, Chartwell fixes the term of long term debt within a range of 5 to 20 years. To limit exposure to the risk of higher interest rates at renewal, Chartwell spreads the maturities of its fixed rate, long term debt over time.

At December 31, 2019, Chartwell's interest bearing financial instruments were as follows:

	Carrying amount	
	2019	2018
Fixed rate financial liabilities	\$ 2,395,778	\$ 2,155,176
Variable rate financial liabilities	\$ 54,311	\$ 31,728

An increase (decrease) of 100 basis points in interest rates at December 31, 2019 for the variable rate financial instruments would have (decreased) increased income before income tax for the year by \$543 (\$317).

23. Capital Structure Financial Policies

Chartwell's primary objectives in managing capital are:

- (a) to ensure that Chartwell has sufficient capital to execute on its strategic objectives, including targeted investments in maintenance and improvements of its property portfolio, development and acquisitions activities;
- (b) to achieve the lowest overall cost of capital consistent with the appropriate mix of capital elements while ensuring that Chartwell complies with financial and non financial covenants included in debt agreements; and
- (c) to provide growing distributions to unitholders.

In managing its capital structure, Chartwell takes into consideration various factors, including changes in economic conditions, growth of its business and risk characteristics of the underlying assets.

Management defines capital as Chartwell's total unitholders' equity, Class B Units and long term debt. Chartwell's long term debt includes mortgages payable, senior unsecured debentures, unsecured term loans and borrowings under its credit facilities.

The Board of Trustees is responsible for overseeing Chartwell's capital management and does so through quarterly Trustees' meetings, annual budget reviews and regular reviews of financial information. The Board of Trustees also determines the level of any distributions to unitholders.

Chartwell's Declaration of Trust limits the ratio of indebtedness ("Indebtedness Ratio") that Chartwell can incur to 65% of adjusted gross book value ("GBV").

GBV means, at any time, the consolidated book value of the assets of Chartwell, as shown on Chartwell's most recent consolidated balance sheet (or if approved by a majority of the Independent Directors of Master LP at any time, the appraised value thereof), adjusted for (i) Chartwell's line by line share of its joint ventures, (ii) plus the amount of accumulated depreciation and amortization shown thereon or in the notes thereto less the carrying value of any deferred consideration in respect of any property acquired or to be acquired, (iii) plus the difference between the GBV of assets under Canadian generally accepted accounting principles and IFRS at January 1, 2010, Chartwell's effective IFRS transition date, and (iv) plus the related acquisition costs in respect of completed property acquisitions that were expensed in the period incurred.

Indebtedness includes any obligation for borrowed money, any obligation incurred in connection with the acquisition of property, assets or business, other than deferred income tax liabilities, any capital lease obligation and any similar obligations of third parties guaranteed by Chartwell or for which Chartwell is responsible or liable, to the extent included in the consolidated balance sheet, adjusted for Chartwell's line by line share of its joint ventures. Indebtedness is determined on a consolidated basis for Chartwell and its consolidated subsidiaries.

The following are the Indebtedness ratios at December 31, 2019 and 2018:

	2019	2018	Increase (decrease)
Indebtedness ratio	51.0%	48.3%	2.7%

Chartwell's capital management is conducted in accordance with policies stated under the Declaration of Trust and requirements from certain of its lenders. Under the terms of Chartwell's loan agreements with these lenders, Chartwell is required to meet certain financial and non financial covenants. There have been no changes in Chartwell's capital management strategy during the year.

24. Revenue

	2019	2018
Lease revenue ⁽¹⁾	\$ 353,040	\$ 322,914
Services revenue ⁽²⁾	546,999	529,181
Interest income	4,507	3,851
Management and other fees	10,766	10,708
Total revenue	\$ 915,312	\$ 866,654

⁽¹⁾ Includes resident lease revenue from retirement home residents and lease revenue from the joint venture partners.

⁽²⁾ Includes property services element from retirement home residents in accordance with IFRS 15 and long term care services revenue.

25. Personnel Expenses

The analysis of employee benefits expense for the years ended December 31, 2019 and 2018, included in the consolidated statements of net income and comprehensive income under direct operating expenses and general, administrative and trust expenses, is as follows:

	2019	2018
Salaries and wages	\$ (437,045)	\$ (410,017)
Post employment benefits (defined contribution plans)	(6,704)	(6,229)
Unit based compensation	(4,173)	(3,370)
	\$ (447,922)	\$ (419,616)

26. Other Income (Expense)

	2019	2018
Property lease expense	\$	\$ (399)
Lease termination costs		(1,806)
Transaction costs arising on acquisitions and dispositions	(1,816)	(3,873)
Other expense	(1,816)	(6,078)
Gain on remeasurement of previously held interest on acquisition (note 4)	37,859	
Write down of carrying value of assets	(46,974)	
Gain on sale of assets	6,081	17,519
Other income	887	793
Other income	(2,147)	18,312
Other income (expense)	\$ (3,963)	\$ 12,234

During 2019, Chartwell recorded impairment provisions of \$46,974 on seven of its properties; which represented the write down of PP&E. Chartwell has determined that each of its properties are Cash Generating Units ("CGU") for purposes of impairment assessments as each property independently generates cash flows. The recoverable amount for each property was recorded on a valuation based on fair value less costs of disposal. The impairment losses resulted from a decline in the operating performance of these properties due to competitive pressures in a certain market.

Fair value is measured using either the present value of future cash flows or using bona fide offers from market participants and are categorized within Level 3 of the fair value hierarchy. In calculating fair value, management estimates future cash flows using historical experience, budgets and forecasts for the following fiscal year, considers future opportunities and risks in determining growth rates for future periods. Management also applies adjustments to reflect the expectations of market participants. The discount rates applied to cash flows to determine the recoverable amount are based on recent transactions of similar assets within the market.

27. Finance Costs:

	2019	2018
Contractual interest expense on mortgages	\$ (71,158)	\$ (65,438)
Interest expense on senior unsecured debentures	(13,888)	(11,881)
Credit facility and other interest expense	(2,888)	(2,827)
	(87,934)	(80,146)
Interest capitalized to properties under development	4,986	5,218
Amortization of financing costs and mark to market adjustments on assumed mortgages and senior unsecured debentures	(1,617)	(886)
Distributions on Class B Units recorded as interest expense	(961)	(964)
Total finance costs	\$ (85,526)	\$ (76,778)

28. Changes in Fair Values of Financial Instruments and Foreign Exchange Gains (Losses):

	2019	2018
Change in fair value of interest rate swaps	\$ (865)	\$ (1,668)
Foreign exchange gains (losses)	(210)	383
Change in fair value of EUPP option component	(755)	2,757
Change in fair value of Class B Units	(425)	4,265
Change in fair value of DTUs	(736)	1,848
Change in fair value other	(669)	
Change in fair value of deferred purchase consideration		(85)
Change in fair value of income guarantees	346	719
Change in fair values of financial instruments and foreign exchange gains (losses)	\$ (3,314)	\$ 8,219

29. Income Taxes

For the year ended December 31, 2019, Chartwell recorded deferred tax expense of \$10,209 (2018 \$19,145). The deferred income tax expense is primarily related to step accounting adjustments on the acquisition of the remaining interests in Clair Hills and Oak Ridges Retirement Residences accounted for as business combinations, as well as the reversal of temporary differences on the accounting and tax basis of PP&E. This was offset by the deferred tax benefit as a result of the impairment loss recorded during the year. The 2018 deferred income tax expense is primarily related to adjustments to deferred tax balances as a result of the settlement of a Canada Revenue Agency ("CRA") audit net of the recognition of previously unrecognized deductible timing differences.

The income tax benefit (expense) in the consolidated statements of comprehensive income represents an effective tax rate different than the Canadian tax rate applicable to trusts on undistributed income of 53.53% (2018 53.53%). The differences for the years ended December 31 are as follows:

	2019	2018
Income before income taxes	\$ 11,276	\$ 37,727
Income tax expense at Canadian tax rate	\$ (6,036)	\$ (20,195)
Non deductible and non taxable items	(2,306)	502
Tax benefits not recognized	(347)	
Recognition of previously unrecognized tax benefits		21,213
Fair value changes	(1,384)	4,748
Adjustment to deferred tax balances		(25,372)
Other	(136)	(104)
Income tax expense	\$ (10,209)	\$ (19,208)

During the year ended December 31, 2018, Chartwell settled with the CRA on an audit matter for the 2013 to 2015 taxation years. The settlement resulted in additional taxable income in the 2013 to 2017 taxation years that was offset by additional tax depreciation claimed for PP&E and the utilization of non capital losses available for carryforward. As a result, Chartwell recognized a deferred income tax expense of \$25,372 in the year ended December 31, 2018 due to a decrease of \$43,461 in the deductible temporary differences between the accounting and tax basis of property, plant and equipment and a decrease of \$3,937 in non capital losses available for carryforward.

Movement in deferred tax balances during the year is as follows:

	Balance, January 1, 2019	Recognized in net income (loss)	Recognized in unitholders' equity	Balance, December 31, 2019
Property, plant and equipment	\$ (4,951)	\$ (16,152)	\$	\$ (21,103)
Intangible assets	(14,779)	1,220		(13,559)
Losses available for carryforward	16,325	4,431		20,756
Other	(10,184)	639	50	(9,495)
Deferred tax asset (liability)	(13,589)	(9,862)	50	(23,401)
Deferred tax assets recognized (not recognized)	(821)	(347)		(1,168)
Net deferred tax liability	\$ (14,410)	\$ (10,209)	\$ 50	\$ (24,569)

	Balance, January 1, 2018	Recognized in net income (loss)	Recognized in unitholders' equity	Balance, December 31, 2018
Property, plant and equipment	\$ 27,890	\$ (32,841)	\$	\$ (4,951)
Intangible assets	(14,381)	(398)		(14,779)
Losses available for carryforward	7,899	8,426		16,325
Other	5,218	(15,545)	143	(10,184)
Deferred tax asset (liability)	26,626	(40,358)	143	(13,589)
Deferred tax assets recognized (not recognized)	(28,040)	21,213	6,006	(821)
Net deferred tax liability	\$ (1,414)	\$ (19,145)	\$ 6,149	\$ (14,410)

Chartwell also has non capital losses carried forward of \$39,084.

Deferred tax assets have not been recognized for the following:

	2019	2018
Deductible temporary differences	\$ 275	\$ 269
Net capital losses carried forward	3,862	2,576
	\$ 4,137	\$ 2,845

The capital losses carried forward and deductible temporary differences do not expire under current legislation. Deferred tax assets have not been recognized in respect of these items as it is not probable that future taxable income will be available against which these tax benefits will be utilized.

30. Commitments and Contingencies

Chartwell's maturities on major financial liabilities as at December 31, 2019 are detailed in the following table:

	Note	Total	2020	2021	2022	2023	2024	Thereafter
Mortgages payable	12	\$ 1,975,089	\$ 206,282	\$ 275,502	\$ 295,509	\$ 128,677	\$ 217,083	\$ 852,036
Senior unsecured debentures	15	350,000				200,000		150,000
Unsecured term loan	14	125,000					125,000	
Accounts payable and accrued liabilities	16	137,171	137,171					
Distributions payable		10,808	10,808					
Right of use assets:								
Office leases	30(a)(i)	1,360	287	187	203	203	195	285
Right of use assets:								
Land leases	30(a)(ii)	24,567	376	376	376	376	426	22,637
Total maturities		\$ 2,623,995	\$ 354,924	\$ 276,065	\$ 296,088	\$ 329,256	\$ 342,704	\$ 1,024,958

(a) Lease obligations:

(i) Right-of use assets: Office leases :

Chartwell has leases on office spaces in Canada that expire on various dates up to October 31, 2026. In aggregate, annual payments on these leases vary from \$48 to \$155 over the remaining terms of the leases.

(ii) Right-of use assets: Land leases:

Chartwell has commitments related to three properties located on lands subject to long term land leases. A land lease on a property in Alberta, Canada expires on July 17, 2064 and has an option to extend for 15 years thereafter. Annual payments on this lease vary from \$138 to \$394. A land lease on a property in Ontario expires on August 31, 2044. Annual payments on this lease vary from \$100 to \$120. A land lease on another property in Ontario expires on May 31, 2048 with annual payments of \$138.

(b) Purchase contracts:

Chartwell has entered into various construction contracts related to its development projects. As at December 31, 2019, the remaining commitments under these contracts amounted to approximately \$149,241 (2018 \$76,019).

(c) Other:

Under Chartwell's agreements with Batimo Inc. ("Batimo"), upon achievement of certain conditions, Batimo may require Chartwell to acquire an 85% interest in their development properties in which Chartwell participates as the operations manager and, in some cases, as the mezzanine lender, at 99% of Fair Market Value ("FMV"), as defined in the agreements ("Batimo Option"). Batimo's Option is for a five year period commencing on opening of the related property. Upon expiry of the Batimo Option, Chartwell has a two year option to require Batimo to sell an 85% interest in the property at FMV, as defined in the agreements. Two of the Batimo projects with 508 suites achieved stabilized occupancy in 2020 which is one of the conditions mentioned above. Chartwell expects to complete acquisitions of interests in these properties in the first half of 2020. The estimated FMV of these properties at 100% ownership interest is \$128,100. Welltower Inc. ("Welltower") will be participating as Chartwell's equal partner in the acquisition of one of these projects.

(d) Letters of credit:

As at December 31, 2019, Chartwell was contingently liable for letters of credit in the amount of \$8,219 (2018 \$5,998).

(e) Guarantees:

As a result of the purchasers' assumption of certain mortgages on two properties sold in 2014, Chartwell remains a guarantor of these mortgages. As at December 31, 2019, outstanding balance on these mortgages was \$2,186 (2018 \$2,550). The purchasers have indemnified Chartwell with respect to these guarantees.

Chartwell, with its partners, has jointly and severally guaranteed loans on three properties, which are 50% owned by Chartwell, two development properties owned 60% and 45% by Chartwell, respectively, and two properties, which are 85% owned by Chartwell, to a maximum amount of \$239,397. As at December 31, 2019, outstanding balances on these mortgages totalled \$199,526 (\$91,705 of which represents partners' share).

(f) Litigation and claims:

In the ordinary course of business activities, Chartwell may be contingently liable for litigation and claims from, among others, residents, partners and former employees. Management believes that adequate provisions have been recorded in the accounts, where required. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes, but cannot provide absolute assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of Chartwell.

31. Key Management Personnel Compensation

The remuneration of key management personnel of Chartwell during the years ended December 31, 2019 and 2018 was as follows:

	2019	2018
Officers' and directors' compensation	\$ (5,312)	\$ (5,191)
Post employment benefits	(72)	(69)
Other long term benefits	(830)	(1,623)
Unit based payments	(268)	(328)

Chartwell management has a senior executive committee, comprising officers of Chartwell, with the responsibility to provide strategic direction and oversight to Chartwell. The above table includes the total compensation of members of the senior executive committee and directors of Chartwell.

32. Expenses by Nature

	2019	2018
Wages and benefits	\$ (447,922)	\$ (419,616)
Food and supplies	(62,255)	(59,108)
Realty taxes	(29,489)	(28,412)
Utilities	(29,345)	(28,037)
Other	(64,153)	(66,556)
	<u>\$ (633,164)</u>	<u>\$ (601,729)</u>
Included in the consolidated statements of comprehensive income:		
Direct property operating	\$ (590,016)	\$ (557,839)
General, administrative and trust	(43,148)	(43,890)
	<u>\$ (633,164)</u>	<u>\$ (601,729)</u>

33. Comparative Statements

Certain comparative balances have been reclassified from the consolidated financial statements previously presented to conform to the presentation of the 2019 consolidated financial statements.

34. Subsequent Events

On February 27, 2020, Chartwell announced a 2% increase in the monthly distributions from \$0.050 per unit (\$0.6000 per unit on an annualized basis) to \$0.051 per unit (\$0.6120 on an annualized basis) effective for the March 31, 2020 distribution payable on April 15, 2020.

Corporate and Unitholder Information

TRUSTEES AND/OR DIRECTORS

Michael Harris, Chair ⁽¹⁾

Lise Bastarache ⁽²⁾ ⁽³⁾

Brent Binions ⁽²⁾

Ann Davis ⁽²⁾ ⁽³⁾

André Kuzmicki ⁽²⁾

Sharon Sallows ⁽¹⁾ ⁽²⁾

James Scarlett ⁽¹⁾

Huw Thomas ⁽³⁾

Vlad Volodarski

(1) Compensation, Governance and Nominating Committee

(2) Investment Committee

(3) Audit Committee

OFFICERS AND SENIOR MANAGEMENT

Vlad Volodarski

Chief Executive Officer

Karen Sullivan

President and Chief Operating Officer

Sheri Harris

Chief Financial Officer

Jonathan Boulakia

Chief Investment Officer and
Chief Legal Officer and Secretary

UNITHOLDER INFORMATION

Chartwell Retirement Residences
7070 Derrycrest Drive
Mississauga, Ontario L5W 0G5
Telephone: (905) 501-9219
Toll free: (888) 584-2386
chartwell.com

Unitholder and Investor Contact

Vlad Volodarski,
Chief Executive Officer
Email: investorrelations@chartwell.com

Auditors

KPMG LLP
Toronto, Ontario

Legal Counsel

Osler, Hoskin & Harcourt LLP
Toronto, Ontario

Stock Exchange Listing

Toronto Stock Exchange (CSH.UN)

Transfer Agent and Registrar

Computershare Investor Services
Toronto, Ontario
Telephone: (800) 564-6253
Facsimile: (866) 249-7775
Email: service@computershare.com

Annual Meeting of Unitholders

8:00am ET - Thursday, May 14, 2020
Chartwell Retirement Residences
7070 Derrycrest Drive
Mississauga, Ontario L5W 0G5

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lives **BETTER**[®]