CHARTWELL retirement residences

2021

ANNUAL REPORT

Message from the CEO*

Dear fellow unitholders,

The last two years, overshadowed by the pandemic, have tested the very foundation of our company—our people, our culture, and our financial strength. I believe we passed the test and are emerging from this crisis stronger than ever. While the primary focus of the last two years has been on protecting the health and wellbeing of our residents, their families and our employees, our teams have also put important building blocks in place for our post-pandemic recovery and future growth. These new operational, marketing, sales, and technology solutions and processes will undoubtedly serve us well for many years to come. I am proud of these achievements and grateful to the extraordinary people working in our residences, those supporting them in our offices, and to our compassionate, knowledgeable, and dedicated leaders.

Our Vision, Mission and Values guide our everyday actions and decisions. Our Strategy aligns us toward common goals and guides us along the path to achieving them. We are in the business of serving and caring for Canada's seniors. We believe that in such a business unitholder returns, cash flows, and occupancy growth are only possible if our residents are very satisfied with their experience at Chartwell, and that exceptional, personalized resident experiences can only be created by employees who are highly engaged. That is why we focus on our resident experience and the engagement of our employees as the core pillars of our success.

A successful strategy requires sharp focus and demands managers to make choices, sometimes difficult ones. Recently we announced the decision to exit our Ontario Long Term Care operations and fully focus on growing our retirement operations in Canada. It was a difficult decision as Chartwell has enjoyed a long and successful history in the sector. It was especially difficult because of the tremendous dedication and courage our teams demonstrated in the last two years. We carefully selected our partners for this transition and believe our Ontario long term care teams will continue building on their legacy and success with AgeCare Health Services Inc. and Axium Infrastructure Inc., companies dedicated to complex acute care delivery to seniors.

In early 2022, we published our second **Environmental, Social and Governance (ESG)** report. As a leader in the retirement living sector in Canada, we see it as our duty to continuously evolve and enhance our contribution to society, our corporate governance and management of our environmental impact. We are proud of our achievements in these areas, and we know we have more to do. I invite you to read our 2022 ESG report, where in addition to statistics and key performance indicators you will find heartwarming and inspirational stories of our residents and employees.

While the pandemic has negatively impacted our business over the last two years, I remain optimistic about our long-term prospects. We deliver much needed services and care to our seniors. These services are either unavailable, inferior, or prohibitively expensive in other settings. I believe the pandemic has further exacerbated the need for our services and care. The growth of the population of people over the age of 75 in Canada is accelerating significantly in 2022 and will continue this robust growth for the next 20+ years. The slow-down in new construction starts during the pandemic will result in fewer new residence openings in the short term. I believe the combination of these factors will create an increasing demand and will support occupancy recovery and growth. Our dedicated and experienced people, our strong corporate culture, and our clear and focused strategy make Chartwell well-positioned for the continuing success in serving our customers, benefiting our society, and delivering value for our unitholders for many years to come.

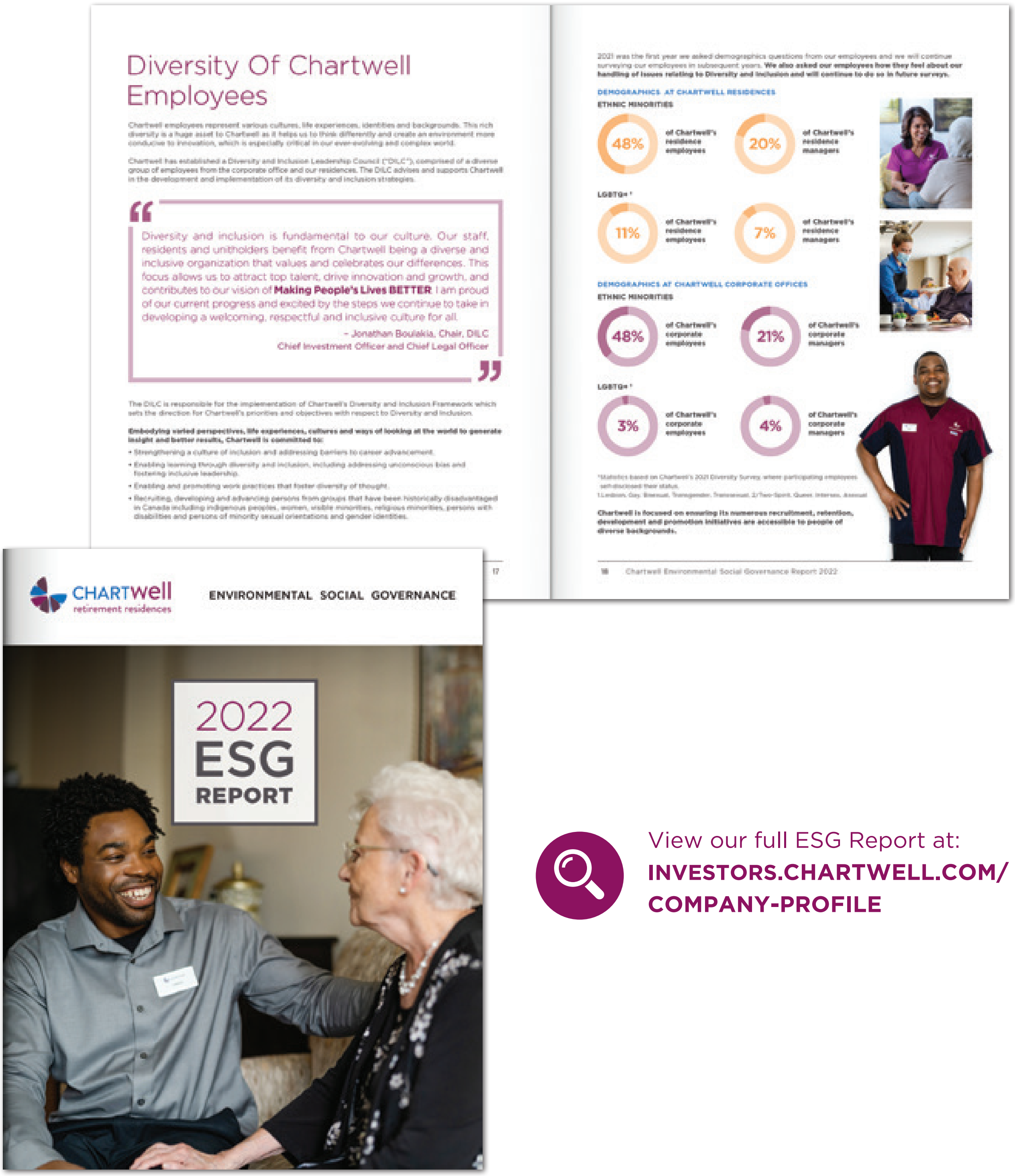
Thank you for your support,

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's ESG Report - 2022



View our full ESG Report at:
INVESTORS.CHARTWELL.COM/COMPANY-PROFILE

FINANCIAL REPORT
For the Year Ended December 31, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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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, 2021. This MD&A should be read in conjunction with Chartwell's audited, consolidated financial statements for the years ended December 31, 2021, and 2020 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, 2021, 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 24, 2022.

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; "2021" refers to the calendar year 2021; and "2020" refers to the calendar year 2020.

Unless otherwise indicated, all comparisons of results for 2021 and Q4 2021 are in comparison to results from 2020 and Q4 2020, respectively.

In this document we use a number of performance measures that are not defined in generally accepted accounting principles ("GAAP") which follow the disclosure requirements established by National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosures, 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, and Adjusted Funds from Operations ("AFFO"), 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. 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.

Specified financial measures are categorized as non-GAAP financial measures, non-GAAP ratios, supplementary financial measures and capital management measures as follows:

Non-GAAP Financial Measures

Funds from operation ("FFO") and Internal Funds from Operations, ("IFFO"), Adjusted Funds from operations ("AFFO") including per unit amounts ("PU"), Earnings before interest, tax, depreciation and amortization ("consolidated EBITDA" or "EBITDA"), Adjusted Resident Revenue, Adjusted Direct Property Operating Expense, Consolidated Interest Expense, Adjusted Consolidated Gross Book Value of Assets, Book value of assets, Gross book value adjustment on IFRS transition, Adjustment for accumulated depreciation and amortization, Aggregate Adjusted Assets, Payment of cash distributions and Amortization of finance costs and fair value adjustments on assumed mortgages, Finance cost reserve and Proforma adjustments.

Non-GAAP Ratios

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, Net Debt to Adjusted EBITDA Ratio, Payment of Cash Distributions, Expected Unlevered Yield and Coverage ratio.

Supplementary Financial Measures

Net Operating Income ("NOI"), Adjusted NOI, Adjusted Development Costs, Lease-up-Losses, Estimated Stabilized NOI, Unencumbered Property Asset Value and Unencumbered Aggregate Adjusted Assets

Capital Management Measures

Liquidity, Imputed Cost of Debt, Total Equity, Regularly Scheduled Debt Principal Payments, Consolidated Indebtedness, Secured Indebtedness, Unsecured Indebtedness, Investment restrictions

Please refer to the "Additional Information on Non-GAAP Financial Measures", "Consolidated Results of Operations – FFO", "Significant Events – Development – Expected Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt", "Consolidated Results of Operations – Adjusted Resident Revenue, Adjusted Property Operating Expenses and Adjusted NOI" and "Liquidity and Capital Resources – Financial Covenants" sections of this MD&A for details on these measures.

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

Risks and Uncertainties

Please refer to the "Risks and Uncertainties" and the "COVID-19 Business Impacts and Related Risks" sections of this MD&A, as well as our AIF dated March 4, 2021, for detailed discussions of risk factors and uncertainties facing Chartwell.

Forward-Looking Information

This document contains forward-looking information that reflects management's current expectations, estimates, forecasts 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" section on page 58 of this MD&A.

COVID-19 Business Impacts and Related Risks

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic (the "pandemic"). Since the onset of the pandemic, the spread of COVID-19 has negatively affected our business, and it is expected to continue to do so for the duration of the pandemic.

Our revenue and operating results depend significantly on the occupancy levels at our retirement residences and long-term care homes. Numerous restrictions and directives to reduce the spread of COVID-19 were implemented by governments and health authorities that affected and continue to affect many aspects of our operations during the pandemic.

These pandemic restrictions and directives have resulted in decreased occupancy levels due to reduced move-in activity in both our retirement residences and long-term care homes. The COVID-19 pandemic, and the corresponding impact of the restrictions and directives noted, is likely to continue for some time in 2022 and may continue to cause decreases in occupancy levels due to ongoing government directives, that vary across jurisdictions, and that can require restrictions on internal gatherings and dining services, new resident isolations, restrictions on tours and visitor access. Further, government directives related to the general operation of society and the economy overall may also affect future occupancy levels.

The COVID-19 pandemic and associated restrictions and directives caused, and may continue to cause, a material increase in direct operating expenses due to the provision of enhanced care and protection to our residents and staff; increased utilization of sick leave benefits for employees that are required to self-isolate and/or become ill; increased overtime costs to ensure enhanced staff levels and replacement and augmentation of both regular staff complement and additional staffing with agency staffing at a higher cost where necessary; increased personal protective equipment costs; enhanced disinfection and cleaning; and extended dining services to facilitate physical distancing and/or isolation.

The COVID-19 pandemic may cause an increase in general, administrative and trust expenses and development costs related to the implementation and administration of extensive and complicated government directives and the operation of essential services during these abnormal circumstances. In addition, management and residence staff are singularly focused on resident and employee safety which is of paramount importance and the pursuit of other business concerns has generally been deferred. Although various government funding programs have been introduced and/or implemented and we have had, and may continue to have, access to these programs there is no certainty as to the extent to which these programs may mitigate the negative effects on Chartwell.

Financing Arrangements

The majority of our financing arrangements require compliance with a number of financial covenants including minimum debt service covenants and limiting distributions should the distributions exceed certain thresholds. As a result of the uncertainties described above, we have proactively obtained amendments to our financing arrangements to reduce the required minimum debt service coverage covenant ratio to 1.2 and exclude incremental pandemic related direct operating expenses, net of reimbursement, (if any), in the calculation of EBITDA and AFFO, for the period from January 1, 2022 to June 30, 2022, for our debt service coverage and AFFO payout ratios up to and including periods ending at the earlier of December 31, 2023 and the maturity of the applicable credit agreement.

In addition, we completed an assessment of our liquidity by preparing income and cash flow forecasts. These forecasts are based on a number of assumptions and judgements with the most significant being occupancy levels and availability of financing. As a result of this assessment, we concluded that we have sufficient available liquidity to meet our obligations as they come due and that there are no material uncertainties related to events or conditions that may cast significant doubt upon our ability to continue as a going concern.

Uncertainties in assessing future liquidity requirements have increased as a result of COVID-19. Since the onset of the pandemic, the level of demand for Chartwell's services in its private pay retirement residences has been lower. In addition, Chartwell has experienced a material increase in direct operating expenses, most significantly in respect of labour costs due to government directives and restrictions and outbreak activity. The future negative impact to our business, results of operations, liquidity and financial condition will depend on the scope, severity and duration of the pandemic which currently cannot be reliably estimated.

The available borrowing capacity of the secured and unsecured credit facilities may be reduced due to the impact of the pandemic. The available borrowing capacity under the secured credit facility is determined based on the lending value of collateral properties which are impacted by the operating income of such properties. The available borrowing capacity under the unsecured credit facility is impacted by the aggregate value of our unencumbered property assets as determined periodically by third-party appraisals. These values may also be impacted by occupancy rates and operating income of these properties.

If necessary, we may take the following additional mitigating actions to enhance liquidity, and optimize cash flow:

- access additional secured financing in respect of unencumbered assets and construction projects
- raise funds through new unsecured debt or equity financing
- subject to market conditions, dispose of certain non-core assets
- reducing capital, marketing, and other discretionary spend, and
- reduce distributions to unitholders.

Litigation

As a result of the pandemic, there is an increased risk of litigation which, even if not meritorious, and even if covered by our insurance, could result in increased operating costs to us to defend. In 2020 we were named in three separate proposed class actions related to the pandemic which as of February 24, 2022, have been consolidated into one proceeding (the “Consolidated Claim”) seeking an order to be certified as a class action. Our insurers are handling the defense of the Consolidated Claim.

Refer to the “Litigation and Claims” section on page 51 of this MD&A for additional details.

Financial

The pandemic has impacted both the global and Canadian economy overall and credit markets were, and may continue to be, negatively affected. This, in combination with both reduced revenues and increased operating costs, may make it more difficult to access credit markets or, if able to do so, it may be at a higher cost or on less advantageous terms than previously, potentially impacting, among other things, refinancing of outstanding debt when due and development plans and timelines.

Business Overview

Chartwell is in the business of serving and caring for Canada's seniors. We are passionate about what we do because we know we are positively impacting the lives of many people.

Our Vision	Making People's Lives BETTER
Our Mission	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	**R**espect – We honour and celebrate seniors **E**mpathy – We believe compassion is contagious **S**ervice Excellence – We believe in providing excellence in customer service **P**erformance – We believe in delivering and rewarding results **E**ducation – We believe in lifelong learning **C**ommitment – We value commitment to the Chartwell family **T**rust – We believe in keeping our promises and doing the right thing
Our Portfolio	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.

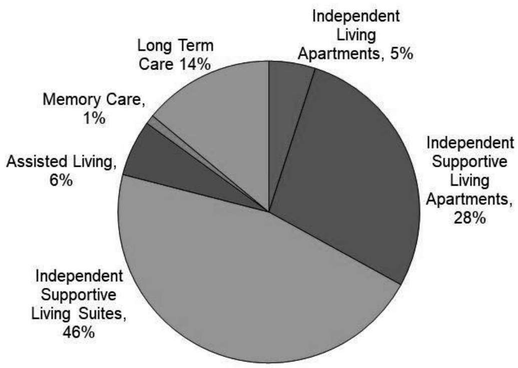
Independent Living Apartments ("IL")	Independent Supportive Living – Apartments ("ISLA")	Independent Supportive Living – Suites ("ISLS)
Apartments / townhouses/ bungalows/ with full kitchens, availability of dining, life enrichment and housekeeping services.	Apartments/ townhouses/ bungalows/ with full kitchens, with availability of dining, life enrichment, housekeeping, personal assistance and care services.	Suites with availability of dining, life enrichment, housekeeping, personal assistance and care services.
Assisted Living ("AL")	Memory Care ("MC")	Long Term Care ("LTC")
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.	Suites with personal care services included in base fee for persons with Alzheimer's disease or other forms of dementia, in a separate/secure wing, floor or building.	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 are overseen by local government agencies in each province.

Composition of Our Portfolio

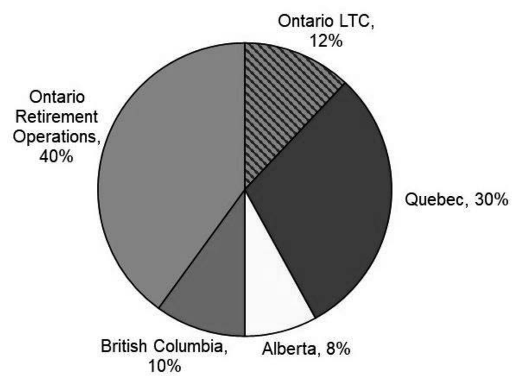
The following presents the composition of our owned and managed portfolio of communities in our two operating segments at December 31, 2021:

	Retirement Operations		**Long Term Care Operations**		**Total**	
	Communities	Suites/Beds	Communities[1]	Suites/Beds[2]	Communities	Suites/Beds
Owned Communities [3]						
100% Owned – operating	110	14,334	20	2,776	130	17,110
Partially Owned – operating [4]	49	9,577	-	-	49	9,577
Total Owned	159	23,911	20	2,776	179	26,687
Managed Communities	7	2,013	4	608	11	2,621
Total	166	25,924	24	3,384	190	29,308

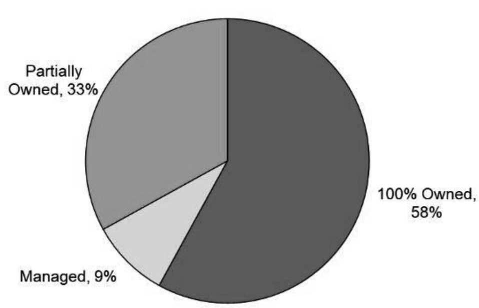
Level of Care [4]



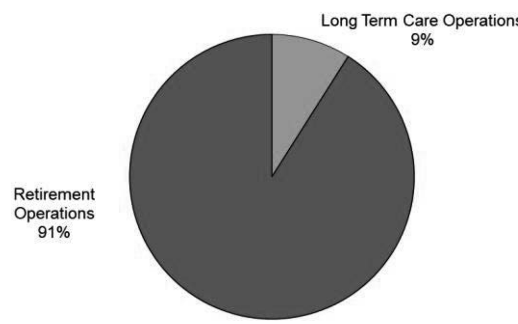
Geographic Location [4]



Ownership Interest [4]



Adjusted NOI [5] by Operating Segment



(1) Includes one retirement residence (64 suites) connected to an LTC home.

(2) Represents composition of suites/beds at Chartwell's share of ownership interest at December 31, 2021.

(3) 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.

(4) We have a 42.5% ownership in three communities (909 suites), a 45% ownership interest in one community (332 suites), a 50% ownership interest in 41 communities (7,749 suites), a 60% ownership interest in one community (165 suites) and an 85% ownership interest in three communities (422 suites).

(5) Adjusted NOI % represents Chartwell's share of ownership interest for the 12 months ended December 31, 2021.

Business Strategy

Our Strategy Statement

"In 2025, 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."

Due to the significant impact of the pandemic on our business, we extended the date for achievement of our employee engagement, resident satisfaction, and same property occupancy targets from 2023 to 2025.

Objectives:

We believe that only **highly engaged employees** will deliver the exceptional resident experiences fulfilling our vision of Making People's Lives Better and driving 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 local communities. We know that the majority of our new resident move-ins are 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. IFFO is a non-GAAP measure. 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 54 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 $1 million of NOI 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 Operations segment, which represents 86% of our total suites and 90% of our Adjusted NOI.

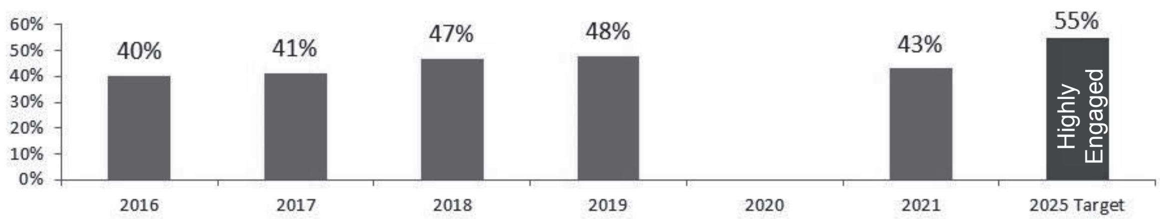
Our Long Term Care Operations team has been consistently implementing programs to drive employee engagement and resident satisfaction in the highly regulated environment in which Long Term Care homes operate. These "Rising above the Regs" programs, including the innovative "Imagine" training program for management and front-line employees are producing exceptional results. Our 2025 LTC Employee Engagement target is 50% highly engaged and 2025 LTC Resident Satisfaction target is 67% very satisfied. The following highlights the progress made in 2021 on the key components of our business strategy:

Employee Engagement

The pandemic response of Chartwell employees from our residences to the corporates support offices has been extraordinary. Our people continue to work tirelessly and selflessly to serve and care for their residents, support residents' families and friends, and each other. The stories of their courageous dedication are exceptional, heartwarming and permeate our pandemic experience. These stories are true testaments of our culture and engagement of our employees.

In 2021 we conducted an expanded employee engagement survey, which included our 24 standard questions and added specific questions with respect to diversity of our employees and their perception of inclusivity at Chartwell. In 2020, as a result of the pandemic, we did not conduct our regular employee engagement survey, instead we conducted a modified survey focused on our teams' experiences during the pandemic. Therefore, our 2020 survey results cannot be fully compared to those reported for prior periods and has not been presented.

The following chart summarizes historical employee engagement survey results [(1)]:



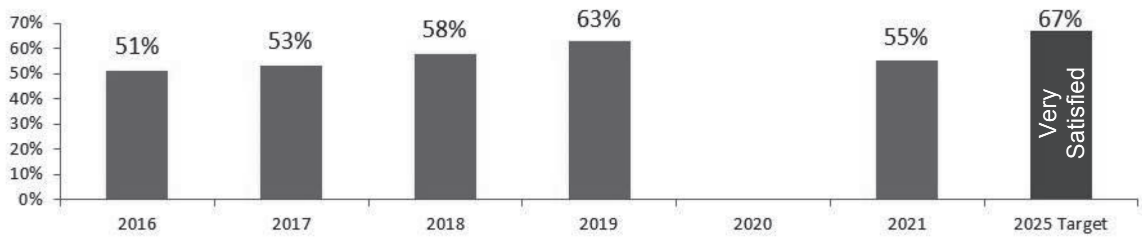
(1) In 2020, a modified survey was conducted. Therefore, the 2020 result is not comparable to prior periods and it has not been presented.

In 2021 43% of our employees indicated high engagement in their survey responses ("strongly agreed"). Our combined score of employees who agreed and strongly agreed with the survey questions was **77%.**

The 2021 Employee Engagement score, while above both 2016 and 2017 was below 2018 and 2019 results. We attribute this to the impacts of the prolonged pandemic. We believe that with our continuing focus on employee recognition, creation of more full-time positions, training, development, succession planning, diversity and inclusion and investments in employee wellness initiatives, we will be able to increase employee engagement scores post pandemic and achieve our 2025 Employee Engagement targets.

Resident Satisfaction

The following chart summarizes historical resident survey results [(1)]:



(1) In 2020, a modified survey was conducted. Therefore, the 2020 result is not comparable to prior periods and it has not been presented.

Our regular resident satisfaction survey includes 36 questions with the overall score determined by the average responses to the following three questions:

- I am satisfied with Chartwell as a place to live
- It rarely crosses my mind to leave Chartwell for another retirement residence
- When asked, I would recommend Chartwell as a place to live

In 2021, our survey results show that 55% of our residents were very satisfied with their experience at Chartwell with the combined “satisfied” and “very satisfied” score of **85%**. In 2021, mandated by public health authorities, our residents and Canadian society in general continued to experience pandemic-related restrictions for extended periods. These public health measures included restrictions related to social visits and outings, recreational activities, dining and also imposed isolation requirements. Our teams continued to demonstrate great passion and creativity, implementing new ways of communicating with residents and their families, and keeping our residents engaged with various new activities in a safe and caring environment. Although resident satisfaction declined compared to 2019, we were able to maintain some of the improvements we have made over the last number of years and resident satisfaction exceeded both 2016 and 2017.

In 2020, as part of our Listening to Serve you Better program, we performed a modified resident satisfaction survey focused on residents’ experience during the pandemic. We also conducted a survey of family and friends of our residents. 96% of residents and 95% of friends and family members felt that their residence had taken important measures to keep residents safe during the pandemic. In addition, 94% of friends and family members felt that their loved one was safe living in a Chartwell residence.

2022 Outlook

The prolonged COVID-19 pandemic has had a profound impact on society, our residents and their families, particularly those directly affected by the coronavirus disease. Our priority continues to be the safety and well-being of our residents, their families, and our employees who demonstrate unwavering commitment and dedication to service and care for our residents.

The pandemic has introduced significant uncertainties as discussed in the “COVID-19 Business Impacts and Related Risks” section on page 3 of this MD&A.

Beginning in late December 2021 and into early 2022, the new wave of the pandemic, driven by the Omicron variant of concern (the “Omicron Wave”), has been impacting our operations. Omicron has proven to be a highly transmissible variant causing significant volumes of infections among the general population as well as among our employees and residents. The pace of the spread of Omicron in late December 2021 and into mid to late January 2022 was significant both in the community and in our residences. Commencing in early February 2022, outbreaks and infections in our residences began to decline.

During the Omicron wave, governments and public health authorities reintroduced restrictions which are expected to result in a delay of our occupancy recovery. In addition, to maintain services for our residents, as many of our employees were or are required to isolate because of virus exposure, we are incurring higher agency, overtime, and recruitment costs. Due to our high resident and staff vaccination rates, most of those affected experience mild to moderate symptoms and recover relatively quickly. Our thoughts are with those who have been affected by this disease. We continue to work collaboratively with public health authorities on infection prevention and control measures and to improve accessibility of our residents and staff to vaccine boosters which will further improve their protection. As of the date of this MD&A 89% of our residents and 54% of our staff had received their third dose vaccine booster shots.

Pandemic related restrictions have begun to ease and assuming this continues, we expect our occupancy to begin to recover. We believe that there is a pent-up demand for retirement accommodation and services, driven by the increased ageing population, disruptions of community-based support services for seniors during the pandemic and a persistent shortage of long-term care beds. Accelerated growth in the population of seniors over the age of 75 over the next 20 plus years, as well as the slowdown of construction activity in the last two years should support occupancy recovery in the short term and growth from pre-pandemic levels over the long term.

We expect rent and services fee growth in the short term to be at or slightly below our historical rates, please refer to page 12 for 2022 expected rate growth. Once occupancies recover, we believe there will be an opportunity for higher market rate growth, driven by increasing demand and expansion of our service offering. The significant value appreciation in the housing market over the past decade should increase the affordability of our services to our prospective residents. For our retirement residences owned on December 31, 2021, the annual revenue impact of a one percent change in rate and service fees and a one percentage point change in occupied suites is estimated at approximately $6.8 million and $9.0 million, respectively.

Prior to the pandemic, low unemployment rates and significant increases to minimum wages, had made it challenging to attract and retain front-line employees in certain of our markets. During the pandemic, various governments have stepped in to provide temporary top-up wages for many front-line essential health care workers. Approximately 65% of staff in our retirement residences, and 35% of staff in our long-term care homes are hospitality staff – primarily in dining, housekeeping, maintenance, and administration services – with the remainder being health care staff – primarily personal support workers, health care aides, and registered practical nurses. We expect recruitment and retention challenges to persist in 2022. While we expect to see higher than historical growth in labor costs, high unionization rates and extended terms of our collective agreements, as well as our initiatives to reduce reliance on expensive agency staff are expected to provide a partial offset to this expense growth. We continue to focus on differentiating Chartwell as the employer of choice in our sector through the implementation of various recruitment, retention and engagement focused initiatives. For our retirement residences owned on December 31, 2021, the annual impact of a one percent change in total compensation costs is estimated at approximately $2.6 million.

Various economic forecasts are expecting increases in interest rates in 2022. We finance our operations primarily through long term fixed rate mortgage debt. In 2022 we have $223.3 million of debt maturing at the weighted average rate of 3.72%, of which $75.2 million is CMHC insured and bears an average rate of 3.36%. At the date of this MD&A, 10-year CMHC insured mortgage rates are estimated at approximately 2.84%- and five-year conventional mortgage financing is available at 4.0%. A one percentage point change in interest rates would result in a change in interest costs of $1.4 million in 2022 for maturing and variable rate debt.

Retirement Operations

The following table provides an update in respect of our retirement occupancy:

	One month ended October 31, 2021	One month ended November 30, 2021	One month ended December 31, 2021	One month ended January 31 2022	Forecast One month ending February 28, 2022 (1)	Forecast One month ending March 31, 2022 (1)
Same Property Portfolio:						
Ontario (2)	**73.1%**	**73.5%**	**73.8%**	**73.5%**	**73.0%**	**72.4%**
Change from the previous month (3)	*0.4pp*	*0.4pp*	*0.3pp*	*(0.3pp)*	*(0.5pp)*	*(0.6pp)*
Western Canada	**85.3%**	**85.4%**	**85.6%**	**85.6%**	**85.0%**	**84.3%**
Change from the previous month	*0.9pp*	*0.1pp*	*0.2pp*	-	*(0.6pp)*	*(0.7pp)*
Quebec	**76.4%**	**76.1%**	**76.1%**	**75.5%**	**75.2%**	**75.0%**
Change from the previous month	*(0.5pp)*	*(0.3pp)*	-	*(0.6pp)*	*(0.3pp)*	*(0.2pp)*
Weighted average occupancy rate - same property portfolio	**76.7%**	**76.8%**	**77.0%**	**76.6%**	**76.1%**	**75.7%**
Change from the previous month	*0.2pp*	*0.1pp*	*0.2pp*	*(0.4pp)*	*(0.5pp)*	*(0.4pp)*
Average occupied suites - acquisitions and development	**1,321**	**1,348**	**1,398**	**1,413**	**1,417**	**1,432**
Change from the previous month	*32*	*27*	*50*	*15*	*4*	*15*
Available suites - acquisitions and development	**1,931**	**1,931**	**2,053**	**2,053**	**2,053**	**2,053**
Weighted average occupancy rate - acquisitions and development portfolio	**68.4%**	**69.8%**	**68.1%**	**68.8%**	**69.0%**	**69.7%**
Change from the previous month	*1.6pp*	*1.4pp*	*(1.7pp)*	*0.7pp*	*0.2pp*	*0.7pp*
Weighted average occupancy rate - total portfolio (2)(4)	**76.0%**	**75.8%**	**76.0%**	**75.8%**	**75.4%**	**75.0%**
Change from the previous month	*0.3pp*	*(0.2pp)*	*0.2pp*	*(0.2pp)*	*(0.4pp)*	*(0.4pp)*

(1) Forecast includes leases and notices as at February 10, 2022.
(2) Restated to exclude four non-core retirement residences (302 suites) located in Ontario sold on December 1, 2021.
(3) 'pp' means percentage points.
(4) Includes Chartwell Guildwood Retirement Residence (172 suites) which opened in September 2021 and Chartwell Montgomery Village (122 suites) which opened in November 2021. Includes four non-core retirement residences (302 suites), located in Ontario, sold on December 1, 2021.

Same property occupancy decreased to 76.6% or 0.4 percentage points in January 2022, and is forecasted to decline by 0.5 and 0.4 percentage points for February and March 2022, respectively, based on known leases and notices as at February 10, 2022. These expected occupancy trends are consistent with our historical experience. Sales and leasing activities slowed down in late December and early January 2022 as a result of the new Omicron-driven wave of the pandemic. These activities began rebounding in the second half of January and for the full month of January 2022, all of our leading sales indicators were higher compared to January 2021. Sales and leasing activities have continued to improve in February 2022 compared to both January 2022 and February 2021.

In Q4 2021, our same property portfolio move ins exceeded Q4 2020 by 54%. Move outs remain below pre-pandemic levels. We expect occupancy to begin to recover in our same property portfolio as restrictions are eased and as we move into the spring leasing season. Our acquisition and development portfolio has shown continued lease up progress, growing weighted average occupied suites by 143 suites since September 2021.

The following table summarizes our expected combined rental and services rate growth in:

Ontario	3.3%
Quebec	2.5%
Western Canada (1)	2.0%

(1) The lower rate growth in Western Canada is the result of lower assumed rate on government funded suites in Alberta and British Columbia.

Our tenant credit quality remains strong given the typical investment profile of Canadian seniors in our target customer demographic.

We expect a temporary elevation in direct operating expenses in our retirement residences through this wave of the pandemic due to higher-than-normal staffing costs as a result of higher agency staffing and overtime used to augment vacancies resulting from an increased number of staff being required to self-isolate due to the high transmissibility of the Omicron variant. In the month of December 2021, additional costs as a result of Omicron amounted to $2.0 million in our same property retirement operations. As the Omicron wave recedes, we expect these elevated costs will decline, through Q1 2022. We anticipate that incremental net pandemic related expenses could range from $6.0 to $9.0 million in Q1 2022. In addition, in 2021 compared to 2020, excluding pandemic related agency staffing utilization, we experienced an increase in recurring agency staffing costs of approximately $7.0M or an increase of approximately 2.7% of total compensation costs in our same property retirement operations. As the pandemic wanes, labour markets normalize and our staffing levels are optimized, we expect to bring these costs down gradually through 2022.

Long Term Care Operations

Our experienced LTC team strives to provide the best possible care and services to our residents and has worked tirelessly through the pandemic, putting residents and their families first, adapting to new government directives and working with government to pilot and implement new measures to prevent and contain the spread of COVID-19.

In Ontario, Bill 37 received Royal Assent and will repeal and replace the Long-Term Care Homes Act with the Fixing Long-Term Care Act, 2021. The new legislation contains important improvements and changes for the long term care sector including:

- establishing in law the commitment to provide an average of four hours of direct care per resident per day by March 31, 2025, with increasing interim goals to increase care
- establishing new compliance and enforcement tools
- strengthening the Residents' Bill of Rights to align with the Ontario *Human Rights Code* and recognizing the important and ongoing role caregivers play in resident health and well-being

In Ontario, long term care funding is delivered via four distinct envelopes allocated to: nursing and personal care ("NPC"); programming and support services ("PSS"); food; and other accommodation. The first three envelopes must be spent entirely on the prescribed resident services with surplus, if any, returned to the government on filing of the annual, independently audited, long term care home financial returns. We continue to invest in significant additional staffing, PPE, and other measures to reduce and contain the spread of COVID-19. As at December 31, 2021, since the onset of the pandemic, these investments exceeded government pandemic-related reimbursements by approximately $5.7 million. Subsequent to December 31, 2021, the Ontario government committed additional funding for Ontario long term care homes for incremental prevention and containment costs related to COVID-19, including the Omicron wave. We anticipate recovery of our previous investments in Q1 2022 as well as funding for the elevation in containment and prevention costs with the Omicron wave.

In March 2020, the Ontario government put in place temporary occupancy protection funding to allow for isolation and cohorting and to facilitate reducing capacity in rooms with shared accommodation for three or four to a maximum of two occupants which in our portfolio reduced availability by 134 beds. This occupancy protection continued until January 31, 2022. The Ontario government has confirmed funding for isolation beds and the third and fourth beds in ward rooms that are currently unavailable for occupancy and has reinstated occupancy targets, including the outbreak occupancy funding protections that existed prior to the pandemic, effective February 1, 2022. We expect occupancies in our LTC portfolio to continue to recover in 2022 once the pandemic subsides due to significant waiting lists for admission. There are approximately 38,000 people on the waiting list for LTC accommodation in Ontario which is approximately 8.6% higher than pre-pandemic levels.

General, Administrative and Trust ("G&A") Expenses

In 2022 we will continue to grow and improve our management platform to enhance our ability to grow our business and support our operations teams. Excluding information technology systems implementation costs, we expect our 2022 G&A costs to increase by approximately 5% from the 2021 levels, as some of our 2021 costs were offset by government subsidies. In 2022 we are planning to implement a number of cloud-based technology solutions to improve the efficiency of our operations, particularly in the areas of recruitment and onboarding of staff as well as enhancing our clinical management systems. Under IFRS the majority of the costs of such cloud-based system implementations are required to be expensed. In prior years most of our information technology system implementation costs were capitalized. We expect information technology system implementation costs will increase our G&A by approximately $4.0 to $7.0 million in 2022, depending on the timing of execution of the planned implementations. Our ability to proceed with these projects is impacted by the level of support required by our operating teams to manage through various waves of the pandemic. As a result of the Omicron driven wave of the pandemic in early 2022, some of these projects have been deferred.

Development

Our business strategy is to develop modern, innovative, market-specific and operationally efficient retirement residence communities that remain competitive over the long term, and in some cases selectively partnering with reputable developers in order to gain access to attractive sites in strong markets. In 2021 we completed two development projects adding 294 suites to our portfolio success measures. At this time, we have two projects under construction with a total of 314 suites. Several other projects are undergoing design, municipal approval, and feasibility review activities and we continue to gradually move these projects along pre-construction milestones. While we continue to source and evaluate opportunities, due to the uncertainty created by the pandemic as discussed in the "COVID-19 Business Impacts and Related Risks" section, project starts are likely to be limited in 2022.

As of December 31, 2021, our Retirement operations acquisitions, development and other portfolio included 16 recently acquired and newly developed retirement residences with an aggregate gross book value of $625.1 million. These residences had a weighted average occupancy of 64.4% in 2021 and 66.3% in Q4 2021 and generated adjusted NOI of $18.2 million in 2021 and $4.7 million for Q4 2021. Upon achieving the expected stabilized average occupancy of 95%, these residences are estimated to generate annualized adjusted NOI of $46.0 million at our share of ownership.

Acquisitions

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 2,041 suites currently in various stages of lease-up, construction and pre-development in the province of Quebec. We continue to source and evaluate other acquisition opportunities in line with our growth strategies.

Dispositions

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 2021, 95.2% 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 2022 and 2023.

Significant Events

In addition to the items discussed in the 2022 Outlook section of this MD&A, the following events have had a significant effect on our financial results in 2021 and/or may be expected to affect our results in the future:

Development

Expected 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 'Expected Unlevered Yield'. Expected Unlevered Yield should not be construed as an alternative to other GAAP metrics and may not be comparable to measures used by other entities.

Expected Unlevered Yield is defined as the ratio of:

- the estimated annual 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 have been completed since January 1, 2020:

Project	Location	Suites / Beds	Suite Type	Chartwell Ownership Interest	Operations Start Date	Gross Book Value [1][2] ($millions)	Occupancy [3] (%)	Estimated Adjusted Development Costs [1][4][6] ($millions)	NOI [1][5] ($millions)	Expected Stabilized Occupancy Date	Expected Stabilized Occupancy (%)	Estimated Stabilized NOI [1][6] ($millions)	Expected Unlevered Yield [6]
Projects completed in 2020:													
Chartwell Meadowbrook Retirement Residence	Lively, ON	56	IL/ ISL	100%	Q4 2020	27.1	52%	31.6	(0.3)	Q1 2023	95%	2.0	6.3%
Projects completed in 2021:													
Chartwell Guildwood Retirement Residence [7]	Scarborough, ON	172	IL/ISL/ MC	50%	Q3 2021	39.7	65%	41.6	(0.5)	Q2 2024	95%	3.2	7.7%
Chartwell Montgomery Village [8]	Orangeville, ON	122	ISL	100%	Q4 2021	40.5	32%	44.1	(0.7)	Q3 2023	93%	3.4	7.7%
		350				**107.3**		**117.3**	**(1.5)**		**94%**	**8.6**	**7.3%**

(1) Calculated at Chartwell's ownership interest in the project.
(2) As at December 31, 2021.
(3) As of the date of this MD&A; includes 7% and 10% reservations at Chartwell Montgomery Village Retirement Residence and Chartwell Guildwood Retirement Residence for future resident move-ins, respectively.
(4) As at December 31, 2021, includes actual costs incurred of $31.1 million, $41.1 million and $42.1 million for Chartwell Meadowbrook Retirement Residence, Chartwell Guildwood Retirement Residence, and Chartwell Montgomery Village respectively.
(5) For the 12 months ended December 31, 2021.
(6) Non-GAAP; the definition of this metric and the discussion of its significance can be found at the beginning of this section on page 14 of this MD&A.
(7) Redevelopment of the 83-suite residence into a 172-suite residence. Opened on September 27, 2021.
(8) Opened on November 22, 2021.

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] ($millions)	Estimated Adjusted Development Costs [1][3] ($millions)	Adjusted Development Costs [1][2] incurred as at December 31, 2021 ($millions)	Estimated Adjusted Development Costs to Completion [4] ($millions)	Expected Completion Date [5]	Expected Stabilized Occupancy Date [5]	Reservations [6]	Expected Stabilized Occupancy (%)	Estimated Stabilized NOI [1][2] ($millions)	Expected Unlevered Yield [2]
Chartwell Ballycliffe Long Term Care [7]	Ajax, ON	224	LTC	53.4	3.8	57.2	20.1	37.1	Q2 2023	Q2 2023	-	100%	4.8	8.4%
Chartwell Ridgepointe Retirement Residence	Kamloops, BC	90	ISL	32.6	2.9	35.5	5.3	30.2	Q2 2023	Q4 2024	-	95%	2.3	6.5%
		314		**86.0**	**6.7**	**92.7**	**25.4**	**67.3**					**7.1**	**7.7%**

(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 14 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) Calculated as the Estimated Adjusted Development Costs less the Adjusted Development Costs incurred as at December 31, 2021.
(5) At this time, completion and stabilization dates are difficult to predict given the pandemic as described in the "COVID-19 Business Impacts and Related Risks" section of this MD&A.
(6) As of the date of this MD&A.
(7) Redevelopment of the existing 100-bed Class C LTC to a 224-bed LTC home. The existing LTC operations are expected to continue during the redevelopment. The Ontario Ministry of Long-Term Care ("MLTC") will provide both capital funding to the project for 25 years post completion and a 17% grant toward land, hard and certain soft costs estimated at $8.0 million, payable at substantial completion. Estimated stabilized NOI for this project includes the expected capital funding subsidy receipt of $1.9 million.

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 Inc. ("Batimo") in the province of Quebec. Batimo carries out development activities and we provide 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)	Completion Date	Actual / Expected Stabilized Occupancy Date
Chartwell Le Prescott	Vaudreuil, QC	324	ISL	O	June 2017	Q3 2023
Chartwell Le Montcalm	Candiac, QC	283	ISL	O	September 2017	Q1 2023
Chartwell Greenfield Park	Greenfield Park, QC	368	ISL / AL	O	June 2019	Q1 2024
Chartwell L'Envol	Cap Rouge, QC	360	ISL / AL	O	September 2019	Q2 2023
Chartwell Trait-Carré	Quebec City, QC	361	ISL / AL	O	February 2021	Q2 2023
Le Florilège	Beauport, QC	345	ISL / AL	C	Q4 2022	Q3 2024
		2,041				

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

In Q1 2021, construction of Chartwell Trait-Carré was completed, and the first resident moved in February 1, 2021. The completion of this project marks the ninth residence that we have opened in partnership with Batimo in seven years.

Projects in Pre-Construction and Potential Developments on Owned and Leased Lands

We have a number of projects in Pre-Construction. We continue to move these projects along pre-construction milestones and re-assess feasibility and returns. The following table summarizes projects in pre-construction.

Residence	Location	Ownership %	Vacant Land Size (acres)	Estimated Potential Number of Suites (1)	Book Value of Land ($millions)
Chartwell Royalcliffe Retirement Community	London, ON	50	1.8	163	1.1
Chartwell Wynfield III Retirement Residence	Oshawa, ON	100	2.0	201	6.0
Pickering Project	Pickering, ON	90	1.3	415	5.5
Chartwell Haysboro Retirement Residence	Calgary, AB	100	1.4	384	5.8
Westpoint Retirement Residence	Edmonton, AB	100	2.1	202	3.5
Total			8.6	1,365	21.9

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 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	2.3
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)			27.3	2,421	20.8

(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 April 14, 2021, we acquired a 42.5% interest in Chartwell Le Teasdale II in Terrebonne, Quebec from Batimo. Welltower Inc. (“Welltower”) also acquired a 42.5% interest and Batimo retained the remaining 15% interest in the property. The contractual purchase price at our share was $30.3 million and was settled through the assumption of related construction financing of $18.7 million, settlement of outstanding mezzanine loan of $4.0 million with the balance, net of bank account acquired and working capital adjustments, paid in cash.

Dispositions

On April 14, 2021, in conjunction with the acquisition of a 42.5% interest in Chartwell Le Teasdale II, we completed the sale of 50% of our 85% interest in Chartwell Le Teasdale I, in Terrebonne, Quebec to Welltower for a contractual sale price of $30.7 million to align the ownership structures across the entire complex. Welltower assumed its share of the mortgage of $23.4 million related to this property. Chartwell and Welltower each have ownership interests of 42.5% in the property with Batimo retaining the remaining 15% interest.

On December 1, 2021, we completed a disposition of four non-core retirement residences (302 suites) located in Ontario for an aggregate sale price of $71.5 million. The mortgages related to two of these properties of approximately $14.1 million were discharged on closing.

Public Offering of Trust Units

On August 25, 2021, we completed a public offering of 15,490,500 of Trust Units, inclusive of 2,050,500 Trust Units issued pursuant to the exercise in full of the over-allotment option, at a price of $13.00 per Trust Unit for total gross proceeds of approximately $201.4 million (the “Public Offering”). Underwriting commissions and other offering costs amounted to $8.9 million.

Financings

On September 13, 2021, we repaid a $100.0 million unsecured term loan, and a $50.0 million secured term loan with the net proceeds of the Public Offering.

Distribution Reinvestment Program

In response to market disruptions caused by the pandemic, on March 16, 2020, we announced a temporary suspension of our Distribution Reinvestment Program (“DRIP”), effective with the April 2020 distributions paid on May 15, 2020. Effective with the May 2021 distribution paid on June 15, 2021, our DRIP was reinstated. The DRIP allows unitholders to reinvest their distributions into new units of Chartwell, including a 3% bonus distribution and with no commissions. This facilitates unitholders’ ability to realize the benefits of compound growth in their investment. Unitholders can enroll in the DRIP by contacting their investment advisor.

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 as at December 31, 2021:

Joint Arrangements	# of Properties	Suites/Beds	Chartwell Ownership	Joint Arrangement Type	Consolidation Method
Held directly:					
Chartwell-Welltower Landlord ("CWL") (1)	37	7,245	50%	Joint operation	Proportionate
Chartwell Le St-Gabriel Landlord ("CSGL")	1	345	42.5%	Joint operation	Proportionate
Chartwell Le Teasdale I	1	343	42.5%	Joint operation	Proportionate
Chartwell Le Teasdale II	1	221	42.5%	Joint operation	Proportionate
The Sumach by Chartwell	1	332	45%	Joint operation	Proportionate
Batimo	3	422	85%	Joint operation	Proportionate
Chartwell Riverside Retirement Residence	1	138	50%	Joint operation	Proportionate
Chartwell Churchill House Retirement Residence	1	98	50%	Joint operation	Proportionate
Pickering Project (2)	1	415	90%	Joint operation	Proportionate
Held through separate legal entities:					
Chartwell-Welltower Operator	Same as CWL	Same as CWL	Same as CWL	Joint venture	Equity
Chartwell Le St-Gabriel Operator	Same as CSGL	Same as CSGL	Same as CSGL	Joint venture	Equity
Chartwell Oakville Retirement Residence	1	147	50%	Joint venture	Equity
Chartwell Constantia Retirement Residence	1	121	50%	Joint venture	Equity
Kingsbridge Retirement Community	1	165	60%	Joint venture	Equity

(1) Includes one property in pre-construction; refer to the "Projects in Pre-Construction" section on page 16 of this MD&A.
(2) In pre-construction, refer to the "Projects in Pre-Construction" section on page 16 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.

On March 2, 2020, Chartwell and Welltower each acquired a 42.5% interest in Chartwell Le St-Gabriel from Batimo, with Batimo retaining the remaining 15% interest. As the real estate is held directly by each of Chartwell, Welltower and Batimo, it is classified as a joint operation and accounted for on a proportionate consolidation basis. The operation of the property, for which Chartwell is the manager, is held through a separate legal entity and as a result is classified as a joint venture and is accounted for using the equity method of consolidation.

On April 14, 2021, Chartwell and Welltower each acquired a 42.5% interest in Chartwell Le Teasdale II from Batimo, with Batimo retaining the remaining 15% interest in the property. Simultaneously, Chartwell completed the sale of 50% of its 85% interest in Chartwell Le Teasdale I to Welltower. The real estate and the operations for both properties are directly held by Chartwell, Welltower and Batimo and are classified as joint operations and are accounted for on a proportionate consolidation basis.

Consolidated Results of Operations

Net Income

The following table summarizes select financial and operating performance measures:

($000s)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
Resident revenue	215,761	219,034	(3,273)	855,227	873,966	(18,739)
Direct property operating expense	162,602	156,381	6,221	629,715	622,499	7,216
Net income	18,732	12,182	6,550	10,132	14,879	(4,747)

Resident revenue decreased $18.7 million or 2.1% in 2021 primarily due to the disposition of properties and occupancy decline in our existing property portfolio as discussed in the "Results of Operations by Reportable Segment" section of this MD&A.

Direct property operating expense increased $7.2 million or 1.2% in 2021 primarily due to higher expenses in our existing property portfolio, partially offset by the disposition of properties, as discussed in the "Results of Operations by Reportable Segment" section of this MD&A.

For 2021, net income was $10.1 million compared to $14.9 million in 2020. Net income decreased in 2021 primarily due to lower resident revenue, higher direct property operating expenses, higher amortization of intangibles, lower lease revenue from joint ventures, lower interest income, negative changes in fair values of financial instruments, higher net loss from joint ventures and deferred tax expense in 2021 as compared to deferred tax recovery in 2020, partially offset by higher gain on disposal of assets, higher management and other fees, lower depreciation of property, plant and equipment ("PP&E"), lower finance costs and lower impairment charges.

Fourth Quarter:

For Q4 2021, resident revenue decreased $3.3 million or 1.5% primarily due to the disposition of properties and occupancy decline in our existing property portfolio as discussed in the "Results of Operations by Reportable Segment" section on page 25 of this MD&A.

For Q4 2021, direct property operating expense increased $6.2 million or 4.0% primarily due to higher expenses in our existing property portfolio, partially offset by the disposition of properties, as discussed in the "Results of Operations by Reportable Segment" section on page 25 of this MD&A.

In Q4 2021, net income was $18.7 million compared to $12.2 million in Q4 2020. The change in net income in Q4 2021 was primarily due to higher gain on disposal of assets in Q4 2021, higher management and other fees, lower deferred tax expense, lower finance cost and positive changes in fair values of financial instruments, partially offset by lower resident revenue, higher direct property operating expenses, higher amortization of intangibles, higher net loss and, lower lease revenue from joint ventures, higher general and administrative expenses and higher impairment charges.

FFO

FFO, a non-GAAP financial measure, 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 54 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 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 54 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, FFOPU and Weighted average number of units:

($000s, except per unit amounts)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
FFO [(1)]	28,435	43,496	(15,061)	132,262	165,861	(33,599)
FFOPU [(1)]	0.12	0.20	(0.08)	0.59	0.76	(0.17)
Weighted average number of units [(1)]	235,268	218,312	16,956	224,351	218,212	6,139

(1) Non-GAAP; refer to the "Additional Information on Non-GAAP Financial Measures" section on page 54 of this MD&A for a discussion of the calculation of the per unit amounts.

For 2021, FFO was $132.3 million or $0.59 per unit, compared to $165.9 million or $0.76 per unit in 2020. The decrease of $0.17 per unit includes dilution of $0.01 per unit due to the Public Offering. The following items impacted the change in FFO:

- lower adjusted NOI of $34.8 million consisting of:
  - a $33.2 million decrease in same property adjusted NOI primarily due to lower occupancy and continued investments in resident care and infection prevention and control measures, including temporary agency staffing costs, partially offset by higher revenue from inflationary and market-based rental and service rate increases from the provision of additional care and services, and
  - a decrease in contributions from our acquisitions, development, and other portfolio of $1.6 million as a result of lower adjusted NOI from the disposition of properties partially offset by higher adjusted NOI from acquisitions and development properties that are currently in lease up as discussed in the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses, and Adjusted NOI – Acquisitions, Dispositions and Other" section on page 23 of this MD&A
- higher amortization of internally developed software related intangible assets of $2.3 million
- lower interest income of $1.1 million
- higher G&A expenses of $0.5 million

partially offset by

- lower finance costs of $3.7 million, and
- higher management fee revenue of $1.4 million.

For 2021, FFO was impacted by $5.2 million of Lease-up-Losses and Imputed Cost of Debt related to our development projects (2020 – $5.5 million).

Fourth Quarter:

For Q4 2021, FFO was $28.4 million or $0.12 per unit, compared to $43.5 million or $0.20 per unit in Q4 2020. The decrease of $0.08 per unit includes dilution from the Public Offering. The following items impacted the change in FFO:

- lower adjusted NOI of $13.4 million consisting of:
    - a $12.1 million decrease in same property adjusted NOI primarily due to lower occupancy and investments in resident care and infection prevention and control measures, including temporary agency staffing costs, that increased as a result of the Omicron wave partially offset by higher revenue from inflationary and market-based rental and service rate increases and from the provision of additional care and services, and
    - a decrease in contributions from our acquisitions, development, and other portfolio of $1.3 million as a result of lower adjusted NOI from the disposition of properties partially offset by higher adjusted NOI from acquisitions and development properties that are currently in lease up as discussed in the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses, and Adjusted NOI – Acquisitions, Dispositions and Other" section on page 23 of this MD&A
- higher amortization of internally developed software related intangible assets of $2.5 million
- higher G&A expenses of $1.0 million
- other items combined of $0.2 million

partially offset by

- lower finance costs of $1.4 million, and
- higher management fee revenue of $0.6 million.

For Q4 2021, FFO was impacted by $1.5 million of Lease-up-Losses and Imputed Cost of Debt related to our development projects (Q4 2020 – $1.5 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, which are each non-GAAP financial measures, 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 are non-GAAP financial measures, 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, 2021:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations	143	20,937	17,149
Long Term Care Operations (1)	19	2,676	2,676
Total same property portfolio	162	23,613	19,825

(1) Includes one retirement residence (64 suites) connected to an LTC home.

Acquisitions, Development, and Other Portfolio

Our acquisitions, development, and other portfolio includes properties that were acquired after January 1, 2020, 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 occupancy.

The following table summarizes the composition of the acquisitions, development, and other portfolio as at December 31, 2021:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations	16	2,974	2,053
Long Term Care Operations	1	100	100
Total acquisitions, development, and other portfolio	17	3,074	2,153

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 portfolio and our acquisition, development and other portfolio:

($000s, except occupancy rates)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
Resident revenue	**215,761**	**219,034**	**(3,273)**	**855,227**	**873,966**	**(18,739)**
Add: Share of resident revenue from joint ventures (1)	27,910	28,624	(714)	109,933	116,157	(6,224)
Adjusted resident revenue (2)	243,671	247,658	(3,987)	965,160	990,123	(24,963)
Comprised of:						
Same property (2)	*224,534*	*227,158*	*(2,624)*	*890,395*	*900,413*	*(10,018)*
Acquisitions, development, and other (2)	*19,137*	*20,500*	*(1,363)*	*74,765*	*89,710*	*(14,945)*
Adjusted resident revenue (2)	*243,671*	*247,658*	*(3,987)*	*965,160*	*990,123*	*(24,963)*
Direct property operating expense	**162,602**	**156,381**	**6,221**	**629,715**	**622,499**	**7,216**
Add: Share of direct property operating expenses from joint ventures (3)	20,232	17,070	3,162	75,337	72,697	2,640
Adjusted direct property operating expense (2)	182,834	173,451	9,383	705,052	695,196	9,856
Comprised of:						
Same property (2)	*169,001*	*159,489*	*9,512*	*653,254*	*630,018*	*23,236*
Acquisitions, development, and other (2)	*13,833*	*13,962*	*(129)*	*51,798*	*65,178*	*(13,380)*
Adjusted direct property operating expense (2)	*182,834*	*173,451*	*9,383*	*705,052*	*695,196*	*9,856*
Adjusted NOI (2)	**60,837**	**74,207**	**(13,370)**	**260,108**	**294,927**	**(34,819)**
Comprised of:						
Same property (2)	*55,533*	*67,669*	*(12,136)*	*237,141*	*270,395*	*(33,254)*
Acquisitions, development, and other (2)	*5,304*	*6,538*	*(1,234)*	*22,967*	*24,532*	*(1,565)*
Adjusted NOI (2)	*60,837*	*74,207*	*(13,370)*	*260,108*	*294,927*	*(34,819)*
Weighted average occupancy rate - same property portfolio	78.7%	82.1%	(3.4pp)	78.2%	85.0%	(6.8pp)
Weighted average occupancy rate - total portfolio	77.7%	81.1%	(3.4pp)	77.0%	83.7%	(6.7pp)

(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 19 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 25 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 19 of this MD&A.

Adjusted resident revenue decreased 2.5% in 2021 due to a 1.1% decrease in same property adjusted resident revenue and the disposition of properties. Same property adjusted resident revenue decreased primarily due to lower occupancy, and lower preferred accommodation revenue, partially offset by inflationary and market-based rental and service rate increases and additional care and services revenue.

Adjusted direct property operating expense increased 1.4% in 2021 due to a 3.7% increase in same property adjusted direct operating expense, partially offset by the disposition of properties. The increase in same property adjusted direct operating expense was primarily due to higher agency staffing costs and insurance expenses, partially offset by lower net pandemic expense and lower food costs as a result of lower occupancy.

Adjusted NOI decreased $34.8 million or 11.8% in 2021 due to a 12.3% decrease in same property adjusted NOI and lower contributions from our acquisitions, development, and other portfolio.

In 2021, same property occupancy declined 6.8 percentage points. While move-ins have rebounded compared to 2020, their volume was not sufficient to fully offset move-outs which remain slightly below pre-pandemic levels.

Fourth Quarter:

For Q4 2021, adjusted resident revenue decreased 1.6% due to lower occupancy and the disposition of properties, partially offset by inflationary and market-based rental and service rate increases and additional care and services revenue.

For Q4 2021, adjusted direct property operating expense increased 5.4% due to a 6.0% increase in same property adjusted direct operating expense and the disposition of properties. The increase in same property adjusted direct operating expense was primarily due higher net pandemic expense, higher agency staffing costs, and insurance expenses partially offset by lower food costs as a result of lower occupancy.

For Q4 2021, adjusted NOI decreased $13.4 million or 18.0% due to a 17.9% decrease in same property adjusted NOI and lower contributions from our acquisitions, development, and other portfolio.

For Q4 2021, same property occupancy was lower than Q4 2020 by 3.4 percentage points. Compared to Q3 2021, same property occupancy in our Retirement Operations and Long Term Care Operations has increased as the pace of move ins continued to recover and exceeded the pace of move outs each month in Q4 2021.

Results of Operations by Reportable Segment

We monitor and operate our retirement and long term care properties separately. Our Retirement Operations segment includes 159 communities that we own and operate in four provinces in Canada: British Columbia, Alberta, Ontario, and Quebec. Our retirement residences provide services to age-qualified residents at rates, in most cases, set by Chartwell based on the services provided and market conditions. Our Long Term Care Operations segment includes 20 homes in Ontario, which includes one retirement residence that is connected to a long term care home. Admission and funding for long term care is overseen by local government agencies. Where a residence 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 our 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 as at December 31, 2021:

		Composition of Suites						
	Properties	**IL**	**ISLA**	**ISLS**	**AL**	**MC**	**LTC**	**Total**
Same Property								
100% Owned	103	663	3,169	7,948	927	202	451	13,360
50% Owned	40	593	3,550	2,994	377	63	-	7,577
Total same property owned	143	1,256	6,719	10,942	1,304	265	451	20,937
Acquisitions, Development, and Other								
100% Owned – operating	7	86	306	480	72	30	-	974
Partially Owned – operating (1)	9	-	1,620	255	94	31	-	2,000
Total acquisitions, development, and other	16	86	1,926	735	166	61	-	2,974
Total	159	1,342	8,645	11,677	1,470	326	451	23,911

(1) We own an 85% interest in three of these properties, a 60% interest in one property, a 50% interest in one property, a 45% interest in one property, and a 42.5% interest in three properties.

The following table presents the results of our Retirement Operations as at December 31, 2021**:**

($000s, except occupancy rates)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
Adjusted resident revenue	**179,690**	**181,790**	**(2,100)**	**705,905**	**738,733**	**(32,828)**
Comprised of:						
Same property (1)	*162,814*	*163,596*	*(782)*	*640,172*	*663,641*	*(23,469)*
Acquisitions, development, and other (1)	*16,876*	*18,194*	*(1,318)*	*65,733*	*75,092*	*(9,359)*
Adjusted direct property operating expense	**125,598**	**114,307**	**11,291**	**469,226**	**470,341**	**(1,115)**
Comprised of:						
Same property (1)	*114,013*	*102,534*	*11,479*	*426,365*	*418,790*	*7,575*
Acquisitions, development, and other (1)	*11,585*	*11,773*	*(188)*	*42,861*	*51,551*	*(8,690)*
Adjusted NOI	**54,092**	**67,483**	**(13,391)**	**236,679**	**268,392**	**(31,713)**
Comprised of:						
Same property (1)	*48,801*	*61,062*	*(12,261)*	*213,807*	*244,851*	*(31,044)*
Acquisitions, development, and other (1)	*5,291*	*6,421*	*(1,130)*	*22,872*	*23,541*	*(669)*
Weighted average occupancy rate - same property portfolio	76.8%	81.3%	(4.5pp)	77.1%	84.0%	(6.9pp)
Weighted average occupancy rate - total portfolio	75.9%	80.3%	(4.4pp)	75.8%	82.5%	(6.7pp)

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section on page 22 of this MD&A for explanations of 'Same property' and 'Acquisitions, development, and other' and the significance of these metrics.

Adjusted resident revenue decreased 4.4% in 2021 primarily due to a 3.5% decrease in same property adjusted resident revenue and the disposition of properties. The decrease in same property adjusted resident revenue was a result of lower occupancy of $50.6 million, partially offset by higher revenue from inflationary and market-based rental and service rate increases and the provision of additional care and services.

Adjusted direct property operating expense decreased 0.2% in 2021 primarily due to the disposition of properties partially offset by a 1.8% increase in same property adjusted direct operating expense. The increase in same property adjusted direct operating expense was primarily due to higher staffing costs, primarily agency staffing, and insurance expenses, partially offset by lower net pandemic expense of $8.0 million (net pandemic expense recoveries of $3.9 million in 2021, compared to net pandemic expenses of $4.1 million in 2020) and lower food costs due to reduced occupancy.

Adjusted NOI decreased $31.7 million or 11.8% in 2021 primarily due to a 12.7% decrease in same property adjusted NOI related to lower occupancy and higher agency staffing costs and insurance expenses, partially offset by higher revenue from both inflationary and market-based rental and service rate increases and from the provision of additional care and services, lower food costs due to reduced occupancy, and lower net pandemic expenses.

The following summarizes our retirement same property adjusted NOI for 2021 by platform:

- Our Ontario platform same property adjusted NOI decreased $15.3 million or 11.7%, primarily due to lower occupancy, higher agency staffing costs, and insurance expenses, partially offset by higher revenue from inflationary and market-based rental and service rate increases and the provision of additional care and services, lower food costs as a result of lower occupancy, and net pandemic expense of $0.3 million in 2021 compared to net pandemic expense of $2.9 million in 2020.
- Our Western Canada platform same property adjusted NOI decreased $1.5 million or 2.4%, primarily due to lower occupancy, higher staffing costs and higher utilities expense, by partially offset by higher revenue from inflationary and market-based rental and service rate increases and the provision of additional care and services, and net pandemic expense recoveries of $3.4 million in 2021 compared to net pandemic expense of $0.8 million in 2020.
- Our Quebec platform same property adjusted NOI decreased $14.2 million or 27.5%, primarily due to lower occupancy, higher agency staffing costs, partially offset by higher revenue from inflationary and market-based rental and service rate increases and the provision of additional care and services and net pandemic expense recoveries of $0.8 million in 2021 compared to net pandemic expense of $0.4 million in 2020.

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

	2021	2020	Change
Ontario	73.4%	79.2%	(5.8pp)
Western Canada	83.1%	88.8%	(5.7pp)
Quebec	78.4%	87.6%	(9.2pp)
Combined	77.1%	84.0%	(6.9pp)

In 2021, weighted average occupancy in our retirement same property portfolio was 77.1%, a 6.9 percentage point decrease from 2020, primarily due the continued impact of the pandemic. Positive trends through 2021, including increasing monthly move in activity through the year, higher move ins in aggregate for 2021 compared to 2020 and lower move out activity in aggregate for 2021 compared to 2020 did not offset declining occupancy from the onset of the pandemic until July 2021, when occupancies stabilized and then began increasing gradually to December 2021.

Fourth Quarter:

Adjusted resident revenue decreased 1.2% in Q4 2021 primarily due to a 0.5% decrease in same property adjusted resident revenue and disposition of properties. The decrease in same property adjusted resident revenue was a result of lower occupancy of $7.2 million, partially offset by higher revenue from both inflationary and market-based rental and service rate increases and the provision of additional care and services.

Adjusted direct property operating expense increased 9.9% in Q4 2021 primarily due to 11.2% increase in same property adjusted direct operating expenses partially offset by the disposition of properties. The increase in same property adjusted direct operating expense was primarily due to higher net pandemic expense of $5.7 million (net pandemic expense of $1.7 million in Q4 2021 compared to net pandemic expense recoveries of $4.0 million in Q4 2020) primarily due to the Omicron wave, higher agency staffing costs of $3.6 million and higher insurance expense, partially offset by lower food costs due to reduced occupancy.

For Q4 2021, adjusted NOI decreased $13.4 million or 19.8% primarily due to a 20.1% decrease in same property adjusted NOI related to lower occupancy, higher net pandemic expense, agency staffing costs and insurance expense, partially offset by higher revenue from inflationary and market-based rental and service

rate increases and the provision of additional care and services and lower food costs due to reduced occupancy.
The following summarizes our retirement same property adjusted NOI for Q4 2021 by platform:

- Our Ontario platform same property adjusted NOI decreased $7.9 million or 24.1%, primarily due to lower occupancy, higher net pandemic expense and higher agency staffing costs, partially offset by higher revenue from both inflationary and market-based rental and service rate increases and from the provision of additional care and services. Net pandemic expense was $1.9 million in Q4 2021 compared to net pandemic expense recoveries of $2.0 million in Q4 2020.
- Our Western Canada platform same property adjusted NOI increased $0.6 million or 3.8% primarily due to higher revenue from both inflationary and market-based rental and service rate increases from the provision of additional care and services. Net pandemic expense includes recoveries of $0.4 million in Q4 2021 compared to net pandemic expense recoveries of $0.5 million in Q4 2020.
- Our Quebec platform same property adjusted NOI decreased $5.0 million or 38.9%, primarily due to lower occupancy and higher agency staffing costs partially offset by higher revenue from both inflationary and market-based rental and service rate increases from the provision of additional care and services. Net pandemic expense was $0.2 million in Q4 2021 compared to net pandemic expense recoveries of $1.5 million in Q4 2020.

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

	Q4 2021	Q4 2020	Change	Q3 2021	Change
Ontario	73.5%	76.8%	(3.3pp)	72.6%	0.9pp
Western Canada	85.5%	85.7%	(0.2pp)	83.4%	2.1pp
Quebec	76.2%	84.8%	(8.6pp)	77.2%	(1.0pp)
Combined	76.8%	81.3%	(4.5pp)	76.4%	0.4pp

In Q4 2021, weighted average occupancy in our retirement same property portfolio was 76.8%, compared to 81.3% in Q4 2020 a decrease of 4.5 percentage points. In Q4 2021, move ins exceeded Q4 2020 by 54% and move outs were 3% lower than Q4 2020. In Q4 2021 weighted average occupancy increased 0.4 percentage points compared to Q3 2021, with our Western Canada platform showing strong improvement of 2.1 percentage points and Ontario increasing by 0.9 percentage points as needs driven demand and broader reopening supported occupancy recovery. The pace of decline in our Quebec platform, which has a more independent clientele and where public health restrictions imposed on retirement residences were the most stringent in our portfolio, slowed in Q4 2021, declining 1.0 percentage points from Q3 2021.

Long Term Care Operations

The following table summarizes the composition of our Long Term Care Operations as at December 31, 2021:

		Composition of Suites/Beds						
	Properties	**IL**	**ISLA**	**ISLS**	**AL**	**MC**	**LTC**	**Total**
Same property (1)	19	-	-	75	-	-	2,601	2,676
Acquisitions, development, and other	1	-	-	-	-	-	100	100
Total	20	-	-	75	-	-	2,701	2,776

(1) Includes one retirement residence (64 suites) connected to an LTC home, and 11 retirement suites at another LTC home.

The following table presents the results of our Long Term Care Operations as at December 31, 2021**:**

($000s, except occupancy rates)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
Adjusted resident revenue	**63,981**	**65,868**	**(1,887)**	**259,255**	**251,390**	**7,865**
Comprised of:						
Same property (1)	*61,720*	*63,562*	*(1,842)*	*250,223*	*236,772*	*13,451*
Acquisitions, development, and other (1)	*2,261*	*2,306*	*(45)*	*9,032*	*14,618*	*(5,586)*
Adjusted direct property operating expenses	**57,236**	**59,144**	**(1,908)**	**235,826**	**224,855**	**10,971**
Comprised of:						
Same property (1)	*54,988*	*56,955*	*(1,967)*	*226,889*	*211,228*	*15,661*
Acquisitions, development, and other (1)	*2,248*	*2,189*	*59*	*8,937*	*13,627*	*(4,690)*
Adjusted NOI	**6,745**	**6,724**	**21**	**23,429**	**26,535**	**(3,106)**
Comprised of:						
Same property (1)	*6,732*	*6,607*	*125*	*23,334*	*25,544*	*(2,210)*
Acquisitions, development, and other (1)	*13*	*117*	*(104)*	*95*	*991*	*(896)*
Weighted average occupancy rate - same property portfolio (2)	90.5%	87.2%	3.3pp	85.4%	91.7%	(6.3pp)
Weighted average occupancy rate - total portfolio	90.5%	86.5%	4.0pp	85.3%	91.6%	(6.3pp)

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section on page 22 of this MD&A for explanations of 'Same property' and 'Acquisitions, development, and other' and the significance of these metrics.

(2) Occupancy based on total licensed beds. Excluding isolation beds and limitations on three-and four-bed wards, occupancy based on available beds was 98.1% in Q4 2021.

Adjusted NOI decreased $3.1 million or 11.7% in 2021 primarily due to 8.7% decrease in same property adjusted NOI and the disposition of properties. Same property adjusted NOI decreased primarily due to higher staffing costs, higher insurance expenses, lower preferred and retirement accommodation revenues, partially offset by lower net pandemic expense.

In 2021, weighted average occupancy in our LTC same property portfolio was 85.4%, a 6.3 percentage point decrease from 2020, primarily due to lower beginning occupancy in 2021 as well as government directives limiting occupancy in our Class B- and C-bed LTC homes. In 2021, move in activity increased and weighted average occupancy in our LTC same property portfolio excluding the beds that are not available was 91.5%.

Fourth Quarter:

For Q4 2021, adjusted NOI increased by 0.3 % primarily due to 1.9% increase in same property adjusted NOI. Same property adjusted NOI increased primarily due to lower pandemic-related expenses compared to Q4 2020, partially offset by higher staffing costs.

In Q4 2021, move in activity increased, and as a result, weighted average occupancy in our LTC same property portfolio was 90.5%, a 3.3 percentage point increase from Q4 2020. Weighted average occupancy excluding the beds that are not available due to these restrictions, was 97.1% in Q4 2021.

Management and Other Fees

($000s)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
Welltower	1,638	878	760	7,621	5,670	1,951
Other	446	624	(178)	3,401	3,970	(569)
Total management and other fees	2,084	1,502	582	11,022	9,640	1,382

In 2021, and Q4 2021, management and other fees increased $1.4 million and $0.6 million respectively, primarily due to changes in performance-based fees.

Interest Income

($000s)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
Interest income on loans receivable	202	302	(100)	913	1,360	(447)
Interest income on capital funding	345	436	(91)	1,483	1,906	(423)
Other interest income	82	49	33	466	606	(140)
Total interest income	629	787	(158)	2,862	3,872	(1,010)

Interest income on loans receivable decreased $0.4 million and $0.1 million in 2021 and Q4 2021, respectively, primarily due to lower loan balances outstanding.

In 2021 and Q4 2021, interest income on capital funding decreased $0.4 million and $0.1 million, respectively, primarily due to lower receivable balances outstanding.

Other interest income fluctuates period to period based on cash balances. In Q4 2021 other interest income increased $0.1 million primarily due to higher cash balances.

General, Administrative and Trust Expenses

($000s)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
G&A expenses	9,669	8,674	995	44,364	43,895	469

G&A expenses increased $0.5 million in 2021 primarily due to higher compliance related legal and professional fees of $0.8 million and lower government subsidies of $0.5 million, partially offset by lower education costs as a result of moving various educational programs to virtual formats.

In Q4 2021, G&A expenses increased $1.0 million primarily due to lower government subsidies of $1.0 million and higher compliance related legal and professional fees of $0.8 million, partially offset by lower education and severance costs.

Finance Costs

($000s)	Q4 2021	Q4 2020	Change	2021	2020	Change
Contractual interest expense on mortgages	15,727	17,035	(1,308)	64,388	70,460	(6,072)
Comprised of:						
Same property (1)	*13,947*	*15,089*	*(1,142)*	*57,267*	*62,652*	*(5,385)*
Acquisitions, development, and other (1)	*1,780*	*1,946*	*(166)*	*7,121*	*7,808*	*(687)*
Interest expense on Debentures (2)	3,501	3,501	-	13,888	13,888	-
Interest expense on Credit Facilities	421	578	(157)	1,636	3,628	(1,992)
Interest expense on Term Loans (3)	1,174	1,698	(524)	7,363	5,021	2,342
	20,823	22,812	(1,989)	87,275	92,997	(5,722)
Amortization of finance costs and mark-to-market adjustments on assumed mortgages	1,218	815	403	4,711	2,678	2,033
	22,041	23,627	(1,586)	91,986	95,675	(3,689)
Interest capitalized to properties under development	(715)	(903)	188	(3,468)	(3,469)	1
Distributions on Class B Units recorded as interest expense	235	235	-	937	944	(7)
Total finance costs	21,561	22,959	(1,398)	89,455	93,150	(3,695)

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section on page 22 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 38 of this MD&A for details.
(3) "Term Loans" refers collectively to the unsecured term loans and the secured term loan. See the "Liquidity and Capital Resources – Debt – Term Loans" section on page 37 of this MD&A for details.

Contractual interest expense on mortgages decreased $6.1 million and $1.3 million in 2021 and Q4 2021, respectively, primarily due to lower interest rates achieved on renewals of mortgage financings.

Interest expense on Credit Facilities decreased $2.0 million and $0.2 million primarily due to lower draws on the secured credit facility.

Interest expense on Term Loans increased $2.3 million in 2021 primarily due to the $50 million secured term loan and the $100 million unsecured term loan drawn on November 12, 2020, which were outstanding until September 13, 2021, when these loans were repaid from the net proceeds of the Public Offering. In Q4 2021, interest expense on Term Loans decreased, primarily due to repayment of $50 million secured term loan and the $100 million unsecured term loan with the net proceeds of the Public Offering.

Interest capitalized to properties under development in 2021 remains at the same level as 2020 and decreased $0.2 million in Q4 2021 due to lower investments in development.

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

($000s)	Q4 2021	Q4 2020	Change	2021	2020	Change
Contractual interest expense on mortgages	463	445	18	1,816	1,861	(45)
Comprised of:						
Same property (1)	*266*	*291*	*(25)*	*1,128*	*1,167*	*(39)*
Acquisitions, development, and other (1)	*197*	*154*	*43*	*688*	*694*	*(6)*
Amortization of finance costs	25	13	12	68	45	23
Total finance costs	488	458	30	1,884	1,906	(22)

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section one page 22 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 2021**	Q4 2020	Change	**2021**	2020	Change
Transaction costs dispositions	(858)	(306)	(552)	(1,374)	(996)	(378)
Impairment losses	(850)	-	(850)	(850)	(3,200)	2,350
Gain on sale of assets	37,857	23,001	14,856	44,840	25,072	19,768
Other income	177	165	12	737	764	(27)
Total other income/(expense)	36,326	22,860	13,466	43,353	21,640	21,713

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

Impairment losses of $0.8 million recorded in Q4 2021 relate to the write-down in the carrying value of one retirement residence. The impairment loss resulted from a decline in the operating performance of this property due to competitive pressures. In 2020, we recorded impairment charges related to five retirement residences for which we had previously recorded write downs based on a decline in their operating performance resulting from competitive pressures that existed prior to the pandemic. As a result of a temporary decline in the estimated future cash flows used in the impairment model to reflect the impact of the pandemic, an additional charge was recorded in respect of these properties in 2020.

Gains on sale of assets in 2021 primarily relates to the sale of four non-core retirement residences in Ontario and, the sale of 50% of our 85% interest in Chartwell Le Teasdale I to Welltower, as described in the "Significant Events - Dispositions" section on page 17 of this MD&A. For 2020, the gain on sale of assets relates to the sale of four LTC Homes in Ontario, three non-core retirement residences in in Alberta and one non-core retirement residence in Quebec.

Other Items

($000s)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
Depreciation of PP&E and amortization of intangible assets	(45,681)	(42,424)	(3,257)	(168,091)	(179,681)	11,590
Change in fair value of financial instruments and foreign exchange gain/(loss)	2,248	(4,374)	6,622	1,295	3,828	(2,533)
Deferred income tax benefit/(expense)	(4,346)	(7,052)	2,706	(984)	3,865	(4,849)

Depreciation of PP&E and amortization of intangible assets decreased $11.6 million in 2021, primarily due to lower depreciation on resident contracts and PP&E, and decreases in the property portfolio from dispositions, partially offset by acquisitions. For Q4 2021, depreciation of PP&E and amortization of intangibles increased $3.3 million, primarily due to higher derecognition of internally developed software related intangible assets.

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. These amounts are expected to fluctuate from period to period due to changes in financial markets.

Deferred tax expense of $1.0 million was recorded in 2021 as compared to a deferred tax benefit of $3.9 million in 2020. The 2021 deferred tax expense primarily relates to the utilization of loss carry forwards to offset capital gains on the sale of properties, reversal of temporary differences on the accounting and tax basis of PP&E and negative fair value adjustments. This was offset by the deferred tax benefit on the non-taxable portion of capital gains. The 2020 deferred tax recovery is primarily related to fair value adjustments and non-taxable portion of capital gains relating to the disposition of properties.

Cash Flow Analysis

The following table summarizes the significant changes in our operating, financing and investing cash flows between 2021 and 2020 using our consolidated statements of cash flows:

Cash Provided by (Used in):	**Increase (Decrease)** ($millions)	**Explanation**
Operating activities	(28.3)	Change in cash flows from operating activities is primarily due to lower adjusted NOI and changes in working capital, partially offset by lower interest paid.
Financing activities	(19.3)	Change in cash flows from financing activities is due to repayment of term loans, lower proceeds from mortgage financing activities partially offset by proceeds from our Public Offering of Trust units, lower distributions paid in cash due to the reinstatement of our DRIP and lower mortgage repayments.
Investing activities	25.7	Change in cash flows from investing activities is primarily due to lower additions to PP&E and intangible assets, lower acquisitions of assets, partially offset by lower proceeds from disposition of PP&E.

The following table summarizes the significant changes in our operating, financing and investing cash flows between Q4 2021 and Q4 2020 using our consolidated statements of cash flows:

Cash Provided by (Used in):	**Increase (Decrease)** ($millions)	**Explanation**
Operating activities	(10.0)	Change in cash flows from operating activities is primarily due to lower adjusted NOI and changes in working capital partially offset by lower interest paid.
Financing activities	18.0	Change in cash flows from financing activities is due to lower proceeds from mortgage financing. In addition, Q4 2020 reflects repayment of our credit facilities, which remained undrawn in Q4 2021, partially offset by lower mortgage repayments and lower distributions paid in cash due to the reinstatement of our DRIP.
Investing activities	3.7	Change in cash flows from investing activities is primarily due to higher proceeds from disposition of PP&E partially offset by higher additions to PP&E and intangible assets.

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, secured and unsecured term loans, senior unsecured debentures, and equity financing.

At December 31, 2021, our liquidity was $438.9 million as presented in the following table:

($000s)	**December 31, 2021**	December 31, 2020
Cash and cash equivalents	95,486	70,157
Available under Credit Facilities (1)	343,449	389,353
Total	438,935	459,510

(1) Refer to the "Liquidity and Capital Resources - Credit Facilities" section on page 37 of this MD&A for the determination and calculation of this amount.

In addition, at December 31, 2021, our share of cash and cash equivalents held in our Equity-Accounted JVs was $5.1 million.

As at December 31, 2021, our current liabilities totalled $509.4 million, exceeding our current assets of $146.9 million, resulting in a working capital deficiency of $362.5 million. Current liabilities include an amount of $301.6 million of current mortgages payable, comprised of $223.3 million related to maturing balances, and $82.3 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) secured and unsecured term loans. In addition, subject to market conditions, we may continue to dispose of certain non-core assets and seek to raise funds through new secured term loans, senior unsecured debentures or equity financing.

Debt

Our debt portfolio currently consists of property-specific mortgages, Credit Facilities, Term Loans, and Debentures. 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.

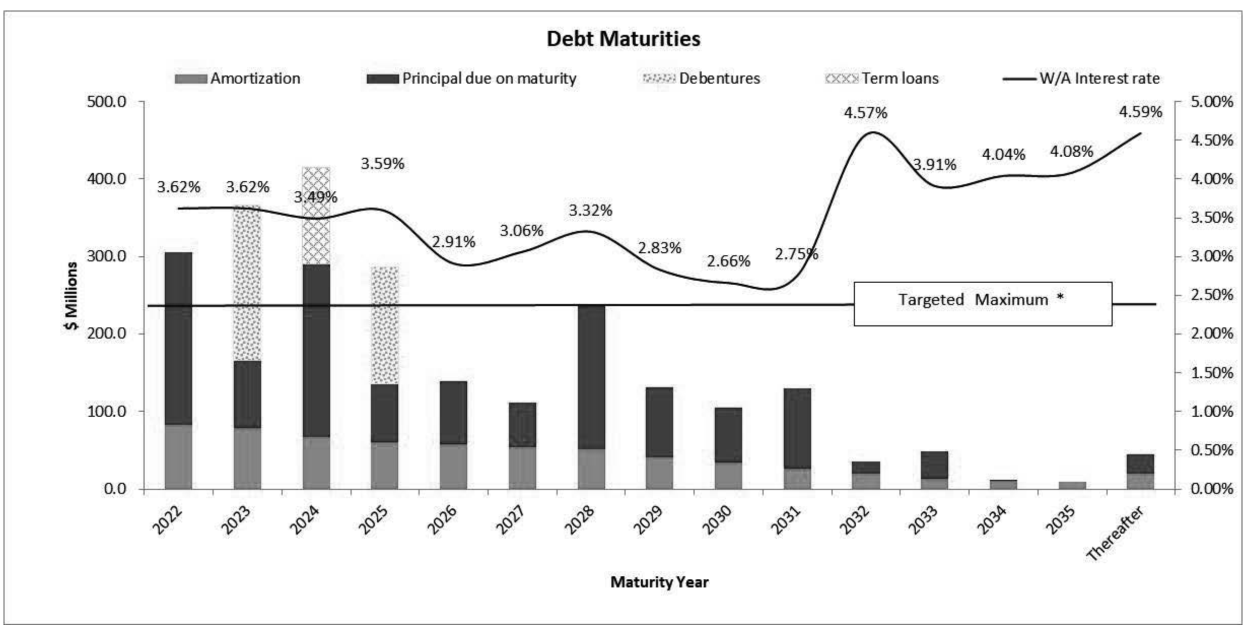
The following table summarizes the components of the principal balance of our debt at December 31, 2021 and December 31, 2020:

($000s)	**December 31, 2021**	December 31, 2020
Mortgages payable	1,904,057	1,921,157
Term Loans		
Unsecured term loans	125,000	225,000
Secured term loan	-	50,000
Debentures		
Series A Debentures	200,000	200,000
Series B Debentures	150,000	150,000
Total	2,379,057	2,546,157

The following table summarizes the scheduled principal maturity and weighted average interest rates for our debt portfolio at December 31, 2021:

($000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Mortgages	Weighted Average Interest Rate	Term Loans	Weighted Average Interest Rate	Debentures	Weighted Average Interest Rate	**Total**	Consolidated Weighted Average Interest Rate
2022	82,335	223,293	305,628	3.62%	-	-	-	-	305,628	3.62%
2023	78,118	88,463	166,581	3.43%	-	-	200,000	3.79%	366,581	3.62%
2024	67,391	223,012	290,403	3.40%	125,000	3.70%	-	-	415,403	3.49%
2025	59,929	76,300	136,229	2.91%	-	-	150,000	4.21%	286,229	3.59%
2026	57,595	81,835	139,430	2.91%	-	-	-	-	139,430	2.91%
2027	54,077	57,525	111,602	3.06%	-	-	-	-	111,602	3.06%
2028	50,711	186,547	237,258	3.32%	-	-	-	-	237,258	3.32%
2029	41,181	90,310	131,491	2.83%	-	-	-	-	131,491	2.83%
2030	34,501	70,145	104,646	2.66%	-	-	-	-	104,646	2.66%
2031	25,733	104,078	129,811	2.75%	-	-	-	-	129,811	2.75%
2032	20,419	14,894	35,313	4.57%	-	-	-	-	35,313	4.57%
2033	13,618	35,365	48,983	3.91%	-	-	-	-	48,983	3.91%
2034	10,157	1,621	11,778	4.04%	-	-	-	-	11,778	4.04%
2035	9,755	-	9,755	4.08%	-	-	-	-	9,755	4.08%
Thereafter	19,888	25,261	45,149	4.59%	-	-	-	-	45,149	4.59%
Total	642,408	1,278,649	1,904,057	3.27%	125,000	3.70%	350,000	3.97%	2,379,057	3.40%

The following chart provides a breakdown of our debt maturities at December 31, 2021:



** 10% of total debt = $237.9 million*

Mortgage Debt

We generally have access to low-cost mortgage financing insured by CMHC. As of December 31, 2021, approximately 77% 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 2021:

	Balance ($000s)	Weighted Average Term to Maturity (Years)	Weighted Average Interest Rate	% CMHC Insured
Principal balance at December 31, 2020	1,921,157	6.6	3.41%	75%
Payouts and matured in the period	(53,044)	-	4.62%	16%
Assumed mortgages	18,668	0.3	3.25%	-
New mortgage financings	138,808	8.3	2.20%	92%
Amortizing principal repayments	(84,017)	N/A	N/A	N/A
Mortgages related to sale of interests in properties	(37,515)	-	3.15%	38%
Principal balance at December 31, 2021	1,904,057	6.3	3.27%	77%
Mark-to-market adjustments on assumed mortgages	5,412			
Finance costs	(48,269)			
Mortgages payable at December 31, 2021	1,861,200			

Assumed mortgages relates to the acquisition of Chartwell Le Teasdale II on April 14, 2021. Mortgages related to sale of interest in properties relates to Chartwell Le Teasdale I on April 14, 2021, and the sale of four non-core retirement residences, as described in the “Significant Events - Dispositions” section on page 17 of this MD&A.

New mortgage financings include:

- 12 CMHC-insured mortgages totalling $127.8 million with a weighted average interest rate of 2.27% and a weighted average term to maturity of 8.9 years, and
- Construction financing draws primarily for one property under development of $11.0 million with a weighted average interest rate of 1.42% and a weighted average term to maturity of one year.

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

	At December 31, 2021			At December 31, 2020
	Fixed Rate	Variable Rate	Total	Total
Principal amount ($000s)	1,856,024	48,033	1,904,057	1,921,157
Weighted average interest rate	3.30%	2.13%	3.27%	3.41%
Average term to maturity (years)	6.5	0.7	6.3	6.6

The following tables are supplemental information and summarize the components of our debt at December 31, 2021 and December 31, 2020 for our Equity-Accounted JVs:

($000s)	**December 31, 2021**	December 31, 2020
Principal balance of mortgages payable	52,549	52,974
Finance costs	(198)	(50)
Mortgages payable at December 31, 2021	52,351	52,924

($000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Principal Balance of Mortgages Payable	Weighted Average Interest Rate
2022	274	-	274	3.98%
2023	285	-	285	3.98%
2024	297	26,430	26,727	2.95%
2025	308	-	308	3.98%
2026	267	24,688	24,955	3.71%
Total	1,431	51,118	52,549	3.33%

Credit Facilities

The following table summarizes the available borrowing capacity on these Credit Facilities, at December 31, 2021:

($000s)	Maximum Capacity	Available Capacity	Utilized for Letters of Credit	Net Available Capacity	Borrowed	Available Borrowing Capacity	Maturity Date
Secured credit facility (1)	300,000	249,915	(6,466)	243,449	-	243,449	May 29, 2024
Unsecured credit facility (2)(3)	100,000	100,000	-	100,000		100,000	May 29, 2024
Total Credit Facilities	400,000	349,915	(6,466)	343,449		343,449	

(1) Available capacity is determined based on a formula that considers the lending value of the properties included in the secured asset pool. The factors impacting the lending value formula include property valuations, the mortgageability amount determined on the basis of NOI for the previous four quarters, and the secured collateral.
(2) Available capacity is determined by a minimum ratio of unencumbered property asset value to unsecured indebtedness of 1.3:1.
(3) An option to increase borrowing capacity by an additional $50.0 million is available, subject to certain conditions.

The cost of our 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 basis points ("bps") or the Banker' Acceptance rate ("BA") plus 165 bps, and amounts borrowed under the unsecured credit facility bear interest at Prime plus 70 bps or BA plus 170 bps. Should Chartwell's credit rating be revised below BBB(low), amounts borrowed under the Credit Facilities would bear higher interest by an incremental 40 bps. The secured credit facility is secured by second-ranked charges on specific properties.

Our Credit Facilities are subject to various financial covenants including among others, debt service coverage ratio, secured indebtedness percentage ratio, minimum equity requirements and limitations on entering into certain investments and on the amount of cash distributions that can be paid to unitholders. In addition, the unsecured credit facility is subject to the minimum unencumbered asset ratio covenant. We were in compliance with these financial covenants as at December 31, 2021. Please refer to the "Financial Covenants" section on page 38 of this MD&A for calculations of these covenants.

Term Loans

On September 13, 2021, we repaid our $100.0 million unsecured term loan and our $50.0 million secured term loan.

As at December 31, 2021, we have a $125.0 million unsecured term loan outstanding with a Canadian chartered bank. The loan matures on May 31, 2024, and through an interest rate swap, bears a fixed interest rate of 3.7%. The unsecured term loan is subject to covenants that are generally consistent with the covenants on our Credit Facilities.

Please refer to the “Financial Covenants” section on page 38 of this MD&A for calculations of these covenants.

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. Unamortized financing costs as at December 31, 2021 were $0.9 million.

The following table summarizes the balance of our Debentures:

($000s)	**As at December 31, 2021**	As at December 31, 2020
Series A Debentures outstanding	200,000	200,000
Series B Debentures outstanding	150,000	150,000
Unamortized finance costs	(933)	(1,319)
Carrying value	349,067	348,681

Under the terms of the Debentures, Chartwell is required to meet certain financial covenants. These covenants include required interest coverage ratio, indebtedness percentage ratio and unencumbered asset ratio. Chartwell was in compliance with these financials covenants as at December 31, 2021. Please refer to the “Financial Covenants” section on page 38 of this MD&A for calculations of these covenants.

Credit Rating

On April 15, 2021, DBRS confirmed the BBB(low) rating of our Issuer Rating and the Senior Unsecured Debentures Rating with a negative trend as described in their report. (Details are available on their website at www.dbrsmorningstar.com.)

Financial Covenants

Our Credit Facilities, Term Loans 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, Term Loans 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 the Secured and Unsecured Facilities (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 and Term Loans

1. Debt Service Coverage Ratio for Credit Facilities and Term Loans

We are required to maintain a minimum debt service coverage ratio of 1.20 on a rolling 12-month basis. Refer to the “Financial Covenants – Amendments to Covenants” section on page 46 of this MD&A.

($000s, except debt service coverage ratio)	**12 months December 31, 2021**	12 months December 31, 2020
Consolidated EBITDA for Credit Facilities and Term Loans (1)	237,205	272,279
Consolidated interest expense for Credit Facilities and Term Loans (2)	89,091	94,858
Consolidated regularly scheduled debt principal payments for Credit Facilities and Term Loans (3)	84,533	78,153
Consolidated debt service payments for Credit Facilities and Term Loans	173,624	173,011
Debt service coverage ratio for Credit Facilities and Term Loans	1.37	1.57

(1) Refer to the “Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures” section on page 42 of this MD&A for the calculation of consolidated EBITDA for Credit Facilities and Term Loans.
(2) Refer to the “Supporting Covenant Calculations – 2. Consolidated Interest Expense for Credit Facilities, Term Loans, and Debentures “section on page 43 of this MD&A for the calculation of consolidated interest expense for Credit Facilities and Term Loans.
(3) Refer to the “Supporting Covenant Calculations – 3. Regularly-Scheduled Debt Principal Payments for Credit Facilities” section on page 43 of this MD&A for the calculation of consolidated regularly-scheduled debt principal payments for Credit Facilities and Term Loans.

2. Total Leverage Ratio for Credit Facilities and Term Loans

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

($000s, except total leverage ratio)	**As at December 31, 2021**	As at December 31, 2020
Consolidated indebtedness for Credit Facilities and Term Loans (1)	2,452,018	2,623,139
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans (2)	4,978,588	4,941,577
Total leverage ratio for Credit Facilities and Term Loans	49.3%	53.1%

(1) Refer to the “Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures “section on page 44 of this MD&A for the calculation of consolidated indebtedness for Credit Facilities and Term Loans.
(2) Refer to the “Supporting Covenant Calculations – 5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Term Loans and Aggregate Adjusted Assets for Debentures” section on page 44 of this MD&A for the calculation of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.

3. Adjusted Consolidated Unitholders’ Equity Ratio for Credit Facilities and Term Loans

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, 2021, the minimum adjusted consolidated unitholders’ equity requirement was $1,338 million.

($000s)	**As at December 31, 2021**	As at December 31, 2020
Unitholders’ equity per Financial Statements(2)	826,111	733,977
Adjustment for accumulated depreciation and amortization for Credit Facilities and Term Loans (1)	1,293,608	1,186,943
Class B Units	18,089	17,125
Deferred Trust Units (“DTUs”)	12,939	10,941
Adjusted consolidated unitholders’ equity for Credit Facilities and Term Loans	2,150,747	1,948,986

(1) Includes accumulated depreciation of PP&E and amortization of intangible assets for Equity-Accounted JVs of $28.6 million at December 31, 2021 ($24.2 million at December 31, 2020) and fully amortized assets of $270.6 million at December 31, 2021 ($253.0 million at December 31, 2020).
(2) On August 25, 2021, Chartwell completed a Public Offering of 15,490,500 Trust Units at $13 per Trust Unit. Refer to the “Significant Events” section on page 14 of the MD&A.

4. Payment of Cash Distributions for Credit Facilities and Term Loans

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

($000s, except percentage of AFFO)	**12 Months December 31, 2021**	12 Months December 31, 2020
Distributions declared on Trust Units	136,227	131,259
Distributions on Class B Units	937	944
Distributions on DTUs	796	670
Total distributions for Credit Facilities and Term Loans	137,960	132,873
Less:		
Non-cash distributions settled by DRIP [1]	19,430	8,518
Non-cash distributions applied to Executive Unit Purchase Plan (“EUPP”)	1,120	1,030
Non-cash distributions applied to DTUs	796	670
Cash distributions for Credit Facilities and Term Loans	116,614	122,655
AFFO for Credit Facilities and Term Loans [2]	122,168	158,773
Cash distributions as a percentage of AFFO for Credit Facilities	95.5%	77.3%

(1) DRIP was reinstated, effective with the May 31, 2021, distribution paid on June 15, 2021.
(2) Refer to the “Supporting Covenant Calculations – 6. Adjusted Funds from Operations for Credit Facilities and Term Loans” section on page 45 of this MD&A for the calculation of AFFO for Credit Facilities and Term Loans.

5. Investment Restrictions for Credit Facilities and Term Loans

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, 2021	**As at December 31, 2021**	As at December 31, 2020
Non-qualifying joint ventures and investments [1]	248,929	-	1,500
Loans receivable [2]	746,788	8,009	11,978
Investments in property held for development/construction as defined in the Credit Facilities and Term Loans [2]	746,788	85,864	119,406
Combined [3]	1,244,647	93,873	132,884

(1) Limit of 5% of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.
(2) Limit of 15% of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.
(3) Limit of 25% of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.

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

6. Secured Indebtedness Ratio for the Unsecured Credit Facility and Term Loans

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, 2021**	As at December 31, 2020
Secured indebtedness for the unsecured credit facility and Term Loans [1]	1,956,606	2,024,131
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans [2]	4,978,588	4,941,577
Secured indebtedness ratio for the unsecured credit facility and Term Loans	39.3%	41.0%

(1) Refer to the “Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures” section on page 44 of this MD&A for the calculation of secured indebtedness for Credit Facilities and Term Loans.
(2) Refer to the “Supporting Covenant Calculations – 5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Term Loans and Aggregate Adjusted Assets for Debentures” section on page 44 of this MD&A for the calculation of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.

7. Unencumbered Property Asset Ratio for the Unsecured Credit Facility and Term Loans

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, 2021**	As at December 31, 2020
Unencumbered property asset value for the unsecured credit facility and Term Loans (1)	997,750	1,037,500
Unsecured indebtedness for the unsecured credit facility and Term Loans (2)	495,412	599,008
Unencumbered property asset ratio for the unsecured credit facility and Term Loans	2.0	1.7

(1) Includes 36 properties valued at $997.8 million as of December 31, 2021 (38 properties valued at $1,037.5 million as of December 31, 2020). The value is based on third-party appraisals that are dated no longer than two years from the applicable determination date.
(2) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 44 of this MD&A for the calculation of unsecured indebtedness for the Credit Facilities and Term Loans.

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, 2021**	12 months December 31, 2020
Consolidated EBITDA for Debentures (1)	232,898	269,088
Consolidated interest expense for Debentures (2)	84,330	93,375
Interest Coverage Ratio for Debentures	2.8	2.9

(1) Refer to the "Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures" section on page 42 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, Terms Loans, and Debentures" section on page 43 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, 2021**	December 31, 2020
Consolidated indebtedness for Debentures (1)	2,343,757	2,535,329
Aggregate adjusted assets for Debentures (2)	4,877,979	4,864,880
Indebtedness percentage for Debentures	48.0%	52.1%

(1) Refer to the "Supporting Covenant Calculations – 4.Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 44 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 Term Loans and Aggregate Adjusted Assets for Debentures" section on page 44 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, 2021**	December 31, 2020
Unencumbered aggregate adjusted assets for Debentures (1)	997,750	1,037,500
Unsecured indebtedness for Debentures (2)	487,760	587,895
Coverage ratio for Debentures	2.0	1.8

(1) Includes 36 properties valued at $997.8 million as of December 31, 2021 (38 properties valued at $1,037.5 million as of December 31, 2020). The value is based on third-party appraisals that are dated no longer than two years from the applicable determination date.

(2) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures"" section on page 44 of this MD&A for the calculation of unsecured indebtedness for the Debentures.

Supporting Covenant Calculations

1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures

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

($000s)	**12 months December 31, 2021**	12 months December 31, 2020
Net income	10,132	14,879
Gain on disposal of assets (1)	(44,893)	(25,073)
Transaction costs	1,374	996
Impairment losses	850	3,200
Non-cash change in fair value of financial instruments and foreign exchange loss/(gain) (1)	(1,937)	(3,552)
Consolidated net income/(loss) for Credit Facilities and Term Loans	(34,474)	(9,550)
Consolidated finance costs (1)	91,339	95,056
Consolidated depreciation of PP&E and amortization of intangible assets (1)	172,721	183,966
Consolidated income tax expense/(benefit)	984	(3,865)
Principal portion of capital funding	6,635	6,672
Consolidated EBITDA for Credit Facilities and Term Loans	237,205	272,279
Proforma adjustments (2)	(4,307)	(3,191)
Consolidated EBITDA for Debentures	232,898	269,088

(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, on a proforma basis.

2. Consolidated Interest Expense for Credit Facilities, Term Loans, and Debentures

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

($000s)	**12 months December 31, 2021**	12 months December 31, 2020
Interest on mortgages (1)	66,204	72,321
Interest on Debentures	13,888	13,888
Interest on Credit Facilities	1,636	3,628
Interest on Term Loans	7,363	5,021
Consolidated interest expense for Credit Facilities and Term Loans	89,091	94,858
Proforma adjustments (2)	(4,761)	(1,483)
Consolidated interest expense for Debentures	84,330	93,375

(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, on a proforma basis.

3. Regularly Scheduled Debt Principal Payments for Credit Facilities and Term Loans

The following table summarizes regularly scheduled principal debt payments for the Credit Facilities and Term Loans.

($000s)	**12 months December 31, 2021**	12 months December 31, 2020
Regularly scheduled debt principal payments per Financial Statements	84,017	77,768
Regularly scheduled debt principal payments for equity-accounted entities	516	385
Regularly scheduled debt principal payments for Credit Facilities and Term Loans	84,533	78,153

4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures

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

($000s)	**December 31, 2021**	December 31, 2020
Principal balance of mortgages payable	1,904,057	1,921,157
Principal balance of mortgages payable related to Equity-Accounted JVs	52,549	52,974
Secured term loan	-	50,000
Secured indebtedness for the unsecured credit facility and Term Loans	1,956,606	2,024,131
Principal balance of Debentures	350,000	350,000
Unsecured term loans	125,000	225,000
Capital lease obligations	12,760	12,895
Unsecured indebtedness for Debentures	487,760	587,895
Outstanding letters of credit	6,466	9,635
Third-party guarantees	1,186	1,478
Unsecured indebtedness for Credit Facilities and Term Loans	495,412	599,008
Consolidated indebtedness for Credit Facilities and Term Loans	2,452,018	2,623,139
Add (Subtract):		
Outstanding letters of credit	(6,466)	(9,635)
Third-party guarantees	(1,186)	(1,478)
Cash and cash equivalents	(95,486)	(70,157)
Cash and cash equivalents of Equity-Accounted JVs	(5,123)	(6,540)
Consolidated indebtedness for Debentures	2,343,757	2,535,329

5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Term Loans 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, 2021**	December 31, 2020
Book value of assets (1)	3,472,033	3,540,079
Gross book value adjustment on IFRS transition	212,947	214,555
Adjustment for accumulated depreciation and amortization for Credit Facilities and Term Loans (2)	1,293,608	1,186,943
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans	4,978,588	4,941,577
Add (Subtract):		
Cash and cash equivalents	(95,486)	(70,157)
Cash and cash equivalents of Equity-Accounted JVs	(5,123)	(6,540)
Aggregate adjusted assets for Debentures	4,877,979	4,864,880

(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 $28.6 million at December 31, 2021 ($24.2 million at December 31, 2020) and fully amortized assets of $270.6 million at December 31, 2021 ($253.0 million at December 31, 2020).

6. Adjusted Funds from Operations for Credit Facilities and Term Loans

AFFO for Credit Facilities and Term Loans 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 cash flow stream provided in the respective period by the MLTC to long term care homes which meet certain design criteria.

Income guarantees: This item represents amounts due from vendors of acquired residences under the applicable purchase and sale agreement. It is generally applicable to residences 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 and Term Loans for the purposes of the covenant calculations in the Credit Agreements:

($000s)	**2021**	2020
FFO (1)	132,262	165,861
Add (Subtract) amounts as defined in the Credit Agreements:		
Principal portion of capital funding receivable	6,635	6,672
Income guarantees (2)	2,033	6,383
Amortization of finance costs and fair value adjustments on assumed mortgages (3)	2,440	1,488
Finance cost reserve	(1,899)	(1,829)
AFFO for Credit Facilities and Term Loans before capital maintenance reserve	141,471	178,575
Capital maintenance reserve - 2% of property revenue	(19,303)	(19,802)
AFFO for Credit Facilities and Term Loans	122,168	158,773

(1) Non-GAAP; refer to the "Additional Information on Non-GAAP Financial Measures – Funds from Operations" section on page 54 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; 2021 excludes $2.3 million of amortization of finance costs incurred in respect of renewal of our Credit Facilities and Debentures (2020 - $1.2 million).

Amendments to Covenants

Due to the uncertainty caused by the pandemic as described in the "COVID-19 Business Impacts and Related Risks" section on page 3 of this MD&A, we amended our debt service coverage ratios in various credit agreements. The debt service coverage ratio was reduced from 1.4 to 1.2 for the period ending at the earlier of December 31, 2023, and the maturity date of the applicable credit agreement.

In addition, subsequent to year end, we entered into additional amending agreements to exclude incremental direct operating expenses and net reimbursement of such expenses (if any) directly related to the COVID-19 pandemic, for the period from January 1, 2022 to June 30, 2022, from the definition of EBIDTA or AFFO for the purpose of the calculation of our debt service coverage and AFFO payout ratios for the periods ending at the earlier of December 31, 2023 and the maturity of the applicable credit agreement.

The amended loans are: the Credit Facilities, the unsecured term loan, the Large Borrower Agreement ("LBA) with CMHC, the Chartwell Hub mortgage, and certain other property-level mortgages.

Total Equity

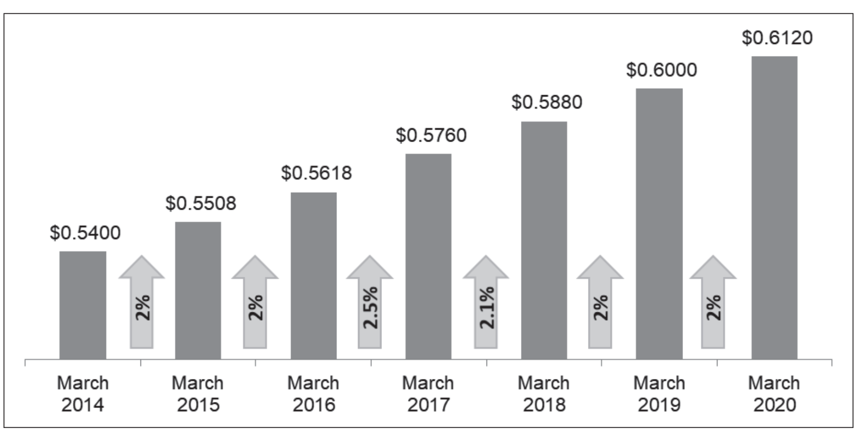
The following table summarizes changes in the number of outstanding units during 2021:

	Trust Units	Trust Units under EUPP	Class B Units	DTUs	Total Equity (1)
Balance December 31, 2020	214,078,721	1,734,202	1,530,360	977,742	218,321,025
Trust Units issued pursuant to DRIP	1,610,154	-	-	-	1,610,154
Trust Units issued pursuant to Public Offering	15,490,500	-	-	-	15,490,500
Trust Units issued under EUPP	-	158,254	-	-	158,254
Trust Units released on settlement of EUPP receivable	47,172	(47,712)	-	-	-
DTUs issued	-	-	-	65,143	65,143
Distributions on DTUs	-	-	-	51,794	51,794
Balance December 31, 2021	231,226,547	1,845,284	1,530,360	1,094,679	235,696,870

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

Distributions

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



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. The pandemic introduced significant uncertainties as discussed in the "COVID-19 Business Impacts and Related Risks" and the "2022 Outlook" section of this MD&A. The Trustees continue to monitor the impact of the pandemic on Chartwell's business and will exercise their discretion with respect to setting distribution rates accordingly. At this time, it is the Trustees' intention to maintain the current level of distributions.

In response to market disruptions caused by the pandemic, on March 16, 2020, we announced a temporary suspension of our DRIP, effective with the April 2020 distributions paid on May 15, 2020. Effective with the May 2021 distribution paid on June 15, 2021, our DRIP was reinstated. The DRIP allows unitholders to reinvest their distributions into new units of Chartwell, including a 3% bonus distribution with no commissions. This facilitates unitholders' ability to realize the benefits of compound growth in their investment. Unitholders can enroll in our DRIP by contacting their investment advisor. For Q4 2021, our average DRIP participation was 24.3%.

The following table summarizes distributions declared on Trust Units in Q4 2021, 2021, 2020, and 2019 in relation to cash flows from operating activities and net income/(loss):

($000s)	**Q4 2021**	**2021**	2020	2019
Cash flows from operating activities	50,370	156,323	184,286	196,548
Net income	18,732	10,132	14,879	1,067
Distributions declared on Trust Units	35,573	136,227	131,259	127,617
Excess of cash flows from operating activities over distributions declared on Trust Units	14,797	20,096	53,027	68,931
Deficit of net income over distributions declared on Trust Units	(16,841)	(126,095)	(116,380)	(126,550)

The Trustees do not use net income/(loss) as determined in accordance with GAAP as the basis for establishing the level of distributions to unitholders as it includes items that we do not believe are informative or reflective of the factors described above that are used in and considered relevant in the setting of distribution rates. These items that are included in net income/(loss) and are not used or considered relevant include, among other items, distributions on Class B Units which are recorded as interest expense, non-cash depreciation and amortization, changes in fair values of certain liabilities and impairment losses. We believe that, with the appropriate level of capital reinvestment in our properties, their income-generating potential does not generally diminish over time.

Capital Investments

In normal circumstances, we regularly reinvest capital in our owned property portfolio with the goal of growing our property NOI and protecting and maintaining our properties. Due to strict restrictions allowing only essential visitors in our residences, beginning in late March 2020, only emergency capital works were undertaken for a period of several months in 2020. Capital projects remained below pre-pandemic levels in 2021 primarily due to continued pandemic-related restrictions.

The following table summarizes our capital investments in 2021 and 2020:

	2021			2020		
($000s)	Properties Owned prior to January 1, 2017 (1)	Properties Acquired since January 1, 2017 (2)	Total	Properties Owned prior to January 1, 2017 (3)	Properties Acquired since January 1, 2017 (4)	Total
Building improvements	27,418	9,036	36,454	19,727	6,859	26,586
Mechanical and electrical ("M&E")	11,858	640	12,498	8,597	1,067	9,664
Suite improvements and upgrades	10,589	1,309	11,898	8,689	1,026	9,715
Interior improvements and upgrades	2,987	369	3,356	2,451	269	2,720
Furniture, fixtures and equipment	4,808	1,050	5,858	5,808	3,995	9,803
Communications and information systems	4,788	746	5,534	303	138	441
	62,448	13,150	75,598	45,575	13,354	58,929
Properties under development			46,069			46,868
Chartwell Hub (5)			134			6,815
Total capital investments			121,801			112,612

(1) Includes 158 properties (18,918) suites at Chartwell's share of ownership.
(2) Includes 20 properties (2,921) suites at Chartwell's share of ownership.
(3) Includes 168 properties (19,737) suites at Chartwell's share of ownership.
(4) Includes 19 properties (2,989) suites at Chartwell's share of ownership.
(5) Cost incurred for the development of Chartwell Hub. The cumulative cost as at December 31, 2021 is $89.4 million. Construction was substantially completed in January 2020.

The following table is supplemental information and summarizes capital investments in our Equity-Accounted JVs in 2021 and 2020 not included in the table above:

	2021			2020		
($000s)	Properties Owned prior to January 1, 2017	Properties Acquired since January 1, 2017	Total	Properties Owned prior to January 1, 2017	Properties Acquired since January 1, 2017	Total
Capital investments in Equity-Accounted JVs	1,160	439	1,599	1,054	941	1,995

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 our properties, these investments support occupancy growth due to improved physical appearance of the property, growth in ancillary property revenues (e.g., parking rates) and operating cost savings (e.g., energy efficient windows and doors, improved building insulation).

In 2021, we completed 113 major building improvement projects valued over $50,000 each, totalling $32.6 million (2020 – 91 projects totalling $19.7 million). In addition, included in this category are acquisitions of seven condominium suites at two of our properties in British Columbia totalling $2.4 million (2020 – six condominium suites for $2.4 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 2021, we completed 87 major M&E projects valued over $50,000 each, totalling $10.4 million (2020 – 70 projects totalling $7.3 million).

Suite Improvements and Upgrades

This category includes capital investments in resident suites. We have a developed and maintain 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/or, full renovations of bathrooms and kitchens.

In 2021, we invested in strategic suite upgrade programs in 58 properties (2020 – 54 properties).

Interior Improvements and Upgrades

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

In 2021, we invested in strategic common area upgrade programs in 25 properties (2020 – 24 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.

Balance Sheet Analysis

The following table summarizes the significant changes in assets, liabilities and equity for December 31, 2021 compared to December 31, 2020.

	Increase (Decrease) ($millions)	Explanation
Total assets	(72.1)	Total assets decreased primarily due to decrease in trade and other receivables and PP&E for dispositions, partially offset by increases cash and in other assets.
Total liabilities	(164.2)	Total liabilities decreased primarily due to the repayment of term loans, decrease in other liabilities, decrease in deferred tax liabilities and decrease in mortgage payable, partially offset by increase in accounts payable.
Equity	92.1	The increase in equity is primarily due to the issuance of Trust Units under the Public Offering and DRIP and net income for the period partially offset by underwriters fees and issuance costs, net of tax related to the issuance of Trust units under the Public Offering and distributions.

Commitments and Contingencies

Contractual Obligations and Guarantees

The following table summarizes the maturities on major financial liabilities as at December 31, 2021, excluding future interest payments:

($000s)	Contractual Value	2022	2023	2024	2025	2026	Thereafter
Mortgages payable	1,904,057	305,439	166,371	290,186	136,008	139,204	866,849
Term loans	125,000	-	-	125,000	-	-	-
Debentures	350,000	-	200,000	-	150,000	-	-
Accounts payable and accrued liabilities	163,379	163,379	-	-	-	-	-
Resident deposits	3,664	3,664	-	-	-	-	-
Interest rate swaps	2,200	435	1,765	-	-	-	-
Distributions payable	11,965	11,965	-	-	-	-	-
Lease obligations	12,560	976	674	488	340	256	9,827
Total maturities	2,572,825	485,857	368,810	415,674	286,348	139,460	876,676

We have recorded lease obligations with respect to leases of land, office space and equipment.

In 1995, certain participating Ontario LTC homes and their respective unions agreed to a framework using the proxy method for a new pay equity plan that resulted in pay equity being achieved by 2005 under the Pay Equity Act. The Ontario Government directly funded these pay equity obligations. Litigation commenced in 2010, when two unions asserted that the participating LTC homes were required to make further pay equity adjustments. The Ontario Pay Equity Tribunal (the “Tribunal”) found generally in favour of the participating LTC homes and also confirmed that there is an on-going obligation to maintain pay equity. The appellate courts, on the appeal of the Tribunal decision, found in favour of the unions and referred the matter back to the Tribunal to determine the procedure to be used to provide bargaining unit members access to male comparators in order to maintain pay equity. The Ontario government and the participating LTC homes appealed the appellate court decision.

On October 14, 2021, the application for leave to appeal from the judgment of the Court of Appeal in Attorney General of Ontario et al. v. Ontario Nurses’ Association et al. was dismissed by the Supreme Court of Canada, thus upholding the appellate court decision. Chartwell owns four LTC homes that are respondents to this decision. In addition, Chartwell owns five LTC homes that also used the proxy method to achieve pay equity which could also be affected by this decision. We will be working with the unions, the other participating LTC homes and the Ontario Government to reach a pay equity maintenance framework appropriate for the sector.

There are a significant number of uncertainties related to how the appellate court decision should be implemented. The discussions between the affected parties regarding the development of an appropriate framework and resolution to this matter have not yet progressed, thereby creating additional uncertainty related to potential outcomes, as well as uncertainty relating to the timing of when more information on the outcomes will be known and when the matter may be settled. As a result of the significant number of judgments that would be required, a reliable estimate of Chartwell's liability for any pay equity adjustments cannot currently be made. Chartwell expects that any adjustments will be fully funded by the government. No liability for potential pay equity adjustments or expected recovery from the Ontario Government has been recognized in Chartwell's financial statements. An increase in labour costs as a result of any unfunded adjustments could adversely affect the financial condition of Chartwell.

Guarantees

We remain a guarantor of the mortgage on one property sold in 2014 with the outstanding balance as of December 31, 2021 of $1.2 million. The purchasers of this property have indemnified us with respect to these guarantees.

As of December 31, 2021, together with our partners we have jointly and severally guaranteed loans on certain joint arrangements to an aggregate maximum amount of $430.0 million. As at December 31, 2021, outstanding balances on these loans were $370.6 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 (two-year period in the case of Le Florilege) commencing on the stabilization of the related property. Upon expiry of the Batimo Option, we have a two-year option (one year in the case of Le Florilege) to acquire an 85% interest in the property at FMV (99% of FMV in the case of Le Florilege). As of December 31, 2021, there were six projects with 2,041 suites that were subject to these arrangements, of which one is in construction and five are in lease-up. Under our agreements with Welltower, Welltower has a right to participate as Chartwell's equal partner in acquisitions of interests in one of these projects.

Letters of Credit

As at December 31, 2021, we were contingently liable for letters of credit in the amount of $6.5 million.

Litigation and Claims

In 2020 Chartwell Retirement Residences and/or its subsidiaries were named in three proposed class action lawsuits in Ontario related to the pandemic (the "Claims"). In January 2022, the Court granted an order to consolidate the Claims into one proceeding (the "Consolidated Claim") seeking to be certified as a class action. The Consolidated Claim alleges, among other things, gross negligence, breach of the Canadian Charter of Rights and Freedoms, breach of the Human Rights Code, breach of contract and breach of fiduciary duty in respect of Chartwell's response to the pandemic at a number of Chartwell Long Term care residences. The plaintiffs are seeking $100 million in general damages and $10 million in aggravated, punitive and/or exemplary damages. The Consolidated Claim has not been certified. Chartwell's insurer has assigned defense counsel and will be responding to the Consolidated Claim in due course through the appropriate court process.

On November 20, 2020, Bill 218, Supporting Ontario's Recovery and Municipal Elections Act, 2020 (the "Recovery Act") received Royal Assent and came into effect. The Recovery Act provides protections from liability to businesses that make good faith efforts to comply with public health guidelines and laws regarding exposure to COVID-19, provided the business was not grossly negligent. The legislation applies retroactively to March 17, 2020. If the proposed class actions are not dismissed in accordance with the Recovery Act, Chartwell intends to continue to defend itself against the claims through our insurers.

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)	**2021**	**2020**	**2019**
Resident revenue	855,227	873,966	860,595
Total revenues	906,469	928,587	915,312
Direct property operating expense	629,715	622,499	590,016
Net income	10,132	14,879	1,067
Total assets	3,417,253	3,489,308	3,494,394
Total non-current liabilities	2,081,722	2,362,344	2,265,496
Total liabilities	2,591,142	2,755,331	2,656,827
Distributions declared per unit	0.61200	0.61000	0.59800

Our annual results for the past three years have been primarily affected by acquisitions, developments, and dispositions. For 2020 and 2021, our results have been impacted by the pandemic. Refer to the "COVID-19 Business Impacts and Related Risks" section on page 3 of this MD&A.

Quarterly Financial Information

The following table summarizes our quarterly unaudited financial information:

($000s, except per unit amounts)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Revenues	227,326	223,279	223,359	232,505	231,689	233,290	230,653	232,955
Direct property operating expense	(162,602)	(155,633)	(151,976)	(159,504)	(156,381)	(160,482)	(154,917)	(150,719)
Depreciation and amortization	(45,681)	(40,179)	(40,835)	(41,396)	(42,424)	(43,660)	(45,347)	(48,250)
Share of net income/(loss) from joint ventures	(3,309)	(1,293)	(1,463)	(2,311)	(503)	(1,527)	(588)	(1,198)
G&A expenses	(9,669)	(9,652)	(12,251)	(12,792)	(8,674)	(9,719)	(12,374)	(13,128)
Other income/(expense)	36,326	(55)	6,612	470	22,860	(2,928)	4,395	(2,687)
Finance costs	(21,561)	(22,548)	(22,688)	(22,658)	(22,959)	(23,409)	(23,635)	(23,147)
Changes in fair value of financial instruments and foreign exchange gain/(loss)	2,248	4,274	(4,792)	(435)	(4,374)	(617)	(2,075)	10,894
Deferred income tax benefit/(expense)	(4,346)	2,724	(550)	1,188	(7,052)	2,286	1,957	6,674
Net income/(loss) for the period	18,732	917	(4,584)	(4,933)	12,182	(6,766)	(1,931)	11,394
FFO (1)	28,435	33,937	34,758	35,134	43,496	37,997	39,043	45,325
FFOPU (1)	0.12	0.15	0.16	0.16	0.20	0.17	0.18	0.21
IFFO (1)	29,926	35,520	36,764	37,280	46,055	40,965	41,910	48,783
IFFOPU (1)	0.13	0.16	0.17	0.17	0.21	0.19	0.19	0.22
Weighted Average number of units (2)	235,268	225,074	218,541	218,331	218,312	218,268	218,218	217,522

(1) Non-GAAP; refer to the "Additional Information on Non-GAAP Financial Measures" section on page 54 of this MD&A.
(2) Non-GAAP; refer to the "Weighted Average Number of Units" section on page 58 of this MD&A.

Our results for the past eight quarters have primarily been affected by:

- developments, acquisitions, and dispositions as described in the "Significant Events" section on page 14 of this MD&A and in our 2020 MD&A
- changes in fair value of financial instruments and foreign exchange gains and losses
- impairment losses
- deferred income taxes, and
- the Public Offering completed August 25, 2021.

In addition, the pandemic significantly affected our results beginning in Q2 2020.

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

Throughout this MD&A, there are references to certain 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 financial 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. We present FFO substantially consistent with the definition adopted by REALPAC.

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 Q4 and Year ended December 31:

	($000s, except per unit amounts)	**Q4 2021**	Q4 2020	Change	**2021**	2020	Change
	Net income/(loss)	18,732	12,182	6,550	10,132	14,879	(4,747)
	Add (Subtract):						
B	Depreciation of PP&E	41,066	41,092	(26)	160,382	174,091	(13,709)
D	Amortization of limited life intangible assets	4,615	1,332	3,283	7,709	5,590	2119
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	(3,848)	(1,367)	(2,481)	(7,907)	(5,635)	(2,272)
E	Loss/(gain) on disposal of assets	(37,857)	(23,001)	(14,856)	(44,840)	(25,072)	(19,768)
J	Transaction costs arising on dispositions	858	306	552	1,374	996	378
H	Impairment losses	850	-	850	850	3,200	(2,350)
G	Deferred income tax	4,346	7,052	(2,706)	984	(3,865)	4,849
O	Distributions on Class B Units recorded as interest expense	235	235	-	937	944	(7)
M	Changes in fair value of financial instruments and foreign exchange loss/(gain)	(2,248)	4,374	(6,622)	(1,295)	(3,828)	2,533
Q	FFO adjustments for Equity-Accounted JVs (1)	1,686	1,291	395	3,936	4,561	(625)
	FFO (2)	28,435	43,496	(15,061)	132,262	165,861	(33,599)
	Add (Subtract):						
	Lease-up-Losses and Imputed Cost of Debt (3)	1,491	1,483	8	5,193	5,469	(276)
	Income guarantees (4)	-	1,076	(1,076)	2,033	6,383	(4,350)
	IFFO (5)	29,926	46,055	(16,129)	139,488	177,713	(38,225)
	Weighted Average number of units (6)	235,268	218,312	16,956	224,351	218,212	6,139
	FFOPU (7)	0.12	0.20	(0.08)	0.59	0.76	(0.17)
	IFFOPU (7)	0.13	0.21	(0.06)	0.62	0.81	(0.19)

(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 21 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 14 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 "Weighted Average Number of Units" section on page 58 of this MD&A.
(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 58 of this MD&A for a discussion of the calculation of the per unit amounts.

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

	($000s, except per unit amounts)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
	Net income/(loss)	18,732	917	(4,584)	(4,933)	12,182	(6,766)	(1,931)	11,394
	Add (Subtract):								
B	Depreciation of PP&E	41,066	39,109	39,806	40,401	41,092	41,763	43,403	47,833
D	Amortization of limited life intangible assets	4,615	1,070	1,029	995	1,332	1,897	1,944	417
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	(3,848)	(1,414)	(1,379)	(1,264)	(1,367)	(1,503)	(1,365)	(1,400)
E	Loss/(gain) on disposal of assets	(37,857)	(151)	(6,471)	(361)	(23,001)	3,101	(4,361)	(811)
J	Transaction costs arising on business combinations and dispositions	858	420	32	64	306	99	133	458
H	Impairment losses	850	-	-	-	-	-	-	3,200
G	Deferred income tax	4,346	(2,724)	550	(1,188)	7,052	(2,286)	(1,957)	(6,674)
O	Distributions on Class B Units recorded as interest expense	235	234	235	233	235	234	234	241
M	Changes in fair value of financial instruments and foreign exchange loss/(gain)	(2,248)	(4,274)	4,792	435	4,374	617	2,075	(10,894)
Q	FFO adjustments for Equity-Accounted JVs (1)	1,686	750	748	752	1,291	841	868	1,561
	FFO (2)	28,435	33,937	34,758	35,134	43,496	37,997	39,043	45,325
	Add (Subtract):								
	Lease-up-Losses and Imputed Cost of Debt (3)	1,491	1,493	1,241	968	1,483	1,329	1,171	1,486
	Income guarantees (4)	-	90	765	1,178	1,076	1,639	1,696	1,972
	IFFO (5)	29,926	35,520	36,764	37,280	46,055	40,965	41,910	48,783
	Weighted Average number of units (6)	235,268	225,074	218,541	218,331	218,312	218,268	218,218	217,522
	FFOPU (7)	0.12	0.15	0.16	0.16	0.20	0.17	0.18	0.21
	IFFOPU (7)	0.13	0.16	0.17	0.17	0.21	0.19	0.19	0.22

(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 21 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 14 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 "Weighted Average Number of Units" section on page 58 of this MD&A.
(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 58 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:

	($000s)	Q4 2021	Q4 2020	Change	2021	2020	Change
B	Depreciation of PP&E and amortization of intangible assets	1,908	1,418	490	4,630	4,285	345
E	Loss/(gain) on disposal of assets	(26)	-	(26)	(52)	-	(52)
M	Change in fair value of financial instruments and foreign exchange loss/(gain)	(196)	(127)	(69)	(642)	276	(918)
Q	FFO adjustments for Equity-Accounted JVs (1)	1,686	1,291	395	3,936	4,561	(625)

(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 add the weighted average Class B Units to the weighted average Trust Units as the Class B Units are exchangeable into Trust Units at any time at the option of the unitholder. In addition, we add 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 2021	Q4 2020	Change	2021	2020	Change
Weighted average number of units (1)	235,268	218,312	16,956	224,351	218,212	6,139

(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, 2021 and December 31, 2020:

($000s, except Net Debt to Adjusted EBITDA ratio)	December 31, 2021	December 31, 2020
Consolidated Indebtedness for Debentures (1)	2,343,757	2,535,329
Consolidated EBITDA for Debentures (2)	232,898	269,088
Net Debt to Adjusted EBITDA ratio	10.1	9.4

(1) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 44 of this MD&A for the calculation of this amount.
(2) Refer to the "Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures" section on page 42 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 and lower EBITDA as a result of reduced occupancy primarily as a result of the pandemic.

As discussed in the "Acquisitions, Development, and Other Portfolio" section of this MD&A, as at December 31,2021, our Retirement Operations acquisitions and development portfolio included 16 recently acquired, and newly developed retirement residences that contributed $18.2 million adjusted NOI in 2021. Upon achieving the expected stabilized average occupancy of 95%, these projects are estimated to generate annualized adjusted NOI of $46.0 million. Our Net Debt to Adjusted EBITDA ratio, when calculated based on consolidated EBITDA for debentures and adding the incremental NOI of these properties on a rolling 12-month basis of $27.8 million as though stabilized would be 9.0.

Critical Accounting Policies and Estimates

Our significant accounting policies for the year ended December 31, 2021 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 and intangible assets represent more than 90% of our assets.

At each reporting date we assess whether there is an indication, based on internal or external sources of information, that an asset or a Cash Generating Unit ("CGU") in PP&E may be impaired. When indicators of impairment exist, we evaluate whether the recoverable amount of a 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.

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 us to make significant assumptions about the selection of discount rates, capitalization rates and terminal capitalization rates used to determine the fair value of a CGU. Significant assumptions are also required to estimate future stabilized cash flows, which include assumptions about rental rates and occupancy rates. Such assumptions can be significantly impacted by current and future economic conditions in the geographical markets of each CGU, and management's strategic plans within each of its markets. Management also applies adjustments to reflect the expectations of market participants. 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. 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 2021 Financial Statements. Notes 3 (n) and (o) outline 2021 accounting policy changes and future accounting policy changes.

In August 2020, the IASB issued Interest Rate Benchmark Reform ("IBOR") Reform and the Effects on Financial Reporting – Phase II (amendments to IFRS 9 – Financial Instruments, IFRS 7 – Financial Instruments: Disclosures, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 4 – Insurance Contracts and IFRS 16 – Leases ("IFRS 16")). The objective of the second phase of the IASB's project was to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of the IFRS Standards when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments affect the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. We adopted these amendments when they became effective on January 1, 2021. The adoption of this standard did not have a material impact on our consolidated financial statements.

Controls and Procedures

We are committed to maintaining effective disclosure controls and procedures and internal control over financial reporting. We continue to invest 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 Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

An evaluation was carried out, under the supervision of and with the participation of management, including the 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 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 Chief Executive Officer and Chief Financial Officer concluded that the design and operation of Chartwell's disclosure controls and procedures were effective as at December 31, 2021.

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 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, 2021, 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, 2021 that have significantly affected or are reasonably likely to significantly affect our internal control over financial reporting.

Risks and Uncertainties and Forward-Looking Information

Risk and Uncertainties

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Please refer to the “COVID-19 Business Impacts and Related Risks” section on page 3 of this MD&A for a discussion of risks related to COVID-19.

(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 general economic conditions, health-related risks, disease outbreaks (for example, COVID-19) and control risks, fluctuations in occupancy levels, the inability to achieve economic residency fees (including anticipated increases in such fees), rent control regulations, increases in labour costs, and other operating costs including the costs of utilities, possible future changes in labour relations, reduction in personnel below acceptable levels (e.g. due to events such as a pandemic or disease outbreak), competition from or the oversupply of other similar properties, changes in neighbourhood or location conditions and, the imposition of increased taxes or new taxes, capital expenditure 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 expected demographic trends will continue or that the occupancy levels achieved to date at the Properties and expected in the future will continue or be achieved. Any one of, or a combination of, these factors may adversely affect our cash availability and financial position.

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 increases such risks. Such risks include disease outbreak, 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) **Pandemic, Epidemic or Outbreak of Contagious Disease:** The occurrence of a pandemic, epidemic, or other outbreak of an infectious disease, such as COVID-19, or other public health crisis in areas in which we operate could have a material adverse effect on our business, results of operations, liquidity, borrowing capacity and financial condition. Federal, provincial or local health agencies may, or we may choose to, restrict, limit or suspend in-person tours by or on behalf of prospective residents and/or admissions to our residences as a precautionary measure in a crisis to avoid the spread of a contagious illness or other public health crisis, resulting in decreased occupancy. Even in the absence of any such restriction, limit or suspension, prospective residents may delay or defer moving into a residence due to negative perceptions of congregate living and/or in an attempt to avoid possible exposure to infectious diseases. Enhanced procedures, protocols and care put in place to assist in reducing the likelihood of exposure to infectious disease or to address actual outbreaks in our residences (for example, enhanced screening, personal protective equipment, increased disinfection, and other health and safety measures) would result in increased costs. A pandemic, epidemic or other outbreak may also adversely affect operations by causing staffing and supply shortages. Although government funding or assistance may mitigate some of these impacts, there is no certainty of the extent to which that will be the case. There is a high degree of uncertainty regarding the implementation and impact of any government funding, pandemic-related legislation and any other future COVID-19 relief measures. In addition, outbreaks, such as COVID-19, cause our staff and our management team to spend considerable time planning for and addressing such events, which diverts their attention from other business concerns. Further, a pandemic, epidemic or contagious disease outbreak may impact the overall economy so that credit markets are adversely affected, which may make it more difficult for us to access the credit markets or, if able to do so, at a higher cost or less advantageous terms, potentially impacting, among other things refinancings and our development plans and timelines. A pandemic, epidemic, or other outbreak of an infectious disease may result in an increased risk that we may be subject to litigation related to our handling of the pandemic, epidemic or other outbreak of infectious disease at its residences, which, even if not meritorious, and even if covered by our insurance, could result in increased operating costs to defend. See the “COVID-19 Business Impacts and Related Risks” section on page 3 of this MD&A for information about the current COVID-19 pandemic and risks related thereto.

(c) **Occupancy, Business Volumes, and Competition:** Revenue and operating results depend significantly on the occupancy levels at our residences. 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. Our ability to compete successfully depends on a number of factors, including the number of competitors in the local market, the types of services available, our reputation in the local area, cost of services and the location, physical condition and age of the residences. In addition, events in a local community such as community spread of COVID-19 may result in decreases in occupancy levels due to recommended preventative measures, negative perceptions of congregate living or government directives limiting sales and move-in activities.

(d) **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. There can be no assurance that future regulatory changes in health care, particularly those changes affecting the seniors housing industry, may not adversely affect our business.

In all provinces, LTC homes are subject to government oversight, regulation and licensing requirements, which may change or become more onerous in the future. For example, in Ontario, LTC home licences are issued for a fixed term which shall not exceed 30 years, after which the operators of an LTC home 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 homes, 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 LTC Act, the licence term for Class B and C LTC homes in Ontario has been set to expire in 2025 or such later date as specifically provided for by the MLTC unless these homes are redeveloped to the new design standards. We have five LTC Class B and C homes. In September 2020 the MLTC published a new Long-Term Care Home Capital Development Funding Policy to incentivize the development and re-development of long term care homes. The redevelopment of our Class B and C LTC homes may include significant expenses which will not be adequately addressed by the funding provided by the government of Ontario. In 2021, Chartwell received conditional approval from the MLTC for four LTC developments, including the redevelopment of three older residences. The bed award includes 467 new beds for a total of 896 beds.

Class B and C LTC homes in Ontario have three- or four-bed ward-style rooms. As a result of COVID-19, the MLTC has limited admissions to no more than two residents per room, however these are treated as occupied for funding purposes.

The provincial regulation of LTC homes 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. It may also be the case that individual provinces enact new minimum standards for the senior housing sector in response to the COVID-19 outbreaks and increased scrutiny that arose during the pandemic. As the scope of any new proposed regulations is still unknown, we cannot be certain that once enacted, we will not incur additional costs to comply with any such new regulations or that such new regulations will not introduce new minimum standards that affect our ability to operate at a profit.

Several provinces have established commissions or investigations into how and why COVID-19 spread in long term care and senior residences. While it is unknown what impact the final reports or recommendations will have or which of the recommendations the provincial governments will implement, there may be changes to funding and regulation of senior housing as a result. It is possible that provinces may also enact new legislation or amendments to existing senior housing sector legislation that may raise minimum standards, set hours of care targets or introduce new compliance and enforcement tools for the senior housing sector in response to the COVID-19 outbreaks and increased scrutiny that arose during the pandemic. For example, in 2020 Ontario established a Long-Term Care COVID-19 Commission to investigate how and why COVID-19 spread in long term care homes. Interim reports were delivered by the Commission on October 23, 2020 and December 4, 2020 and the Commission submitted its final report on April 30, 2021. Some of the recommendations have been taken into account in terms of pandemic directives as well as in the LTC Act 2021 and funding increases to begin to move to an average of four hours of direct care, per resident, per day. There can be no assurance that any such changes will not adversely affect Chartwell.

While certain provinces have introduced legislation to provide limited civil liability protection to organizations from COVID-19 related claims, there can be no assurance that any such legislation will apply to or protect Chartwell from any COVID-19 related liability. Such legislation includes British Columbia's COVID-19 Related Measures Act and the COVID-19 (Limit on Actions and Proceedings) Regulation which provides civil liability protection for businesses and non-profits for damages related to COVID-19 pandemic and resulting, directly or indirectly, from an individual being or likely being infected with or exposed to COVID-19. The Ontario government has also enacted the Supporting Ontario's Recovery Act (the "Recovery Act") which provides civil liability protection to organizations that made a good faith effort to follow public health guidance and COVID-19 related laws and did not act with gross negligence, with exceptions for certain types of claims. The Recovery Act also deems certain existing civil proceedings related to COVID-19 exposure to be dismissed without costs and will bar certain future proceedings from being brought, if the defendant acted in good faith and not with gross negligence. Throughout the pandemic, public health as well as provincial and municipal governments have issued and continue to issue various orders, directives, regulations and guidance specific to the senior housing sector. Such measures include establishing operational standards, outbreak standards, and infection prevention and control protocols applicable to LTC homes and AL/IL residences. It may be the case that there will be further regulatory changes in the seniors housing industry in response to COVID-19.

(e) **Human Capital:** 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. The health care industry continues to face shortages of qualified personnel, including but not limited to nurses and personal support workers, particularly in non-urban settings. This staffing shortage has been exacerbated by the pandemic. During the pandemic, we have experienced episodic significant staffing shortages in our residences caused by a reduced labour pool and absences due to illness. Such shortages could impact the delivery of services to residents and will continue to impact labour costs, and they have also resulted in increased competition for staffing, and in some provinces, employees are limited to working at a single site for a health care employer. This shortage, along with general inflationary pressures, may require us to enhance our pay and benefits package to effectively compete for qualified personnel. We may not be able to recover such added costs through increased government funding or increased rates charged to residents. The inability to retain and/or attract qualified personnel may result in: a reduction in occupancy levels or services provided; use of staffing agencies at added cost; and an increased risk of deficiencies in operations which could potentially result in fines or penalties. An increase in personnel costs or a failure to attract, train and retain qualified and skilled personnel could adversely affect our business, results of operations and financial condition.

(f) **Labour Relations**: We employ or supervise over 15,000 persons, of whom approximately 70% 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 Ontario

In British Columbia, Alberta and Québec 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 approached 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.

In 1995, certain participating LTC homes and their respective unions agreed to a framework using the proxy method for a new pay equity plan that resulted in pay equity being achieved by 2005 under the Pay Equity Act. The Ontario Government directly funded these pay equity obligations. Litigation commenced in 2010, when two unions asserted that the participating LTC homes were required to make further pay equity adjustments. The Ontario Pay Equity Tribunal ("the Tribunal") found generally in favour of the participating LTC homes and also confirmed that there is an on-going obligation to maintain pay equity. The appellate courts, on the appeal of the Tribunal decision, found in favour of the unions and referred the matter back to the Pay Equity Tribunal to determine the procedure to be used to provide bargaining unit members access to male comparators in order to maintain pay equity. The Ontario government and the participating LTC homes appealed the appellate court decision.

On October 14, 2021, the application for leave to appeal from the judgment of the Court of Appeal in Attorney General of Ontario et al. v. Ontario Nurses' Association et al. was dismissed by the Supreme Court of Canada, thus upholding the appellate court decision. Chartwell owns four LTC homes that are respondents to this decision. In addition, Chartwell owns five LTC homes that also used the proxy method to achieve pay equity which could also be affected by this decision. We will be working with the unions, the other participating LTC homes and the Ontario Government to reach a pay equity maintenance framework appropriate for the sector.

There are a significant number of uncertainties related to how the appellate court decision should be implemented. The discussions between the affected parties regarding the development of an appropriate framework and resolution to this matter have not yet progressed, thereby creating additional uncertainty related to potential outcomes, as well as uncertainty relating to the timing of when more information on the outcomes will be known and when the matter may be settled. As a result of the significant number of judgments that would be required, a reliable estimate of Chartwell's liability for any pay equity adjustments cannot currently be made. Chartwell expects that any adjustments will be fully funded by the Ontario Government. No liability for potential pay equity adjustments or expected recovery from the government has been recognized in Chartwell's financial statements. An increase in labour costs as a result of any unfunded adjustments could adversely affect the financial condition of Chartwell.

(g) **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 our business and will require management to devote time to these matters rather than to the operation of the business.

(h) **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 acquiring or developing 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.

(i) **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 several 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.

(j) **Maintenance of Assets**: We are committed to keeping our communities in a good state of repair. We fundamentally believe that investing in our communities increases resident and staff satisfaction, which ultimately makes the business more profitable. In 2021, we invested $75.6 million of capital in our property portfolio. 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.

(k) **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.

(l) **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, including the extent of community outbreak of COVID-19.

(m) **Debt Financing**: We have and will continue to have substantial outstanding consolidated indebtedness comprised of mortgages on our retirement and LTC communities, Debentures, Term Loans, 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 LBA with CMHC which contains certain financial covenants related to minimum adjusted equity requirements, maximum indebtedness, debt service coverage, minimum capital and maintenance investments in the properties securing CMHC-insured loans, and limits cash distributions to our unitholders to 100% of our AFFO. 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 covenants similar to those in the LBA and customary provisions that, upon an event of default, result in the acceleration of repayment of amounts owed and may 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, or reduce distributions. 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.

(n) **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.

(o) **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 residences 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.

(p) **Management Contracts:** We earn management fees from non-owned residences that we manage for others and we earn management fees from co-owned properties. 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 and LTC management agreements that can generally be terminated upon an event of default.

(q) **Privacy and Cyber Security**: As a custodian of a large amount of personal information and personal health information relating to our employees and our 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 preventing unauthorized access or theft for our employees relating to the safeguarding of such information and Chartwell maintains cybersecurity insurance in amounts and with such coverage as deemed appropriate based on the nature and risks of the business.

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.

(r) **Conflicts of Interest**: Trustees of Chartwell Retirement Residences and CSH Trust, as well as Directors of Chartwell Master Care Corporation 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 Retirement Residences, CSH Trust and Chartwell 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.

(s) **Loans Receivable:** Our loans receivable are normally secured by subordinated charges of the borrowers' interests in related projects and rank behind other senior 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 properties 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.

(t) **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.

(u) **Climate Change Risk:** 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 ours 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.

(v) **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 some of our financing arrangements, cash distributions to unitholders are limited to 100% of our AFFO.

(w) **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 2022 and future years.

In 2021, 95.2% 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.

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**:**

- statements regarding our business strategies
- our predictions and expectations with respect to the pandemic and its potential impact on Chartwell, including statements regarding recovery of occupancy levels and reallocation of corporate resources in response to the pandemic
- our expectations regarding increases in operating and development costs
- our expectations regarding long term care funding that will be made available by government
- our expectations regarding our ability to meet our obligations as they become due utilizing our sources of liquidity
- our expectations regarding achievement of certain occupancy levels
- 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 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
- our expectations regarding future acquisition opportunities with Batimo
- statements regarding our ability to compete with new entrants
- expectations regarding taxes that are expected to be payable in future years under the SIFT rules, 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.

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 2041 the demand for retirement suites is expected to grow by approximately 241,000 suites in the four provinces in which we operate.

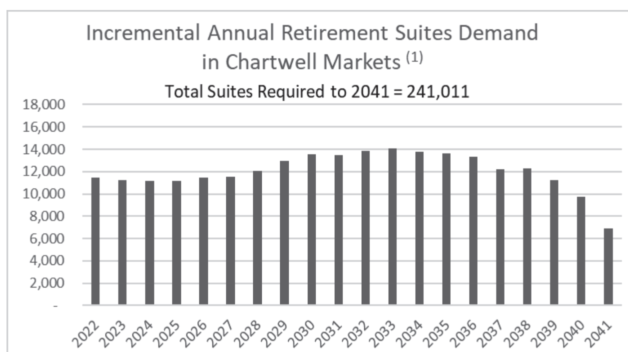
It is possible that the actual demand may exceed this estimate for the following reasons:

- 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. There are approximately 38,000 people on the wait list for LTC accommodation in Ontario alone.
- The existing inventory of 248,177 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 (1) of 17.0% compared to penetration rates of 5.0% in Ontario, 5.3% in Alberta and 7.6% 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
2021	2,587,800		230,714	
2022	2,722,600	5.0%	242,177	11,463
2023	2,854,100	4.6%	253,434	11,257
2024	2,981,800	4.4%	264,571	11,137
2025	3,110,900	4.2%	275,745	11,174
2026	3,242,300	4.2%	287,189	11,444
2027	3,375,900	4.0%	298,749	11,560
2028	3,516,900	4.0%	310,815	12,065
2029	3,667,700	4.2%	323,736	12,922
2030	3,826,500	4.2%	337,282	13,546
2031	3,985,600	4.0%	350,758	13,476
2032	4,148,600	4.0%	364,624	13,866
2033	4,314,400	3.9%	378,710	14,086
2034	4,478,000	3.6%	392,475	13,765
2035	4,642,900	3.5%	406,095	13,620
2036	4,805,300	3.3%	419,392	13,297
2037	4,957,400	2.9%	431,598	12,206
2038	5,111,700	2.8%	443,851	12,253
2039	5,255,200	2.5%	455,085	11,234
2040	5,380,100	2.1%	464,840	9,755
2041	5,473,400	1.5%	471,725	6,885



(1) Penetration rates as of January 2021.

Ontario

Year	Population of 75+ (1)	Demand Growth	Total Suites (2)	Required New Suites
2021	1,162,200		58,110	
2022	1,223,200	5.2%	61,160	3,050
2023	1,281,400	4.8%	64,070	2,910
2024	1,336,100	4.3%	66,805	2,735
2025	1,390,400	4.1%	69,520	2,715
2026	1,446,000	4.0%	72,300	2,780
2027	1,502,500	3.9%	75,125	2,825
2028	1,562,600	4.0%	78,130	3,005
2029	1,626,500	4.1%	81,325	3,195
2030	1,694,400	4.2%	84,720	3,395
2031	1,762,200	4.0%	88,110	3,390
2032	1,832,700	4.0%	91,635	3,525
2033	1,904,300	3.9%	95,215	3,580
2034	1,976,500	3.8%	98,825	3,610
2035	2,051,300	3.8%	102,565	3,740
2036	2,126,400	3.7%	106,320	3,755
2037	2,198,600	3.4%	109,930	3,610
2038	2,272,800	3.4%	113,640	3,710
2039	2,343,300	3.1%	117,165	3,525
2040	2,405,700	2.7%	120,285	3,120
2041	2,454,400	2.0%	122,720	2,435

Required New Suites to 2041 64,610

Quebec

Year	Population of 75+ (1)	Demand Growth	Total Suites (2)	Required New Suites
2021	745,900		126,803	-
2022	779,500	4.5%	132,515	5,712
2023	812,800	4.3%	138,176	5,661
2024	846,900	4.2%	143,973	5,797
2025	880,400	4.0%	149,668	5,695
2026	915,300	4.0%	155,601	5,933
2027	950,200	3.8%	161,534	5,933
2028	985,900	3.8%	167,603	6,069
2029	1,024,400	3.9%	174,148	6,545
2030	1,064,500	3.9%	180,965	6,817
2031	1,103,800	3.7%	187,646	6,681
2032	1,144,900	3.7%	194,633	6,987
2033	1,186,500	3.6%	201,705	7,072
2034	1,226,600	3.4%	208,522	6,817
2035	1,264,900	3.1%	215,033	6,511
2036	1,301,800	2.9%	221,306	6,273
2037	1,334,300	2.5%	226,831	5,525
2038	1,366,100	2.4%	232,237	5,406
2039	1,394,400	2.1%	237,048	4,811
2040	1,419,100	1.8%	241,247	4,199
2041	1,434,200	1.1%	243,814	2,567

Required New Suites to 2041 117,011

Alberta

Year	Population of 75+ (1)	Demand Growth	Total Suites (2)	Required New Suites
2021	254,600		13,494	
2022	270,000	6.0%	14,310	816
2023	285,400	5.7%	15,126	816
2024	300,700	5.4%	15,937	811
2025	317,000	5.4%	16,801	864
2026	333,400	5.2%	17,670	869
2027	351,000	5.3%	18,603	933
2028	370,300	5.5%	19,626	1,023
2029	391,900	5.8%	20,771	1,145
2030	414,800	5.8%	21,984	1,214
2031	438,600	5.7%	23,246	1,261
2032	462,600	5.5%	24,518	1,272
2033	487,100	5.3%	25,816	1,299
2034	511,500	5.0%	27,110	1,293
2035	536,200	4.8%	28,419	1,309
2036	560,600	4.6%	29,712	1,293
2037	583,700	4.1%	30,936	1,224
2038	606,900	4.0%	32,166	1,230
2039	628,600	3.6%	33,316	1,150
2040	647,600	3.0%	34,323	1,007
2041	663,200	2.4%	35,150	827

Required New Suites to 2041 21,656

British Columbia

Year	Population of 75+ (1)	Demand Growth	Total Suites (2)	Required New Suites
2021	425,100		32,308	
2022	449,900	5.8%	34,192	1,885
2023	474,500	5.5%	36,062	1,870
2024	498,100	5.0%	37,856	1,794
2025	523,100	5.0%	39,756	1,900
2026	547,600	4.7%	41,618	1,862
2027	572,200	4.5%	43,487	1,870
2028	598,100	4.5%	45,456	1,968
2029	624,900	4.5%	47,492	2,037
2030	652,800	4.5%	49,613	2,120
2031	681,000	4.3%	51,756	2,143
2032	708,400	4.0%	53,838	2,082
2033	736,500	4.0%	55,974	2,136
2034	763,400	3.7%	58,018	2,044
2035	790,500	3.5%	60,078	2,060
2036	816,500	3.3%	62,054	1,976
2037	840,800	3.0%	63,901	1,847
2038	865,900	3.0%	65,808	1,908
2039	888,900	2.7%	67,556	1,748
2040	907,700	2.1%	68,985	1,429
2041	921,600	1.5%	70,042	1,056

Required New Suites to 2041 37,734

(1) Sources: Statistics Canada and CMHC.
(2) Total Suites = Population of 75+ multiplied by penetration rate, as of January 2021 (5.0% for Ontario; 17.0% for Quebec; 5.3% for Alberta; 7.6% for British Columbia).

Chartwell Top 15 Markets – Supply and Demand Data

Supply

	Chartwell Portfolio (1)			Existing Inventory (2)		Immediate Competition Impact (3)				
	Total			Total		Chartwell Exposure			Competition 5km to Chartwell Property	
Location (4)	# of Properties	# of Suites	2021 Adjusted NOI at Share ($Millions)	# of Properties	# of Suites	# of Properties	# of Suites	2021 Adjusted NOI at Share ($Millions)	# of Properties	# of Suites
Greater Montreal Area	16	3,833	17.2	368	60,896	2	562	3.1	2	764
Gatineau	9	1,735	11.6	30	4,269	0	0	0.0	0	0
Greater Vancouver Area	14	1,715	25.2	151	16,224	2	271	3.7	3	230
Quebec City	5	1,540	6.2	137	18,321	4	1391	4.2	4	1,147
Greater Ottawa Area	12	1,455	9.8	86	9,908	6	755	7.4	5	1,151
Edmonton	6	1,200	18.4	52	6,968	1	104	1.1	1	162
Toronto	7	1,219	10.2	64	7,673	1	332	0.7	1	239
Kitchener/Waterloo/Cambridge/Guelph	10	1,022	15.1	61	5,524	0	0	0.0	0	0
Ontario North	9	850	14.2	38	2,995	2	167	3.9	2	259
York	8	859	12.5	34	4,079	4	433	8.3	4	640
Calgary	5	641	9.7	48	6,566	4	525	7.5	3	387
Durham	4	450	7.9	31	4,145	4	450	7.9	5	971
Windsor/Essex County	6	603	8.2	26	2,441	0	0	0.0	0	0
Halton	5	566	8.1	30	3,747	1	131	3.9	1	182
Peel	3	517	6.8	31	3,853	1	81	1.2	1	141
Subtotal (Top 15 Markets)	**119**	**18,205**	**181.1**	**1,187**	**157,609**	**32**	**5,202**	**53.0**	**32**	**6,273**
Other	40	5,706	50.9							
Grand Total	**159**	**23,911**	**232.0**							

(1) Includes Retirement Operations segment only.
(2) Sources: CMHC Seniors Housing Report 2021 and Cushman & Wakefield.
(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

	Demographic Information(1)				Demographic Data 75+ yrs(1)		
	2021				2021		
Location (4)	Total Population	Median Household Income ($)	Avg House Value ($)	Unemployment Rate %	Total Population	10 yr Growth %	Penetration Rate(2)
Greater Montreal Area	4,383,749	74,814	441,790	5.3%	342,470	32.7%	17.9%
Gatineau	353,485	84,866	324,525	4.3%	21,328	51.7%	18.4%
Greater Vancouver Area	3,152,272	89,164	974,905	5.7%	229,276	54.2%	6.7%
Quebec City	832,606	78,910	276,562	2.6%	78,084	39.6%	22.6%
Greater Ottawa Area	1,076,209	101,019	599,253	4.0%	75,454	48.4%	10.4%
Edmonton	1,492,989	95,039	369,830	6.6%	82,531	59.4%	6.8%
Toronto	3,013,752	81,376	956,763	7.2%	225,671	37.0%	2.9%
Kitchener/Waterloo/Cambridge/Guelph	911,034	91,180	594,231	5.5%	60,503	42.0%	7.8%
Ontario North	808,287	75,675	266,395	5.7%	73,996	25.7%	3.6%
York	1,202,106	111,186	926,051	7.2%	84,948	63.0%	4.1%
Calgary	1,558,636	99,292	442,761	8.2%	77,544	73.9%	7.1%
Durham	715,961	102,802	586,489	6.5%	46,528	49.3%	8.0%
Windsor/Essex County	432,375	74,245	391,300	6.9%	34,969	37.6%	6.0%
Halton	617,399	122,539	848,041	7.2%	43,999	41.1%	7.5%
Peel	1,582,226	98,732	768,705	7.2%	91,820	66.7%	3.4%
Subtotal/Average (Top 15 Markets)	**22,133,086**	**92,056(3)**	**584,507(3)**	**6.0%(3)**	**1,569,121**	**48.2%(3)**	**8.9%(3)**

(1) Sources: Cushman & Wakefield utilizing Environics Analytics 2021, and Statistics Canada Table 14-10-0380-01, December 2021.
(2) Penetration Ratio = 2021 Estimated Total CMHC/ Population 75+, as of January 2021.
(3) Average.
(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").

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 three 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, 2021 and December 31, 2020
- 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, 2021 and December 31, 2020, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Evaluation of certain risks and conditions associated with the COVID-19 pandemic
Description of the matter

We draw attention to Notes 1 and 2(d) of the financial statements. Uncertainties in assessing future liquidity requirements have increased as a result of COVID-19. Since the onset of the pandemic, the level of demand for the Entity's services in its private pay retirement residences has been lower. In addition, the Entity has experienced a material increase in direct operating expenses, most significantly in respect of labour costs due to government directives and restrictions and outbreak activity. Any future negative impact to the Entity's business, results of operations, liquidity and financial condition will depend on the scope, severity and duration of the pandemic which currently cannot be reliably estimated.

The Entity believes that it has sufficient available liquidity to meet its minimum obligations as they come due and to comply with financial covenants in the Entity's credit facilities, as amended, for a period of at least 12 months from December 31, 2021. The Entity has assessed that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern. In making this significant judgment, the Entity has prepared income and cash flow forecasts. The most significant assumptions in the preparation of such forecasts are occupancy levels and the continued availability of financing.

Why the matter is a key audit matter

We identified the evaluation of certain risks and conditions associated with the COVID-19 pandemic as a key audit matter. This evaluation required significant auditor judgment in assessing the Entity's income and cash flow forecasts due to the degree of uncertainty in the most significant assumptions resulting from the impact of COVID-19.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:
We evaluated the forecasted occupancy levels by comparing them to historical results. We took into account changes in conditions and events, or lack thereof, affecting the Entity to the adjustments or lack of adjustments made by the Entity in arriving at the assumption.

We evaluated the continued availability of financing by:

- considering the ratio of forecasted mortgage financing to forecasted fair value of the underlying properties for a selection of mortgages based on our understanding of the underlying properties and the industry and
- analyzing the Entity's forecasted compliance with significant financial covenants contained in loan agreements using information contained in income and cash flow forecasts and the terms of the loan agreements.
-

We assessed the sensitivity of possible changes to the forecasted occupancy levels and continued availability of financing on the income and cash flow forecasts.

We evaluated the impact of changes in the forecasted occupancy levels and continued availability of financing on management's conclusion that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

We also assessed the disclosures related to the Entity's significant judgment about whether there are material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Assessment of the recoverable amount of cash generating units

Description of the matter

We draw attention to Notes 2(d), 3(e), and 5 of the financial statements. The property, plant, and equipment (PP&E) carrying amount is $3,156,031 thousand. Impairment provisions totaling $850 thousand were recorded. The carrying amounts of the Entity'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, 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 exceed its recoverable amount. The recoverable amount is determined for the cash generating unit ("CGU") to which the PPE belongs. The recoverable amount of a CGU is the higher of (a) fair value less costs of disposal and (b) value in use.

The assessment of asset impairment requires significant assumptions, which include:

- the rental rates and occupancy rates used to estimate future stabilized cash flows and
- discount rates, capitalization rates and terminal capitalization rates applied to those cash flows.

Why the matter is a key audit matter

We identified the assessment of the recoverable amount of CGUs as a key audit matter. This matter represented an area of significant risk of material misstatement given the significant effect minor changes to significant assumptions had on the determination of the recoverable amount of a CGU. In addition, significant auditor judgment and specialized skills and knowledge were required in applying, and evaluating the results of, our audit procedures.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- For a selection of CGUs, we assessed the Entity's ability to accurately forecast by comparing the rental rates and occupancy rates used to estimate future stabilized cash flows of the prior year to actual results.
- For a selection of CGUs, we evaluated the Entity's rental rates and occupancy rates used to estimate future stabilized cash flows by comparing to actual historical rates. We took into account the changes in conditions and events affecting the CGUs to assess the adjustments, or lack of adjustments, made by the Entity in arriving at the rental rates and occupancy rates used to estimate future stabilized cash flows.
- For a selection of CGUs, we involved valuations professionals with specialized skills and knowledge who assisted in evaluating the discount rates, capitalization rates and terminal capitalization rates. These rates were compared to published reports of real estate industry commentators taking into consideration the features of the specific CGU.

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 "2021 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 of the date of the 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 "2021 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.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

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

Toronto, Canada
February 24, 2022

Consolidated Balance Sheets

(In thousands of Canadian dollars)

As at December 31,	Note	2021	2020
Assets			
Current assets:			
Cash and cash equivalents		$ 95,486	$ 70,157
Trade and other receivables	9	18,668	29,898
Capital funding receivable	7	6,746	6,636
Other assets	10	25,964	20,713
Total current assets		146,864	127,404
Non-current assets:			
Other assets	10	2,731	2,206
Loans receivable	11	8,009	11,978
Capital funding receivable	7	22,161	28,906
Investment in joint ventures	12	8,954	17,097
Intangible assets	6	72,503	78,938
Property, plant, and equipment (“PP&E”)	5	3,156,031	3,222,779
Total non-current assets		3,270,389	3,361,904
Total assets		$ 3,417,253	$ 3,489,308
Liabilities and Unitholders' Equity			
Current liabilities:			
Lease obligations	8	$ 975	$ 1,073
Accounts payable and other liabilities	17	194,886	182,098
Distributions payable		11,965	11,085
Mortgages payable	13	301,594	198,731
Total current liabilities		509,420	392,987
Non-current liabilities:			
Lease obligations	8	11,585	11,639
Other liabilities	17	1,765	6,426
Mortgages payable	13	1,559,606	1,683,504
Term loans	15	124,709	274,265
Senior unsecured debentures	16	349,067	348,681
Class B Units of Chartwell Master Care LP ("Class B Units")	19	18,089	17,125
Deferred tax liabilities	29	16,901	20,704
Total non-current liabilities		2,081,722	2,362,344
Total liabilities		2,591,142	2,755,331
Unitholders' equity	20	826,111	733,977
Total liabilities and unitholders' equity		$ 3,417,253	$ 3,489,308

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	2021	2020
Revenue:			
Resident		$ 855,227	$ 873,966
Management and other fees		11,022	9,640
Lease revenue from joint ventures	12(b)	37,358	41,109
Interest income		2,862	3,872
	24	906,469	928,587
Income (expenses):			
Direct property operating	9, 32	(629,715)	(622,499)
Depreciation of PP&E	5	(160,382)	(174,091)
Amortization of intangible assets	6	(7,709)	(5,590)
Share of net loss from joint ventures	12(b)	(8,376)	(3,816)
General, administrative and trust	9, 32	(44,364)	(43,895)
Other income	26	43,353	21,640
Finance costs	27	(89,455)	(93,150)
Change in fair values of financial instruments and foreign exchange gains	28	1,295	3,828
		(895,353)	(917,573)
Income before income taxes		11,116	11,014
Deferred income tax benefit (expense)	29	(984)	3,865
Net income and comprehensive income[1]		$ 10,132	$ 14,879

[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)

2021	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, 2020	$ 2,327,965	$ 20,311	$ (13,816)	$ (106,961)	$ (1,500,058)	$ 6,536	$ 733,977
Net income	–	–	–	10,132	–	–	10,132
Distributions to unitholders	–	–	–	–	(136,227)	–	(136,227)
Issuance of Trust Units pursuant to public offering (note 20)	197,220	–	–	–	–	–	197,220
Trust Units issued under the Distribution Reinvestment Program ("DRIP")	19,430	–	–	–	–	–	19,430
Trust Units issued under the Executive Unit Purchase Plan ("EUPP"), net of cancellations and Trust Units released on settlement of EUPP receivable	836	1,281	(1,433)	–	–	(41)	643
Interest on EUPP receivable	–	–	(184)	–	–	–	(184)
Distributions applied against EUPP receivable	–	–	1,120	–	–	–	1,120
Unitholders' equity, December 31, 2021	$ 2,545,451	$ 21,592	$ (14,313)	$ (96,829)	$ (1,636,285)	$ 6,495	$ 826,111

Distributions were declared and paid at $0.051 per unit per month for the months of January 2021 to December 2021. In the first two months of 2022, distributions were declared at $0.051 per unit per month.

See accompanying notes to consolidated financial statements.

2020	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, 2019	$ 2,316,036	$ 17,924	$ (12,251)	$ (121,840)	$ (1,368,799)	$ 6,497	$ 837,567
Net income	–	–	–	14,879	–	–	14,879
Distributions to unitholders	–	–	–	–	(131,259)	–	(131,259)
Trust Units issued under the Distribution Reinvestment Program ("DRIP")	8,518	–	–	–	–	–	8,518
Trust units issued on exchange of Deferred Trust Units ("DTUs")	2,317	–	–	–	–	–	2,317
Trust Units issued on exchange of Class B Units	553	–	–	–	–	–	553
Trust Units issued under the Executive Unit Purchase Plan ("EUPP"), net of cancellations and Trust Units released on settlement of EUPP receivable	541	2,387	(2,411)	–	–	39	556
Interest on EUPP receivable	–	–	(184)	–	–	–	(184)
Distributions applied against EUPP receivable	–	–	1,030	–	–	–	1,030
Unitholders' equity, December 31, 2020	$ 2,327,965	$ 20,311	$ (13,816)	$ (106,961)	$ (1,500,058)	$ 6,536	$ 733,977

Distributions were declared and paid at \$0.050 per unit per month for the months of January 2020 and February 2020 and \$0.051 per unit per month for the months of March 2020 to December 2020.

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

Years ended December 31,	Note	2021	2020
Cash provided by (used in):			
Operating activities:			
Net income		$ 10,132	$ 14,879
Items not affecting cash:			
Depreciation and amortization	5, 6	168,091	179,681
Finance costs	27	89,455	93,150
Other (income) expense	26	(43,353)	(21,640)
Interest income	24	(2,862)	(3,872)
Change in fair values of financial instruments and foreign exchange (gains) losses	28	(1,295)	(3,828)
Deferred income tax (benefit) expense	29	984	(3,865)
Share of net loss from joint ventures	12(b)	8,376	3,816
Other		682	515
Change in trade and other receivables		11,742	(8,204)
Change in other assets		(5,272)	1,546
Change in accounts payable and other liabilities		5,097	22,840
		241,777	275,018
Interest income and other income received		2,896	3,770
Interest paid		(88,350)	(94,166)
		156,323	184,622
Financing activities:			
Proceeds from public offering	20	192,433	-
Proceeds from mortgage financing	18	138,808	176,609
Mortgage repayments	5,18	(67,198)	(193,605)
Scheduled mortgage principal repayments	18	(84,017)	(77,768)
Term loan (repayments) proceeds	15, 18	(150,000)	150,000
Additions to finance costs	18	(8,434)	(7,751)
Distributions paid		(116,099)	(122,646)
		(94,507)	(75,161)
Investing activities:			
Acquisition of assets, net of cash acquired	4	(7,462)	(21,623)
Additions to PP&E and intangible assets		(115,344)	(132,392)
Proceeds from disposal of PP&E	5	79,917	86,739
Change in capital funding receivable	7	6,635	6,672
Contributions to joint ventures	12(b)	(3,652)	(5,425)
Distributions received from joint ventures	12(b)	3,419	3,835
		(36,487)	(62,194)
Increase in cash and cash equivalents		25,329	47,267
Cash and cash equivalents, beginning of year		70,157	22,890
Cash and cash equivalents, end of year		$ 95,486	$ 70,157

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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

1. Organization and Nature of Operations

Chartwell Retirement Residences ("Chartwell") is an unincorporated open-ended real estate trust governed by the laws of the Province of Ontario and created as of July 7, 2003 and subsisting under the Declaration of Trust. Chartwell's head office is located at 7070 Derrycrest Drive, Mississauga, ON L5W 0G5. Chartwell's main business is ownership, operations and management of retirement residences and long-term care homes in Canada.

Chartwell owns 100% of the outstanding Trust Units of CSH Trust, an unincorporated, open-ended trust established under the laws of the Province of Ontario, which in turn owns 52% of the outstanding Class A Units of Chartwell Master Care LP ("Master LP"), a limited partnership created under the laws of the Province of Manitoba. Class B Units of Master LP are held by non-controlling investors and are exchangeable into units of Chartwell. Chartwell also has direct ownership of 48% of Class A Units of Master LP.

The assets of Chartwell are held by the wholly owned Master LP, which carries out the business of Chartwell. Its activities are financed through equity contributed by Chartwell, CSH Trust, Class B unitholders and debt, including mortgages.

Chartwell's Declaration of Trust provides that distributions will be within the discretion of the Board of Trustees.

COVID-19 business impacts and related risks:

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Since the onset of the pandemic, the spread of COVID-19 has negatively affected Chartwell's business and it is expected to continue to do so for the duration of the pandemic.

Chartwell's revenue and operating results depend significantly on the occupancy levels at Chartwell's retirement residences and long-term care homes. Numerous restrictions and directives have been implemented by governments and health authorities affecting many aspects of our operations during the pandemic.

These pandemic restrictions and directives have resulted in decreased occupancy levels due to reduced move-in activity in both our retirement residences and long-term care homes. The COVID-19 pandemic, and the corresponding impact of the restrictions and directives noted, is likely to continue for some time in 2022 and potentially longer. This may continue to cause decreases in occupancy levels due to ongoing government directives, that vary across jurisdictions, and that can require restrictions on internal gatherings and dining services, new resident isolations, restrictions on tours and visitor access. Further, government directives related to the general operation of society and the economy overall may also affect future occupancy levels.

The COVID-19 pandemic and associated restrictions and directives have caused, and may continue to cause, a material increase in direct operating expenses due to the provision of enhanced care and protection to our residents and staff; increased utilization of sick leave benefits for employees that are required to self-isolate and/or become ill; increased overtime costs to ensure enhanced staff levels and replacement and augmentation of both regular staff complement and additional staffing with agency staffing at a higher cost where necessary; increased personal protective equipment costs; enhanced disinfection and cleaning; and extended dining services to facilitate physical distancing and/or isolation.

The COVID-19 pandemic may cause an increase in general, administrative and trust expenses and property development costs related to the implementation and administration of extensive and complicated government directives and the operation of essential services during these abnormal circumstances.

In addition, management and residence staff are singularly focused on resident and employee safety which is of paramount importance and the pursuit of other business concerns has generally been deferred.

Although various government funding programs have been introduced and/or implemented and Chartwell has had, and may continue to have, access to the programs there is no certainty as to the extent to which these programs may mitigate the negative effects of declines in occupancy and increases in operating expenses of Chartwell.

Financing arrangements:

As a result of the risks and conditions associated with the COVID-19 pandemic, and as described below, Chartwell has amended certain terms of various financing arrangements after having conducted an assessment of its liquidity. These changes include a reduction in the minimum debt service covenants and the exclusion of COVID expenses and related reimbursements incurred during the first six months of 2022 from the determination of this covenant. Chartwell believes that it has sufficient available liquidity to meet its minimum obligations as they come due and to comply with financial covenants in its credit facilities, as amended, for a period of at least 12 months from December 31, 2021. Further, Chartwell has assessed that there are no material uncertainties related to events or conditions that may cast significant doubt upon Chartwell's ability to continue as a going concern. In making this significant judgment, Chartwell has prepared income and cash flow forecasts with the most significant assumptions in the preparation of such forecasts being occupancy levels and continued availability of financing.

Liquidity risk is the risk that an entity is unable to fund its assets or meet its obligations as they come due (note 2(d) and note 22(b)(ii)). Uncertainties in assessing future liquidity requirements have increased as a result of COVID-19. Since the onset of the pandemic, the level of demand for Chartwell’s services in its private pay retirement residences has been lower. In addition, Chartwell has experienced a material increase in direct operating expenses, most significantly in respect of labour costs due to government directives and restrictions and outbreak activity. Any future negative impact to Chartwell’s business, results of operations, liquidity and financial condition will depend on the scope, severity and duration of the pandemic which currently cannot be reliably estimated.

The majority of Chartwell's financing arrangements require compliance with a number of financial covenants including minimum debt service covenants and limiting distributions should the distributions exceed certain thresholds. As a result of the uncertainties described above, Chartwell has proactively obtained amendments to its financing arrangements, including an amendment to reduce the minimum debt service covenants in respect of these financing arrangements up to and including periods ending December 31, 2023 as disclosed in note 13.

The available borrowing capacity of the secured and unsecured credit facilities, as disclosed in note 14, may be reduced due to the impact of the pandemic on Chartwell. The available capacity under the secured and unsecured credit facilities are determined in accordance with terms in the credit agreements which consider the lending value of collateral properties which are impacted by the operating income of such properties as well as the value of unencumbered property assets.

If necessary, Chartwell will take the following additional mitigating actions to enhance liquidity, reduce costs, and optimize cash flow:

- accessing additional financing in respect of unencumbered assets and construction projects,
- subject to market conditions, disposing of certain non-core assets,
- seeking to raise funds through new senior unsecured debentures or equity financing,

- reducing marketing and other expenses, and
- reducing distributions.

Litigation:

As a result of the COVID-19 pandemic, there is an increased risk of litigation which, even if not meritorious, and even if covered by Chartwell's insurance, could result in increased costs to Chartwell to defend. In 2020 Chartwell was named in three separate proposed class actions related to the pandemic which as of February 24, 2022, have been consolidated into one proceeding (the “Consolidated Claim”) seeking an order to be certified as a class action. Chartwell’s insurers are handling the defense of the Consolidated Claim.

See commitments and contingencies (note 30) for additional details.

Financial:

The COVID-19 pandemic has impacted both the global and Canadian economy overall and credit markets were and may continue to be negatively affected. This, in combination with both reduced revenues and increased operating costs, may make it more difficult to access the credit markets or, if able to do so, it may be at a higher cost or less advantageous terms than previously, potentially impacting, among other things, re-financing of outstanding debt when due and development plans and timelines.

2. Basis of Preparation

(a) Statement of compliance:

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

On February 24, 2022, the Board of Trustees authorized the consolidated financial statements for issue.

(b) Functional currency:

These consolidated financial statements are presented in Canadian dollars, Chartwell's functional currency.

(c) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, except for the following items:

(i) financial instruments classified as fair value through profit or loss ("FVTPL") are measured at fair value (note 3(h)); and
(ii) liabilities for cash-settled, unit-based payment arrangements are measured at fair value.

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue, and expenses during the year. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a significant adjustment within the future financial year are included in the following notes:

(i) notes 3(a)(iii) and 4 - The estimate of the fair value of assets and liabilities acquired in property acquisition

(ii) notes 3(e) and 5 - Impairment of property, plant, and equipment and

(iii) note 3(e) and 6 - Impairment of indefinite life intangible assets.

The following are the significant judgments that have been made in applying Chartwell's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

(i) note 1 - Assessing whether events or conditions represent the existence of material uncertainties that may cast significant doubt about Chartwell's ability to continue as a going concern including the estimation of future cash flows

(ii) note 3(a) - Determining whether an acquisition is a business combination or asset acquisition

(iii) note 3(c) - Componentization of property, plant, and equipment

(iv) note 3(d)(i) - Intangible assets - licenses: assessment of indefinite useful life

(v) note 3(l)(ii) - Assessing the probability of a significant reversal in the amount of cumulative revenue recognized as variable consideration and

(vi) note 30(f) - Assessing the probability of settling an obligation based on the occurrence or non-occurrence of a future event.

3. Significant Accounting Policies

(a) Basis of consolidation:

(i) Transactions eliminated on consolidation:

The consolidated financial statements include the accounts of Chartwell and its subsidiaries, as well as the proportionate share of the accounts of its joint operations. All intercompany transactions have been eliminated on consolidation.

(ii) Joint arrangements:

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

These consolidated financial statements include Chartwell's proportionate share of each of the assets, liabilities, revenue, and expenses of joint operations on a line-by-line basis. Joint ventures are included in Chartwell's consolidated financial statements as investments using the equity method, whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the net assets. Chartwell's share of joint venture net income is included in profit or loss.

(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 profit or loss. 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. Chartwell also uses the optional fair value concentration test when determining whether a transaction is to be accounted for as an asset acquisition or a business combination.

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.

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 profit or loss.

If a business combination is achieved in stages, any previously held non-controlling equity interest in the acquiree is remeasured to FVTPL when control is acquired.

(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.

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 judgment 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. Additions to PP&E that do not have a cost that is significant in relation to the total cost of the addition may also be recognized as a separate component. The cost of replacing a 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").

Upon allocation of a purchase price of an asset acquisition or a business combination, Chartwell determines 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. Resident contracts are amortized over the expected term of the resident occupancy and 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 homes 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 ten 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 amount of Chartwell's PP&E is 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, 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 is determined for the cash generating unit ("CGU") to which the PPE belongs. The recoverable amount of a CGU is the higher of (a) fair value less costs of disposal, and (b) value in use.

The assessment of asset impairment requires management to make significant assumptions about the selection of discount rates, capitalization rates and terminal capitalization rates used to determine the fair value of a CGU. Significant assumptions are also required to estimate future stabilized cash flows, which include assumptions about rental rates and occupancy rates. Such assumptions can be significantly impacted by current and future economic conditions in the geographical markets of each CGU, and management's strategic plans within each of its markets. Management also applies adjustments to reflect the expectations of market participants. 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.

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) Government grants and government assistance:

(i) Capital funding receivable:

Grants received from the Government of Ontario for the construction costs of long-term care homes 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.

(ii) Government income grants:

Chartwell recognizes government income grants that become receivable as compensation for expenses incurred in profit or loss on a systematic basis in the periods in which the expenses are recognized. The grants are recorded as a reduction of the related expense.

(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 as other income (expense) 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) 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 FVTPL:

- 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 change in fair values of financial instruments and foreign exchange gains (losses) in profit or loss. 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 in profit or loss.

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 profit or loss.

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
Marketable securities	FVTPL
Accounts payable and other liabilities	Amortized cost
Distributions payable	Amortized cost
Mortgages payable	Amortized cost
Credit facilities	Amortized cost
Term loans	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 profit or loss.

Chartwell determines expected credit losses ("ECL") on trade and other receivables, and loans receivable 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 profit or loss 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 or receipts through the expected life of the financial asset or liability, or (where appropriate) a shorter period, to the gross carrying amount of the financial asset or to the amortized cost of the financial liability.
Derivative instruments:

Chartwell enters into interest rate swap arrangements (“swaps”) 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.

However, 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 profit or loss. Distributions on the Class B LP Units are recorded as a finance cost in profit or loss 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, DTU Plan, and Restricted Trust Unit Plans ("RTU") for its employees, directors, and Trustees. The EUPP and DTU Plan require settlement in Trust Units. The RTU Plans are settled in cash and are accounted for as cash-settled awards, as Chartwell's Trust Units are puttable. The fair value of the amount payable is recognized as general, administrative and trust expenses in profit and loss, 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 for the DTU and EUPP plans are recognized in change in fair values of financial instruments and foreign exchange gains (losses) in profit or loss. The changes in the fair value of the liability for the RTU Plans are recognized in general, administrative and trust expenses.

(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 and care services provided to residents as well as management services to owners of retirement residences and long-term care homes.

(i) Retirement residences resident revenue:

Chartwell charges for (a) the rental of retirement accommodation and (b) care services provided to residents of retirement residences. 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 an adjusted market assessment approach and an expected cost plus a margin approach.

(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 residence 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 and recorded as contract liabilities. In certain jurisdictions, residents of retirement residences 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.

(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.

(ii) Long-term care homes resident revenue:

Revenue in respect of services provided to residents of long-term care homes 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 regulate the amounts charged to residents of long-term care homes, 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.

Various levels of government provide Chartwell with funding of eligible costs in respect of specific program activities. In 2020 and 2021, exceptional funding was provided by various government authorities for COVID-19 costs. In cases where there is variability in the amount of funding for which Chartwell may ultimately qualify, revenue is recognized based on management's best estimate of the most likely amount to which Chartwell will ultimately be entitled.

Estimated amounts of variable consideration are only included in revenue to the extent that Chartwell assess that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(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. ("Welltower"). 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:

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.

(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, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Chartwell presents the right-of-use assets in PP&E and lease liabilities are recorded separately on the consolidated balance sheets 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 information technology 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.

(n) IFRS amendments adopted in 2021.

In August 2020, the IASB issued Interest Rate Benchmark Reform ("IBOR") Reform and the Effects on Financial Reporting – Phase II (amendments to IFRS 9 – Financial Instruments, IFRS 7 – Financial Instruments: Disclosures, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 4 – Insurance Contracts and IFRS 16 – Leases ("IFRS 16")). The objective of the second phase of the IASB's project was to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of the IFRS Standards when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments affect the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. The amendments were adopted by Chartwell when they became effective on January 1, 2021. The adoption of this standard did not have a material impact on Chartwell's consolidated financial statements.

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

(i) Amendments to IAS 1, Presentation of financial statements ("IAS 1"):

On January 23, 2020, the IASB issued amendments to IAS 1 to clarify the classification of liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period.

Chartwell intends to adopt the amendments in its consolidated financial statements when the standard becomes effective, on January 1, 2023. Chartwell is assessing the potential impact of the amendments, however, does not expect them to have a material impact on its consolidated financial statements.

(ii) Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors ("IAS 8") regarding the definition of Accounting Estimates

On February 12, 2021, the IASB issued amendments to IAS 8 to assist entities to distinguish between accounting policies and accounting estimates. The amendments apply to annual periods beginning on or after January 1, 2023. Earlier adoption is permitted.

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.
Chartwell intends to adopt the amendments in its consolidated financial statements beginning on January 1, 2023, when the amendment becomes effective. Chartwell is assessing the potential

impact of the amendments, however, does not expect them to have a material impact on its consolidated financial statements.

(iii) Amendments to IAS 1, Disclosure Initiative

On February 12, 2021, the IASB issued *Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements)*. The amendments help entities provide useful accounting policy disclosures. The key amendments include requiring entities to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Chartwell intends to adopt the amendments in its consolidated financial statements beginning on January 1, 2023, when the amendment becomes effective. Chartwell is assessing the potential impact of the amendments, however, does not expect them to have a material impact on its consolidated financial statements.

4. Acquisitions

(a) Acquisitions during the year ended December 31, 2021:

On April 14, 2021, Chartwell along with its partner, Welltower Inc. ('Welltower") each purchased a 42.5% interest in Chartwell Le Teasdale II residence pour retraites ("Chartwell Le Teasdale II"), a 221 suite Retirement Residence located in Terrebonne, Quebec, from Batimo Inc. ('Batimo"), with Batimo retaining the 15% ownership. Simultaneously, Chartwell sold half of its interest (42.5%) in Chartwell Le Teasdale I residence pour retraites ("Chartwell Le Teasdale I) to Welltower to align the ownership structures across the entire complex for a contractual sales price of $30,694 with Welltower assuming $23,364 of the existing mortgage (note 5).

Chartwell directly holds its 42.5% interest in the real estate, related mortgage and operations of the facility which is accounted for as a joint operation (proportionately consolidated) (note 12).

The purchase price for Chartwell's 42.5% interest in Chartwell Le Teasdale II was $30,294 before transaction costs and working capital adjustments and was settled through the assumption of 42.5% of related construction financing of $18,668, settlement of an outstanding mezzanine loan of $3,969 with the balance, net of working capital adjustments paid in cash. Chartwell applied the optional concentration test in accordance with IFRS 3 and accounted for the acquisition as an asset acquisition. Acquisition related costs of $295 have been capitalized to the building in the consolidated balance sheet.

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 for Chartwell Le Teasdale II.

Date of acquisition	April 14, 2021
Segment	Retirement Operations
Location	Province of Quebec
Number of properties (suites)	1 (221 suites)
PP&E	$ 30,589
Working capital adjustments	(195)
Acquired cash	440
Net assets acquired	$ 30,834
Cash consideration	$ 7,902
Discharge of mezzanine loan receivable	3,969
Mortgage assumed	18,668
Acquisition related costs incurred	295
Total consideration	$ 30,834

(b) Acquisitions during the year ended December 31, 2020:

On March 2, 2020, Chartwell purchased a 42.5% interest in Chartwell Le St-Gabriel residence pour retraites ("Chartwell Le St-Gabriel"), a 345 suite Retirement Residence located in Longueuil, Quebec. Under the terms of the purchase and sale agreement, Chartwell directly holds its 42.5% interest in the real estate ("Chartwell Le St-Gabriel Landlord") and related mortgage which is accounted for as a joint operation (proportionately consolidated) while its 42.5% interest in the operations ("Chartwell Le St-Gabriel Operator") is held through a separate legal entity which is accounted for as a joint venture (equity accounted).

The purchase price for Chartwell's 42.5% interest in Chartwell Le St-Gabriel Landlord was $36,731, before transaction costs, and was settled through the assumption of a variable mortgage of $23,907, settlement of a $3,569 outstanding mezzanine loan with the balance, net of working capital adjustments, paid in cash. Chartwell applied the optional concentration test in accordance with IFRS 3 and accounted for the acquisition as an asset acquisition. Acquisition related costs of $2,062 have been capitalized to the building in the consolidated balance sheets. Chartwell also contributed $1,500 to Chartwell Le St-Gabriel Operator, which used the contributions from its equity partners to acquire the operations of Chartwell Le St-Gabriel.

On May 1, 2020, Chartwell purchased an 85% interest in Chartwell L'Unique III residence pour retraites ("Chartwell L'Unique III"), a 163 suite Retirement Residence located in Saint-Eustache, Quebec. Under the terms of the purchase and sale agreement, Chartwell directly holds its 85% interest in the real estate, related mortgage, and operations which is accounted for as a joint operation (proportionately consolidated).

The purchase price for Chartwell's 85% interest in Chartwell L'Unique III was $32,566, before transaction costs, and was settled through the assumption of a variable rate mortgage of $16,925, the settlement of a $3,184 outstanding mezzanine loan with the balance, net of working capital adjustments, paid in cash. Chartwell applied the optional concentration test in accordance with IFRS 3 and accounted for the acquisition as an asset acquisition. Acquisition related costs of $1,042 have been capitalized to the building in the consolidated balance sheets.

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 for Chartwell's interest in Le St-Gabriel Landlord and Chartwell L'Unique III, which are classified as joint operations (note 12).

Date of acquisition	March 2, 2020	May 1, 2020	Total
Segment	Retirement Operations		
Location	Province of Quebec	Province of Quebec	
Number of properties (suites)	1 (345 suites)	1 (163 suites)	
PP&E	$ 38,726	$ 33,525	$ 72,251
Income guarantee receivable	67	83	150
Working capital adjustments	(4)	(85)	(89)
Acquired cash	–	501	501
Net assets acquired	$ 38,789	$ 34,024	$ 72,813
Cash consideration	$ 9,251	$ 12,873	$ 22,124
Discharge of mezzanine loans receivable	3,569	3,184	6,753
Mortgage assumed	23,907	16,925	40,832
Acquisition related costs incurred	2,062	1,042	3,104
Total consideration	$ 38,789	$ 34,024	$ 72,813

The following table summarizes the allocation of the purchase price excluding transaction costs to each major category of assets acquired and liabilities assumed at the date of acquisition by Chartwell Le St-Gabriel Operator, which is classified as a joint venture (note 12).

Date of acquisition	March 2, 2020
Furniture, fixtures, and equipment	$ 1,136
Acquired cash	527
Working capital adjustments	(163)
Net assets acquired	$ 1,500
Cash transferred to the seller	$ 1,500
Total consideration	$ 1,500

5. Property, Plant, and Equipment

	Land	Buildings	Furniture, fixtures and equipment	Properties under development	Land held for development	Total
Cost						
Balance, December 31, 2019	$ 343,548	$ 3,389,818	$ 158,739	$ 152,617	$ 22,224	$ 4,066,946
Additions	–	48,685	10,244	53,683	–	112,612
Additions through acquisitions (note 4)	3,931	67,669	651	–	–	72,251
Disposals	(5,932)	(59,295)	(3,474)	–	–	(68,701)
Derecognition	–	(61,115)	(7,973)	–	–	(69,088)
Transfers	6,748	96,106	6,264	(109,118)	–	–
Balance, December 31, 2020	348,295	3,481,868	164,451	97,182	22,224	4,114,020
Additions	–	64,207	11,391	46,203	–	121,801
Additions through acquisitions (note 4)	1,174	28,643	772	–	–	30,589
Disposals	(4,870)	(68,163)	(2,860)	–	(900)	(76,793)
Derecognition	–	(61,600)	–	–	–	(61,600)
Transfers	1,498	76,180	1,161	(78,839)	–	–
Balance, December 31, 2021	$ 346,097	$ 3,521,135	$ 174,915	$ 64,546	$ 21,324	$ 4,128,017
Accumulated depreciation and impairment losses						
Balance, December 31, 2019	$ 172	$ 694,363	$ 110,148	$ –	$ 83	$ 804,766
Depreciation of right-of-use assets	172	343	873	–	83	1,471
Depreciation	–	152,486	20,134	–	–	172,620
Disposals	–	(19,159)	(2,569)	–	–	(21,728)
Derecognition	–	(61,115)	(7,973)	–	–	(69,088)
Impairment	–	3,200	–	–	–	3,200
Balance, December 31, 2020	344	770,118	120,613	–	166	891,241
Depreciation of right-of-use assets	172	328	792	–	83	1,375
Depreciation	–	141,473	17,534	–	–	159,007
Disposals	–	(16,569)	(2,318)	–	–	(18,887)
Derecognition	–	(61,600)	–	–	–	(61,600)
Impairment	–	850	–	–	–	850
Balance, December 31, 2021	$ 516	$ 834,600	$ 136,621	$ –	$ 249	$ 971,986
Carrying amounts						
Balance, December 31, 2020	$ 347,951	$ 2,711,750	$ 43,838	$ 97,182	$ 22,058	$ 3,222,779
Balance, December 31, 2021	345,581	2,686,535	38,294	64,546	21,075	3,156,031

The following table summarizes the right-of-use assets included in PP&E:

Right-of-use assets	Land[(1)]	Buildings	Furniture, fixtures and equipment	Land held for development[(1)]	Total
Balance, December 31, 2019	7,668	6,472	1,416	2,367	17,923
Additions	–	–	1,016	–	1,016
Depreciation	(172)	(343)	(873)	(83)	(1,471)
Balance, December 31, 2020	7,496	6,129	1,559	2,284	17,468
Additions	–	–	754	–	754
Depreciation	(172)	(328)	(792)	(83)	(1,375)
Disposals	–	(139)	–	–	(139)
Balance, December 31, 2021	$ 7,324	$ 5,662	$ 1,521	$ 2,201	$ 16,708

(1) Relates to land leases

Please refer to note 4 for acquisitions during the year ended December 31, 2021.
Dispositions during the year ended December 31, 2021:

On April 14, 2021, Chartwell completed the sale of half of its 85% interest (42.5%) of Chartwell Le Teasdale I located in Quebec to Welltower for an aggregate selling price of $30,694 with Welltower assuming $23,364 of the existing mortgage (note 12 and 18).

On December 1, 2021, Chartwell completed the sale of four retirement residences located in Ontario for an aggregate selling price of $71,500 and discharged related mortgages of $14,132.

Please refer to note 4 for acquisitions during the year ended December 31, 2020.

Dispositions during the year ended December 31, 2020:

On April 1, 2020, Chartwell completed the sale of four long-term care homes in Ontario for an aggregate sale price of $13,593. Chartwell has retained the obligation to remediate the lands at one of these long-term care homes.

On April 8, 2020, Chartwell completed the sale of a retirement residence located in Quebec for an aggregate selling price of $6,700 and discharged related mortgage of $6,214.

On November 2, 2020, Chartwell completed the sale of three retirement residences located in Alberta for an aggregate selling price of $30,750 and discharged related mortgages of $5,215.

On November 30, 2020, Chartwell completed the sale of three retirement residences located in Ontario an aggregate sale price of $33,800 and discharged related mortgages of $12,917.

Other PP&E information:

During the year ended December 31, 2021, one property and an addition to one property were transferred from properties under development to other components of PP&E upon becoming available for use (2020 – one property addition and Chartwell's corporate office).

During the year ended December 31, 2021, Chartwell capitalized $3,468 (2020 - $3,469) of borrowing costs related to development projects under construction at an average interest rate of 3.42% (2020 - 3.61%).
Since January 1, 2010, $268,346 of fully amortized resident contracts has been removed from the cost and accumulated depreciation of PP&E in respect of residences which were held by Chartwell as at December 31, 2021 (2020 - $250,750 in respect of residences which were held by Chartwell as at December 31, 2020).

Chartwell completes regular assessments of PP&E to determine if any events have occurred that would indicate possible impairment of PP&E. An impairment provision totalling $850 was recorded on one property in Quebec during the year ended December 31, 2021 (2020 - $3,200 on five properties in Ontario) (note 26).

Chartwell continues to review significant assumptions which may impact the valuation of its properties in light of the COVID-19 pandemic. It is not possible to forecast with certainty the duration of the economic impact of COVID-19 and other consequential changes it may have on Chartwell's business and operations, both in the short term and in the long term. Certain aspects of Chartwell's business and operations that have been and could potentially be impacted include resident revenue, occupancy, turnover, future demand, direct operating expenses and market rents, which all ultimately impact the underlying valuation of property, plant, and equipment.

6. Intangible Assets

	Goodwill	Licenses	Software(1)	Total
Cost				
Balance, December 31, 2019	$ 9,233	$ 41,344	$ 37,553	$ 88,130
Additions	–	–	10,190	10,190
Disposals	–	–	(924)	(924)
Balance, December 31, 2020	9,233	41,344	46,819	97,396
Additions	–	–	1,809	1,809
Disposals	–	–	(746)	(746)
Derecognition	–	–	(3,581)	(3,581)
Balance, December 31, 2021	$ 9,233	$ 41,344	$ 44,301	$ 94,878
Accumulated amortization and impairment losses				
Balance, December 31, 2019	$ –	$ –	$ 13,027	$ 13,027
Disposals	–	–	(159)	(159)
Amortization	–	–	5,590	5,590
Balance, December 31, 2020	–	–	18,458	18,458
Disposals	–	–	(211)	(211)
Derecognition	–	–	(3,581)	(3,581)
Amortization	–	–	7,709	7,709
Balance, December 31, 2021	$ –	$ –	$ 22,375	$ 22,375
Carrying amounts				
Balance, December 31, 2020	$ 9,233	$ 41,344	$ 28,361	$ 78,938
Balance, December 31, 2021	9,233	41,344	21,926	72,503

(1) The 2021 balance includes $290 (2020 - $3,844) 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 and for goodwill was completed in December for the years ended December 31, 2021 and 2020. 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 6.00% - 6.25% for goodwill. 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, 2021 and 2020.

7. Capital Funding Receivable

The following table summarizes the capital funding receivable activity:

	2021	2020
Opening Balance	$ 35,542	$ 42,214
Capital funding applied to receivable	(6,635)	(6,672)
Closing Balance	$ 28,907	$ 35,542
Current	$ 6,746	$ 6,636
Non-current	22,161	28,906
	$ 28,907	$ 35,542

The capital funding receivable of $28,907 (2020 - $35,542) represents the present value of the funding receivable from the Government of Ontario in respect of 15 long-term care homes. The weighted average remaining term of this funding is approximately 4.6 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 homes for the remaining period. During 2021, capital funding receipts amounted to $8,118 (2020 - $8,578) of which $1,483 (2020 - $1,906) was recorded as interest income and $6,635 (2020 - $6,672) as a reduction of capital funding receivable.

8. Leases

As at December 31, 2021, Chartwell has right-of-use assets in respect of land, office space and equipment leases totalling $16,708 (2020 - $17,468) with remaining lease terms ranging from 2 to 57 years (note 5). Lease obligations related to these right-of-use assets totalled $12,560 (2020 - $12,712), of which $975 (2020 - $1,073) was classified current and $11,585 (2020 - $11,639) classified non-current as at December 31, 2021. 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	$ 1,325
One to five years	3,666
More than five years	21,180
Total[(1)]	$ 26,171

(1) Includes three land leases with cumulative required undiscounted cash payments of $23,815 which mature between 2044 and 2079.

9. Trade and Other Receivables

	2021	2020
Residents	$ 1,415	$ 805
Related party	2,803	1,293
Insurance recoverables	932	2,093
Government grants receivable	1,823	10,580
Other	11,695	15,127
	$ 18,668	$ 29,898

Resident receivables balance at December 31, 2021 is net of an allowance for expected credit losses of $1,762 (December 31, 2020 - $1,632).

Related party receivables are management fees and other receivables outstanding from joint ventures and properties managed by Chartwell.

Chartwell's direct operating expenses have been reduced by government grants for eligible expenditures of $21,724 for the year ended December 31, 2021 (December 31, 2020 - $13,956) and general, administrative and trust expenses have been reduced by government grants for eligible expenditures of $1,468 for the year ended December 31, 2021 (December 31, 2020 - $1,030).

10. Other Assets

	2021	2020
Prepaid expenses and deposits	$ 15,760	$ 10,992
Restricted cash	860	1,504
Income guarantees	-	3,198
Inventory	1,239	1,263
Related party lease receivable	3,301	-
Other	7,535	5,962
	$ 28,695	$ 22,919
Current	$ 25,964	$ 20,713
Non-current	2,731	2,206
	$ 28,695	$ 22,919

Income guarantees were provided by vendors upon acquisition of certain properties. 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. For the year ended December 31, 2021, $3,438 (2020 - $5,325) of income guarantees were collected.

11. Loans Receivable

	2021	2020
Loans receivable – non-current	$ 8,009	$ 11,978
	$ 8,009	$ 11,978

Loans are due from Batimo, mature between 2023 and 2024, bear interest at a rate of 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.

Loan receivables are measured at FVTPL and are considered Level 3 in the fair value hierarchy.

A loan of $3,969 was settled upon the acquisition of Chartwell Le Teasdale II on April 14, 2021. Loans of $3,569 and $3,184 were settled upon the acquisitions of Chartwell Le St-Gabriel Landlord on March 2, 2020 and Chartwell L'Unique III on May 1, 2020 respectively (note 4).

12. Joint Arrangements

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The following are Chartwell's joint arrangements as at December 31, 2021:

Joint arrangements	Number of properties	Chartwell ownership	Joint arrangement type	Consolidation method
Chartwell-Welltower Landlord (1)	37	50%	Joint operation	Proportionate
Chartwell-Welltower Operator (1)	37	50%	Joint venture (2)	Equity
Chartwell Le St-Gabriel Landlord (1)	1	42.5%	Joint operation	Proportionate
Chartwell Le St-Gabriel Operator (1)	1	42.5%	Joint venture (2)	Equity
Chartwell Le Teasdale I	1	42.5%	Joint operation	Proportionate
Chartwell Le Teasdale II	1	42.5%	Joint operation	Proportionate
Batimo	3	85%	Joint operation	Proportionate
Chartwell Oakville Retirement Residence	1	50%	Joint venture (2)	Equity
Chartwell Constantia Retirement Residence	1	50%	Joint venture (2)	Equity
Chartwell Riverside Retirement Residence	1	50%	Joint operation	Proportionate
Chartwell Churchill House Retirement Residence	1	50%	Joint operation	Proportionate
The Sumach by Chartwell	1	45%	Joint operation	Proportionate
Kingsbridge Retirement Community	1	60%	Joint venture (2)	Equity
Pickering Project (3)	1	90%	Joint operation	Proportionate

(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) Includes one property 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, 2021, 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:

	2021	2020
Current assets	$ 34,585	$ 30,248
Non-current assets	547,297	548,636
Total assets	$ 581,882	$ 578,884
Current liabilities	$ 80,093	$ 74,760
Non-current liabilities	372,728	349,433
Total liabilities	$ 452,821	$ 424,193
Total revenue	$ 60,283	$ 65,364
Total expenses	$ (52,747)	$ (53,195)

(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.

	2021	2020
Contributions to joint ventures	$ 3,652	$ 5,425
Distributions received from joint ventures	3,419	3,835

	2021	2020
Cash and cash equivalents	$ 5,123	$ 6,540
Trade and other receivables	13,619	15,679
Other assets	3,057	1,894
Current assets	21,799	24,113
PP&E and intangible assets	56,278	57,680
Total assets	$ 78,077	$ 81,793
Accounts payable and other liabilities	$ 16,772	$ 11,772
Mortgages payable - current	219	41,969
Current liabilities	16,991	53,741
Mortgages payable - non-current	52,132	10,955
Total liabilities	$ 69,123	$ 64,696
Net investment in joint ventures	$ 8,954	$ 17,097

	2021	2020
Revenue	$ 110,139	$ 116,457
Direct property operating expense	(75,337)	(72,697)
Lease expense	(37,358)	(41,109)
Finance cost	(1,884)	(1,906)
Depreciation of PP&E	(4,630)	(4,285)
Change in fair value of financial instruments and foreign exchange losses	642	(276)
Other Income	52	–
Chartwell's share of net loss from joint ventures	$ (8,376)	$ (3,816)

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, 2021, $1,972 (2020 - $985) of Chartwell's accounts receivable and $12,369 (2020 - $12,950) of Chartwell's accounts payable relate to its investment in joint ventures. For the year ended December 31, 2021, $7,453 (2020 - $5,703) 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. Chartwell and Welltower each own a 42.5% beneficial interest and Batimo owns 15% beneficial interest in the real estate and are each obligated for the related mortgages for Chartwell Le St-Gabriel Landlord. Chartwell's interests in these properties are accounted for as joint operations under IFRS 11, Joint Arrangements ("IFRS 11"). Chartwell's 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 and Chartwell Le St-Gabriel Operator have leased the real estate from Chartwell-Welltower Landlord and Chartwell Le St-Gabriel Landlord, respectively. 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 share of the landlords' lease receipts, $37,358 for the year ended December 31, 2021 (2020 - $41,109), is reported as lease revenue and is included in lease revenue from joint ventures. The lease expenses for Chartwell-Welltower Operator and Chartwell Le St-Gabriel Operator are included in the share of net income from joint ventures.

In addition, Chartwell and Welltower each own a 42.5% interest in Chartwell Le Teasdale I and Chartwell Le Teasdale II and a 45% interest each in The Sumach by Chartwell. Chartwell directly holds its interest in the real estate and related mortgage, and operations for these residences which are accounted for as joint operations (proportionately consolidated).

13. Mortgages Payable

	2021	2020
Mortgage principal balance	$ 1,904,057	$ 1,921,157
Mark-to-market adjustments on assumed mortgages	5,412	7,176
Financing costs[1]	(48,269)	(46,098)
	$ 1,861,200	$ 1,882,235
Current	$ 301,594	$ 198,731
Non-current	1,559,606	1,683,504
	$ 1,861,200	$ 1,882,235

[1] Includes financing costs with respect to the credit facilities of $3,321 as at December 31, 2021 (December 31, 2020 - $3,527).

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, 2021 are as follows:

	Regular principal payments	Principal due on maturity	Total debt
2022	$ 82,335	$ 223,293	$ 305,628
2023	78,118	88,463	166,581
2024	67,391	223,012	290,403
2025	59,929	76,300	136,229
2026	57,595	81,835	139,430
2027	54,077	57,525	111,602
2028	50,711	186,547	237,258
2029	41,181	90,310	131,491
2030	34,501	70,145	104,646
2031	25,733	104,078	129,811
2032	20,419	14,894	35,313
2033	13,618	35,365	48,983
2034	10,157	1,621	11,778
2035	9,755	–	9,755
Thereafter	19,888	25,261	45,149
	$ 625,408	$ 1,278,649	$ 1,904,057

	2021	2020
Mortgages at fixed rates:		
Mortgages (principal)	$1,856,024	$1,862,261
Interest rates	1.31% to 7.85%	1.31% to 7.85%
Weighted average interest rate	3.30%	3.46%
Mortgages at variable rates:		
Mortgages (principal)	$48,033	$58,896
Interest rates	Bankers acceptance Plus 0.975% to the higher of Prime plus 0.55% or 3.25%	Bankers acceptance plus 0.975% to Bankers acceptance plus 1.55%
Weighted average interest rate	2.13%	1.83%
Blended weighted average rate	3.27%	3.41%

Included in mortgages at fixed rates above, are mortgages totaling $84,527 (2020 - $53,767) with interest rates fixed through interest rate swaps with an equivalent notional value, maturing between 2024 and 2026. The swaps are measured at fair value and are recorded either in trade and other receivables (note 10) or accounts payable and other liabilities (note 17) at the end of the reporting period. The swaps are considered Level 2 in the fair value hierarchy.

Under the terms of the mortgages payable, Chartwell is required to meet certain financial covenants. These covenants among others include debt service coverage ratios. Chartwell was in compliance with these financials covenants as at December 31, 2021.

During the year, the debt service coverage ratio covenants in respect of certain mortgages were amended to be reduced from 1.4x to 1.2x, removed or modified for the periods ranging from the twelve months ended December 31, 2021 to the earlier of December 31, 2023 and the maturity date of the respective credit agreement.

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. Chartwell was in compliance with these covenants as at December 31, 2021.

During the year ended December 31, 2021, Chartwell also entered into an amending agreement in respect of its Large Borrower Agreement with CMHC temporarily reducing the debt service

coverage ratio requirements from 1.37x to 1.2x for the periods ending at the earlier of December 31, 2023, and the maturity date of the applicable credit agreement.

Subsequent to year end, Chartwell entered into amending agreements to exclude unfunded incremental direct operating expenses and net reimbursement of expenses (if any) directly related to the COVID-19 pandemic for the period January 1, 2022 through June 30, 2022, for the purpose of the calculation of the debt service coverage and Adjusted Funds From Operations (“AFFO”) ratios in the large borrower agreement and other mortgage agreements for the periods ending at the earlier of December 31, 2023 and the maturity date of the applicable credit agreement.

14. Credit Facilities

The following tables summarize certain details of Chartwell's credit facilities as at December 31, 2021 and December 31, 2020:

December 31, 2021:

	Maximum capacity	Available capacity	Principal amounts outstanding	Utilized for letters of credit	Available to be drawn	Maturity date
Secured credit facility	$ 300,000	$ 249,915	$ –	$ (6,466)	$ 243,449	May 29, 2024
Unsecured credit facility	100,000	100,000	–	–	100,000	May 29, 2024
Total	$ 400,000	$ 349,915	$ –	$ (6,466)	$ 343,449	

December 31, 2020:

	Maximum capacity	Available capacity	Principal amounts outstanding	Utilized for letters of credit	Available to be drawn	Maturity date
Secured credit facility	$ 300,000	$ 298,988	$ –	$ (9,635)	$ 289,353	May 29, 2024
Unsecured credit facility	100,000	100,000	–	–	100,000	May 29, 2024
Total	$ 400,000	$ 398,988	$ –	$ (9,635)	$ 389,353	

Available capacity is determined based on a formula that considers the lending value of the properties included in the secured asset pool. The factors impacting the lending value formula include property valuations, the mortgageability amount determined on the basis of net operating income (as defined in the credit agreement) for the previous four quarters, and the secured collateral.

Available capacity is determined by a minimum ratio of the unencumbered property asset value to unsecured indebtedness (as defined in the credit agreement) of 1.3:1. The value is based on third party appraisals that are dated no longer than two years from the applicable determination date.

The amounts outstanding on the secured credit facility bear interest at the bank's prime rate plus 1.15% or banker's acceptance rate plus 2.15% based on Chartwell's current credit rating. The secured credit facility is secured by second-ranked charges on specific properties. The amounts outstanding on the unsecured credit facility bear interest at the bank's prime rate plus 1.20% or banker's acceptance rate plus 2.20% based on Chartwell's current credit rating.

The secured and unsecured credit facilities are subject to various financial covenants including among others, debt service coverage ratio, secured indebtedness percentage ratio, minimum equity requirements and limitations on entering certain investments and on the amount of cash distributions that can be paid to unitholders. In addition, the unsecured credit facility is subject to the minimum unencumbered asset ratio covenant. Chartwell was in compliance with these financial covenants as at December 31, 2021.

During the year, the debt service coverage ratio covenants of the secured and unsecured credit facilities were amended to be reduced from 1.4x to 1.2x until the period ending December 31, 2023. Subsequent to year end, Chartwell also entered into amending agreements to exclude unfunded incremental direct operating expenses and net reimbursement of expenses (if any) directly related to the COVID-19 pandemic for the period January 1, 2022, through June 30, 2022, for the purpose of the calculation of the debt service coverage and Adjusted Funds From Operations (“AFFO”) payout ratios for the period ending December 31, 2023.

15. Term Loans

The following tables detail the outstanding principal amounts and the carrying value of Chartwell's secured and unsecured term loans at December 31, 2021 and at December 31, 2020:

December 31, 2021:

	Outstanding principal	Financing costs, net	Carrying value	Maturity date
Unsecured term loan	$ 125,000	$ (291)	$ 124,709	May 31, 2024
Total	$ 125,000	$ (291)	$ 124,709	

December 31, 2020:

	Outstanding principal	Financing costs, net	Carrying value	Maturity date
Unsecured term loan	$ 125,000	$ (263)	$ 124,737	May 31, 2024
Unsecured term loan	100,000	(215)	99,785	Nov 12, 2022
Secured term loan	50,000	(257)	49,743	Nov 12, 2022
Total	$ 275,000	$ (735)	$ 274,265	

The variable interest rate on the outstanding unsecured term loan as at December 31, 2021 is fixed at an interest rate of 2.25% through an interest rate swap.

The interest rate swaps on the term loan are measured at fair value and are recorded either in assets (note 10) or accounts payable and other liabilities (note 17) at the end of the reporting period. The interest rate swaps are considered Level 2 in the fair value hierarchy.

Based on the term loan agreements, Chartwell is required to meet certain financial covenants. These covenants among others include debt service coverage ratio, secured indebtedness percentage ratio, minimum equity requirements, minimum unencumbered asset ratio, limitations on entering certain investments and on the amount of cash distributions that can be paid to unitholders. Chartwell was in compliance with these financials covenants as at December 31, 2021.

During the year ended December 31, 2021, the debt service coverage ratio covenants of the term loan was amended to be reduced from 1.4x to 1.2x for the periods ending at the earlier of December 31, 2023, and the maturity date. Furthermore, subsequent to year end, Chartwell

entered into an amending agreement to exclude unfunded incremental direct operating expenses and net reimbursement of expenses (if any) directly related to the COVID-19 pandemic for the period January 1, 2022 through June 30, 2022, for the purpose of the calculation of the debt service coverage ratio and Adjusted Funds From Operations (“AFFO”) payout ratios for the period ending December 31, 2023.

On November 12, 2020, Chartwell entered into two agreements with a financial institution for a $100,000 unsecured term loan and a $50,000 secured term loan. The variable rates on the loans were fixed at an interest rate of 2.608% through interest rate swaps. These term loans were repaid on September 13, 2021

16. Senior Unsecured Debentures

The following tables detail the outstanding principal amounts and the carrying value of Chartwell's senior unsecured debentures at December 31, 2021 and at December 31, 2020:
December 31, 2021:

December 31, 2021	Date issued	Outstanding principal	Financing costs, net	Carrying value	Redemption date [1]	Due date
3.786% Series A	June 9, 2017	$ 200,000	$ (466)	$ 199,534	October 11, 2023	December 11, 2023
4.211% Series B	April 27, 2018	150,000	(467)	149,533	February 25, 2025	April 28, 2025
Total		$ 350,000	$ (933)	$ 349,067		

December 31, 2020:

	Date issued	Outstanding principal	Financing costs, net	Carrying value	Redemption date [1]	Due date
3.786% Series A	June 9, 2017	$ 200,000	$ (708)	$ 199,292	October 11, 2023	December 11, 2023
4.211% Series B	April 27, 2018	150,000	(611)	149,389	February 25, 2025	April 28, 2025
Total		$ 350,000	$ (1,319)	$ 348,681		

[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 debentures, Chartwell is required to meet certain financial covenants. These covenants include required interest coverage ratio, indebtedness percentage ratio and unencumbered asset ratio. Chartwell was in compliance with these financials covenants as at December 31, 2021.

17. Accounts Payable and Other Liabilities

	Note	December 30, 2021	December 31, 2020
Accounts payable and accrued liabilities		$ 163,379	$ 156,304
Resident deposits		3,664	3,296
Deferred revenue		640	979
Deferred Trust Units ("DTU")	(a)	12,939	10,941
Restricted Trust Units ("RTU")	(b)	3,914	2,627
EUPP option component	(c)	9,915	7,919
Interest rate swaps		2,200	6,458
		$ 196,651	$ 188,524
Current		$ 194,886	$ 182,098
Non-current [1]		1,765	6,426
		$ 196,651	$ 188,524

[1] Relates to the non-current portion of the interest rate swap.

(a) DTU Plan:

Chartwell provides a DTU Plan for its non-management directors. The plan entitles directors, at their option, to receive all, or any portion of their directors' fees in the form of DTUs. 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 of Trustees.

Effective January 1, 2020, the matching program was eliminated. Prior to the amendment, the directors could elect to receive all, 75%, 50% or 25% of their directors' fees in the form of DTU; and Chartwell matched, on a one-on-one basis, the number of Trust Units elected to be received by directors.

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 and is considered Level 2 in the fair value hierarchy. The liability is released after settlement upon retirement of the director. The market price of Trust Units as at December 31, 2021 was $11.82 (2020 - $11.19).

The following table summarizes the DTU activity:

	Units outstanding	Amount
Balance, December 31, 2019	1,081,867	$ 15,038
Units granted	70,185	682
Change in fair value and distributions	63,769	(2,462)
Units exchanged for Trust Units	(238,079)	(2,317)
Balance, December 31, 2020	977,742	10,941
Units granted	65,143	796
Change in fair value and distributions	51,794	1,202
Balance, December 31, 2021	1,094,679	$ 12,939

The non-cash compensation expense attributable to DTUs granted of $796 for the year ended December 31, 2021 (2020 - $682) is included in general, administrative and trust expenses and change in fair values of financial instruments and foreign exchange gains (losses).

(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 and is also subject to the discretion of the Board of Trustees. The RTU plan is considered Level 2 in the fair value hierarchy.

During the year ended December 31, 2021, 355,856 notional Trust Units were granted (2020 - 274,490), 32,632 notional Trust units were cancelled (2020 - 20,615), 39,415 notional Trust units were issued in regard to distributions (2020 - 37,603), and 294,999 notional Trust units vested and were paid out (2020 - 295,324). At December 31, 2021, 718,444 notional Trust Units remained outstanding (2020 - 650,804).

The compensation expense attributable to the RTU Plan of $2,957 for the year ended December 31, 2021 (2020 - $2,994) is included in direct property operating and 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 and is considered a Level 3 in the fair value hierarchy. Upon initial recognition the expense is recognized in general, administrative and trust expenses and subsequent changes in fair values are recognized in change in fair values of financial instruments and foreign exchange gains (losses)

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:

	December 31, 2021	December 31, 2020
Expected volatility	24.81% - 29.81%	24.15% - 29.15%
Risk-free rate	1.75% - 2.03%	0.73% - 1.40%
Distribution yield	5.52% - 6.81%	6.13% - 8.45%

18. Reconciliation of Changes in Liabilities Arising From Financing Activities

	Mortgages payable	Term loans	Senior unsecured debentures	Total
Balance, December 31, 2019	$ 1,940,678	$ 124,697	$ 348,294	$ 2,413,669
Proceeds from financing	176,609	150,000	–	326,609
Repayments	(193,605)	–	–	(193,605)
Scheduled principal payments	(77,768)	–	–	(77,768)
Financing costs paid(1)	(7,201)	(550)	–	(7,751)
Assumed on acquisition	40,832	–	–	40,832
Amortization of financing costs and mark to market adjustments on assumed mortgages(1)	2,173	118	387	2,678
Other	517	–	–	517
Balance, December 31, 2020	1,882,235	274,265	348,681	2,505,181
Proceeds from financing	138,808	–	–	138,808
Repayments	(67,198)	(150,000)	–	(217,198)
Mortgages assumed by purchaser on dispositions (note 5)	(23,364)	–	–	(23,364)
Scheduled principal payments	(84,017)	–	–	(84,017)
Financing costs paid(1)	(8,074)	(360)	–	(8,434)
Assumed on acquisition (note 4)	18,668	–	–	18,668
Amortization of financing costs and mark to market adjustments on assumed mortgages(1)	3,521	804	386	4,711
Other	621	–	–	621
Balance, December 31, 2021	$ 1,861,200	$ 124,709	$ 349,067	$ 2,334,976

(1) Mortgages payable include credit facilities related costs of $1,519 (2020 - $1,053) in relation to financing costs paid and $1,200 (2020 - $777) in relation to amortization of financing costs.

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, 2021 was $11.82 per unit (2020 - $11.19 per unit). At December 31, 2021, 1,530,360 Class B units were outstanding (2020 - 1,530,360).

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 profit or loss.

	Units outstanding	Amount
Balance, December 31, 2019	1,597,860	$ 22,210
Exchange of Class B Units into Trust Units	(67,500)	(553)
Change in fair value	–	(4,532)
Balance, December 31, 2020	1,530,360	17,125
Change in fair value	–	964
Balance, December 31, 2021	1,530,360	$ 18,089

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, 2019	213,055,028	$ 2,316,036
Trust Units issued under DRIP	684,812	8,518
Trust units issued in exchange of DTUs	238,079	2,317
Trust Units issued in exchange of Class B Units	67,500	553
Trust Units released on settlement of EUPP receivable	33,302	541
Balance, December 31, 2020	214,078,721	2,327,965
Trust Units issued pursuant to public offering	15,490,500	197,220
Trust Units issued under DRIP	1,610,154	19,430
Trust Units released on settlement of EUPP receivable	47,172	836
Balance, December 31, 2021	231,226,547	$ 2,545,451

On August 25, 2021, Chartwell completed a public offering of 15,490,500 Trust Units at $13.00 per Trust Unit for gross proceeds of $201,377. Underwriting commission and other offering related costs amounted to $8,944, offset by a deferred tax asset of $4,787.

(b) Trust Units issued under EUPP:

Chartwell has established an EUPP, under which the eligible participants may purchase 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 2,148,137 were available to be issued at December 31, 2021 (2020 - 2,306,391).

The following table summarizes Trust Units issued under the EUPP:

	Number of Trust Units issued under EUPP	Amount
Balance, December 31, 2019	1,500,945	$ 17,924
Trust Units issued under EUPP	266,685	2,769
Trust Units surrendered for cancellation under EUPP	(126)	–
Trust Units released on settlement of EUPP receivable	(33,302)	(382)
Balance, December 31, 2020	1,734,202	20,311
Trust Units issued under EUPP	158,254	1,828
Trust Units surrendered for cancellation under EUPP	–	–
Trust Units released on settlement of EUPP receivable	(47,172)	(547)
Balance, December 31, 2021	1,845,284	$ 21,592

The non-cash compensation expense attributable to the EUPP of $473 for the year ended December 31, 2021 (2020 - $562) is included in general, administrative and trust expenses with a corresponding amount included in accounts payable and other liabilities (note 17). 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%. On March 16, 2020, Chartwell announced the temporary suspension of its DRIP program commencing after the distribution payable to unit holders of record at March 31, 2020, with unitholders enrolled in the DRIP program to receive distribution payments in cash. Effective with distribution payable, June 15, 2021 to unitholders of record as at May 31, 2021, the DRIP was reinstated.

21. Segmented Information

Chartwell monitors and operates its retirement residences and long-term care homes separately. The Retirement Operations segment includes an interest in 159 retirement residences (2020 - 160) that Chartwell owns and operates in Canada. The retirement residences 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 19 long-term care homes (2020 - 19) and one retirement residence connected to a long-term care home in Ontario. Admission and funding for the long-term care homes is overseen by local government agencies in each province. Where a retirement residence or long-term home 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 net income 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.

2021	Retirement Operations	Long-Term Care Operations	Segment total	Other[2]	Subtotal	Recon-ciliation	Total
Revenue:							
Resident	$ 705,905	$ 259,255	$ 965,160	$ –	$ 965,160	$ (109,933)	$ 855,227
Management and other fees	–	–	–	11,022	11,022	–	11,022
Lease revenue from joint ventures	–	–	–	–	–	37,358	37,358
Interest income	–	–	–	3,068	3,068	(206)	2,862
	705,905	259,255	965,160	14,090	979,250	(72,781)	906,469
(Expenses) income:							
Direct property operating	(469,226)	(235,826)	(705,052)	–	(705,052)	75,337	(629,715)
Adjusted net operating income[1]	236,679	23,429	260,108				
Depreciation of PP&E							(160,382)
Amortization of intangible assets							(7,709)
Share of net loss from joint ventures							(8,376)
General, administrative and trust							(44,364)
Other income							43,353
Finance costs							(89,455)
Change in fair values of financial instruments and foreign exchange gains							1,295
							(265,638)
Income before income taxes							11,116
Deferred income tax benefit							(984)
Net income							$ 10,132
Expenditures for non-current assets:							
Acquisition of properties	$ 30,589	$ –	$ 30,589	$ –	$ 30,589	$ –	$ 30,589
Capital additions	104,647	19,132	123,779	1,430	125,209	(1,599)	123,610

(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.

2020	Retirement Operations	Long-Term Care Operations	Segment total	Other[(2)]	Subtotal	Recon-ciliation	Total
Revenue:							
Resident	$ 738,733	$ 251,390	$ 990,123	$ –	$ 990,123	$ (116,157)	$ 873,966
Management and other fees	–	–	–	9,640	9,640	–	9,640
Lease revenue from joint ventures	–	–	–	–	–	41,109	41,109
Interest income	–	–	–	4,172	4,172	(300)	3,872
	738,733	251,390	990,123	13,812	1,003,935	(75,348)	928,587
(Expenses) income:							
Direct property operating	(470,341)	(224,855)	(695,196)	–	(695,196)	72,697	(622,499)
Adjusted net operating income[(1)]	268,392	26,535	294,927				
Depreciation of PP&E							(174,091)
Amortization of intangible assets							(5,590)
Share of net loss from joint ventures							(3,816)
General, administrative and trust							(43,895)
Other income (expense)							21,640
Finance costs							(93,150)
Change in fair values of financial instruments and foreign exchange gains							3,828
							(295,074)
Income before income taxes							11,014
Deferred income tax benefit							3,865
Net income							$ 14,879
Expenditures for non-current assets:							
Acquisition of properties	$ 73,387	$ –	$ 73,387	$ –	$ 73,387	$ (1,136)	$ 72,251
Capital additions	102,471	5,414	107,885	16,912	124,797	(1,995)	122,802

(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.

2021	Retirement Operations	Long-Term Care Operations	Segment total	Other	Subtotal	Recon-ciliation	Total
Total assets	$ 3,048,507	$ 239,404	$ 3,287,911	$ 207,419	$ 3,495,330	$ (78,077)	$ 3,417,253
Total liabilities	$ 1,838,028	$ 217,344	$ 2,055,372	$ 604,893	$ 2,660,265	$ (69,123)	$ 2,591,142

2020	Retirement Operations	Long-Term Care Operations	Segment total	Other	Subtotal	Recon-ciliation	Total
Total assets	$ 3,134,416	$ 242,212	$ 3,376,628	$ 194,473	$ 3,571,101	$ (81,793)	$ 3,489,308
Total liabilities	$ 1,842,087	$ 221,182	$ 2,063,269	$ 756,758	$ 2,820,027	$ (64,696)	$ 2,755,331

The adjusted net operating income of the Retirement Operations is also reviewed by management at the geographic region level:

2021	Ontario	Western Canada	Quebec	Total Retirement Operations
Resident revenue	$ 361,178	$ 187,073	$ 157,654	$ 705,905
Direct property operating expenses	(235,356)	(121,840)	(112,030)	(469,226)
Adjusted net operating income	$ 125,822	$ 65,233	$ 45,624	$ 236,679

2020	Ontario	Western Canada	Quebec	Total Retirement Operations
Resident revenue	$ 379,196	$ 190,469	$ 169,068	$ 738,733
Direct property operating expenses	(236,767)	(125,098)	(108,476)	(470,341)
Adjusted net operating income	$ 142,429	$ 65,371	$ 60,592	$ 268,392

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, marketable securities, 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, distributions payable and credit facilities, as the carrying amounts of these assets and liabilities are a reasonable approximation of fair value.

	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities:				
Financial liabilities recorded at amortized cost:				
Mortgages payable	$ 1,861,200	$ 1,950,405	$ 1,882,235	$ 2,033,701
Term loans	124,709	125,504	274,265	280,021
Senior unsecured debentures	349,067	353,049	348,681	362,015

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, 2021, the mortgages payable were discounted using rates between 1.95% and 4.43% (2020 - 1.20% and 4.21%). As inputs are observable for the liability, either directly or indirectly through prevailing rates of similar items, the fair value of mortgages payable is Level 2 in the fair value hierarchy.

The fair value of the term loan is estimated by discounting the expected future cash flows using the rates currently prevailing for similar instruments of similar maturities. At December 31, 2021, the term loan was discounted using a weighted average rate of 3.52% (2020 – 2.41%). As inputs are observable for the liability, either directly or indirectly through prevailing rates of similar items, the fair value of term loans is Level 2 in the fair value hierarchy.

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, 2021, senior unsecured debentures were discounted using a rate of 3.62% (2020 - 2.92%). 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.

Management has updated its risk management policies and strategies for the current risks due to COVID-19 (note 1). 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. Exposure to credit risk relates primarily to cash on deposit included in cash and cash equivalents, resident receivables included in trade and other 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.

The credit risk related to cash and cash equivalents is mitigated through entering into transactions with major Canadian financial institutions.

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, 2021, outstanding residents receivables were $1,415 (2020 - $805), net of ECL of $1,762 (2020 - $1,632).

(ii) Liquidity risk:

Chartwell's principal liquidity needs arise from working capital requirements, debt servicing and repayment obligations, planned funding of property improvements, leasing costs, distributions to unitholders, and property development and acquisition funding requirements.

Liquidity risk is the risk that an entity is unable to fund its assets or meet its obligations as they come due

Liquidity risk is managed through cash flow forecasting. Management monitors forecasts of Chartwell's liquidity requirements to ensure it has sufficient cash to meet operational needs through maintaining sufficient cash and/or availability on the undrawn credit facilities and ensuring that it meets its financial covenants related to debt agreements. Such forecasting involves a significant degree of judgment, takes into consideration current and projected macroeconomic conditions, the COVID-19 pandemic, and associated uncertainties (note 1), Chartwell's cash collection efforts, debt financing plans, and covenant compliance required under the terms of debt agreements. There is a risk that such liquidity forecasts may not be achieved, that covenant requirements of existing loan agreements are not met, and that currently available debt financing may no longer be available to Chartwell at terms and conditions that are favorable to Chartwell, or at all (note 1).

As at December 31, 2021, current liabilities totalled $509,420, exceeding current assets of $146,864, resulting in a working capital deficiency of $362,556. Current liabilities includes an amount of $301,594 of current mortgages payable, comprised of $223,293 related to maturing balances which are expected to be renewed on maturity, $82,335 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 31. 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) term loans and (iv) secured and unsecured credit facilities, under which $343,449 was available and undrawn at December 31, 2021 (note 14). 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 mortgages payable 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.

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's lending agreements include various cross-default provisions.
Chartwell holds licenses related to each of its long-term care homes and in certain cases, retirement residences. Holders of these licenses receive funding from the relevant provincial government. During the year ended December 31, 2021, Chartwell received $216,678 (2020 - $208,032) in funding in respect of these licenses excluding incremental COVID-19

funding, which has been recorded as resident revenue, interest income, and capital funding receivable, as applicable.

Refer to note 30 for contractual maturities of Chartwell's major financial liabilities.

(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, 2021, Chartwell's interest-bearing financial instruments were as follows:

	Carrying amount	
	2021	2020
Fixed-rate financial liabilities	$ 2,331,024	$ 2,487,261
Variable-rate financial liabilities	$ 48,033	$ 58,896

An increase of 100-basis-points in interest rates at December 31, 2021 for the variable-rate financial instruments would decrease income before income taxes for the year by $480 (2020 - $589).

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 over the longer term.

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, 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 sheets (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 sheets, 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, 2021 and 2020:

	2021	2020	Increase (decrease)
Indebtedness Ratio	48.2%	51.8%	(3.6)%

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

	2021	2020
Lease revenue(1)	$ 324,285	$ 355,003
Services revenue(2)	568,300	560,072
Interest income	2,862	3,872
Management and other fees	11,022	9,640
Total revenue	$ 906,469	$ 928,587

(1) Includes resident lease revenue from retirement residence residents and lease revenue from the joint venture partners.

(2) Includes property services from retirement residences 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, 2021 and 2020, included in profit or loss under direct property operating expenses and general, administrative and trust expenses, is as follows:

	2021	2020
Salaries and wages	$ (499,416)	$ (482,366)
Post-employment benefits (defined contribution plans)	(6,772)	(6,735)
Unit-based compensation	(4,228)	(4,251)
	$ (510,416)	$ (493,352)

26. Other Income (Expense):

	2021	2020
Transaction costs arising on dispositions	(1,374)	(996)
Impairment of PP&E	(850)	(3,200)
Other expense	(2,224)	(4,196)
Gain on sale of assets	44,840	25,072
Other income	737	764
Other income	45,577	25,836
Other income	$ 43,353	$ 21,640

During 2021, Chartwell recorded an impairment provision of $850 on one of its properties (2020 - $3,200 on five properties); which represented the write down of PP&E. Chartwell has determined that each of its properties are CGUs 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.

On April 14, 2021, Chartwell completed the sale of half of its 85% interest (42.5%) of Chartwell Le Teasdale I (note 5) and recognized a gain on sale of assets totaling $5,915.

On December 1, 2021, Chartwell completed the sale of four retirement residences located in Ontario (note 5) and recognized a gain on sale of assets totaling $36,667.

Fair value is measured using either the present value of future cash flows or the direct capitalization method and is categorized within Level 3 of the fair value hierarchy. In calculating fair value, management estimates future stabilized cash flows which include assumptions about rental rates and occupancy rates. Such assumptions can be significantly impacted by current and future economic conditions in the geographical markets of each CGU, and management's strategic plans within each of its markets. Management also applies adjustments to reflect the expectations of market participants. The discount rates, capitalization rates and terminal capitalization rates applied to cash flows to determine the recoverable amount are based on recent transactions of similar assets within the market.

27. Finance Costs

	2021	2020
Contractual interest expense on mortgages	$ (64,388)	$ (70,460)
Interest expense on senior unsecured debentures	(13,888)	(13,888)
Credit facility and other interest expense	(1,636)	(3,628)
Contractual interest expense on term loans	(7,363)	(5,021)
	(87,275)	(92,997)
Interest capitalized to properties under development	3,468	3,469
Amortization of financing costs and mark-to-market adjustments on assumed mortgages and senior unsecured debentures	(4,711)	(2,678)
Distributions on Class B Units recorded as interest expense	(937)	(944)
Total finance costs	$ (89,455)	$ (93,150)

28. Changes in Fair Values of Financial Instruments and Foreign Exchange Gains (Losses)

	2021	2020
Change in fair value of interest rate swaps	$ 4,755	$ (7,010)
Change in fair value of EUPP option component	(1,812)	2,476
Change in fair value of Class B Units	(964)	4,532
Change in fair value of DTUs	(1,202)	2,462
Change in fair value - other	323	246
Change in fair value of income guarantees	240	1,189
Foreign exchange losses	(45)	(67)
Change in fair values of financial instruments and foreign exchange gains	$ 1,295	$ 3,828

29. Income Taxes

For the year ended December 31, 2021, Chartwell recorded a deferred tax expense of $984 (2020 – deferred tax recovery of $3,865). The 2021 deferred tax expense primarily relates to reversal of temporary differences on the accounting and tax basis of PP&E and fair value adjustments. This was offset by the deferred tax benefit as a result of the non-taxable portion of capital gains. The 2020 deferred tax recovery is primarily related to fair value adjustments and non-taxable portion of capital gains relating to the sale of properties.

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% (2020 - 53.53%).

The differences for the years ended December 31 are as follows:

	2021	2020
Income before income taxes	$ 11,116	$ 11,014
Income tax expense at Canadian tax rate	$ (5,950)	$ (5,896)
Non-deductible and non-taxable items	7,369	3,431
Tax benefits recognized	–	1,034
Fair value changes	(1,957)	5,201
Other	(446)	95
Income tax recovery (expense)	$ (984)	$ 3,865

Movement in deferred tax balances during the year is as follows:

	Balance, January 1, 2021	Recognized in net income (loss)	Recognized in unitholders' equity	Balance, December 31, 2021
Property, plant and equipment	$ (17,684)	$ 4,956	$ –	$ (12,728)
Intangible assets	(17,021)	(240)	–	(17,261)
Losses available for carryforward	19,365	(3,755)	–	15,610
Other	(5,230)	(1,945)	4,787	(2,388)
Deferred tax asset (liability)	(20,570)	(984)	4,787	(16,767)
Deferred tax assets recognized (not recognized)	(134)	–	–	(134)
Net deferred tax asset (liability)	$ (20,704)	$ (984)	$ 4,787	$ (16,901)

	Balance, January 1, 2020	Recognized in net income (loss)	Recognized in unitholders' equity	Balance, December 31, 2020
Property, plant and equipment	$ (21,103)	$ 3,419	$ –	$ (17,684)
Intangible assets	(13,559)	(3,462)	–	(17,021)
Losses available for carryforward	20,756	(1,391)	–	19,365
Other	(9,495)	4,265	–	(5,230)
Deferred tax asset (liability)	(23,401)	2,831	–	(20,570)
Deferred tax assets recognized (not recognized)	(1,168)	1,034	–	(134)
Net deferred tax asset (liability)	$ (24,569)	$ 3,865	$ –	$ (20,704)

Chartwell also has non-capital losses carried forward of $31,380.

Deferred tax assets have not been recognized for the deductible temporary differences of $217 in 2021 (2020 – $233). The deductible temporary differences do not expire under current legislation. Deferred tax assets have not been recognized in respect of these temporary differences 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, 2021, excluding future interest payments, are detailed in the following table:

	Note	Contractual value	2022	2023	2024	2025	2026	Thereafter
Mortgages payable	13	$ 1,904,057	$ 305,439	$ 166,371	$ 290,186	$ 136,008	$ 139,204	$ 866,849
Term loans	15	125,000	–	–	125,000	–	–	–
Senior unsecured debentures	16	350,000	–	200,000	–	150,000	–	–
Accounts payable and accrued liabilities	17	163,379	163,379	–	–	–	–	–
Resident deposits	17	3,664	3,664	–	–	–	–	–
Interest rate swaps	17	2,200	435	1,765	–	–	–	–
Distributions payable		11,965	11,965	–	–	–	–	–
Lease obligations	30(a)	12,560	975	674	488	340	256	9,827
Total maturities		$ 2,572,825	$ 485,857	$ 368,810	$ 415,674	$ 286,348	$ 139,460	$ 876,676

(a) Lease obligations:

Chartwell has recorded lease obligations with respect to leases of land, office space and equipment (note 8).

(b) Purchase contracts:

Chartwell has entered into various construction contracts related to its development projects. As at December 31, 2021, the remaining commitments under these contracts amounted to approximately $48,036 (2020 - $108,865).

(c) Other:

Under Chartwell's agreements with Batimo Inc. ("Batimo"), upon achievement of certain conditions, Batimo can 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 two or five-year period, depending on the property, commencing on opening. 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.

(d) Letters of credit:

As at December 31, 2021, Chartwell was contingently liable for letters of credit in the amount of $6,466 (2020 - $9,635).

(e) Guarantees:

As a result of a purchaser's assumption of the mortgage on a property sold in 2014, Chartwell remains a guarantor of the mortgage. As at December 31, 2021, the outstanding balance on this mortgage was $1,186 (2020 - $1,478 with respect to this mortgage). The purchaser has indemnified Chartwell with respect to this guarantee.

Chartwell, with its partners, has jointly and severally guaranteed loans on partially owned properties. Chartwell ownership interest in these properties range from 42.5% to 85%, to a maximum amount of $430,067. As at December 31, 2021, outstanding balances on these mortgages totalled $370,612 ($172,067) of which represents the 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.

In 2020 Chartwell Retirement Residences and/or its subsidiaries were named in three proposed class action lawsuits in Ontario related to the pandemic (the "Claims"). In January 2022, the Court granted an order to consolidate the Claims into one proceeding (the "Consolidated Claim") seeking to be certified as a class action. The Consolidated Claim alleges, among other things, gross negligence, breach of the Canadian Charter of Rights and Freedoms, breach of the Human Rights Code, breach of contract and breach of fiduciary duty in respect of Chartwell's response to the pandemic at a number of Chartwell Long Term care residences. The Consolidated Claim has not been certified. Chartwell's insurer has assigned defense counsel and will be responding to the Consolidated Claim in due course through the appropriate court process.

On November 20, 2020, Bill 218, Supporting Ontario's Recovery and Municipal Elections Act, 2020 (the "Recovery Act") received Royal Assent and came into effect. The Recovery Act provides protections from liability to businesses that make good faith efforts to comply with public health guidelines and laws regarding exposure to COVID-19, provided the business was not grossly negligent. The legislation applies retroactively to March 17, 2020. If the proposed class action is not dismissed in accordance with the Recovery Act, Chartwell intends, through its insurer, to defend itself against the claim. Chartwell did not record a provision with respect this claim as at December 31, 2021.

In 1995, certain participating Ontario LTC homes and their respective unions agreed to a framework using the proxy method for a new pay equity plan that resulted in pay equity being achieved by 2005 under the Pay Equity Act. The Ontario Government directly funded these pay equity obligations. Litigation commenced in 2010, when two unions asserted that the participating LTC homes were required to make further pay equity adjustments. The Ontario Pay Equity Tribunal (the "Tribunal") found generally in favour of the participating LTC homes and also confirmed that there is an on-going obligation to maintain pay equity. The appellate courts, on the appeal of the Tribunal decision, found in favour of the unions and referred the matter back to the Tribunal to determine the procedure to be used to provide bargaining unit members access to male comparators in order to maintain pay equity. The Ontario government and the participating LTC homes appealed the appellate court decision.

On October 14, 2021, the application for leave to appeal from the judgment of the Court of Appeal in Attorney General of Ontario et al. v. Ontario Nurses' Association et al. was dismissed by the Supreme Court of Canada, thus upholding the appellate court decision. Chartwell owns four LTC homes that are respondents to this decision. In addition, Chartwell owns five LTC homes that also used the proxy method to achieve pay equity which could also be affected by this decision. Chartwell will be working with the unions, the other participating LTC homes and the Ontario Government to reach a pay equity maintenance framework appropriate for the sector.

There are a significant number of uncertainties related to how the appellate court decision should be implemented. The discussions between the affected parties regarding the development of an appropriate framework and resolution to this matter have not yet progressed, thereby creating additional uncertainty related to potential outcomes, as well as uncertainty relating to the timing of when more information on the outcomes will be known and when the matter may be settled. As a result of the significant number of judgments that would be required, a reliable estimate of Chartwell's liability for any pay equity adjustments cannot currently be made. Chartwell expects that any adjustments will be fully funded by the government. No liability for potential pay equity adjustments or expected recovery from the Ontario Government has been recognized in Chartwell's financial statements. An increase in labour costs as a result of any unfunded adjustments could adversely affect the financial condition of Chartwell.

31. Key Management Personnel Compensation

The remuneration of key management personnel of Chartwell during the years ended December 31, 2021 and 2020 was as follows:

	2021	2020
Officers' and directors' compensation	$ (4,788)	$ (4,323)
Post-employment benefits	(59)	(59)
Other long-term benefits	(1,258)	(1,983)
Unit-based payments	(531)	(768)
	$ (6,636)	$ (7,133)

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

	2021	2020
Wages and benefits	$ (510,416)	$ (493,352)
Food and supplies	(63,124)	(68,103)
Realty taxes	(30,355)	(30,989)
Utilities	(29,510)	(29,218)
Other	(40,674)	(44,732)
	$ (674,079)	$ (666,394)
Included in the consolidated statements of net income:		
Direct property operating	$ (629,715)	$ (622,499)
General, administrative and trust	(44,364)	(43,895)
	$ 674,079	$ (666,394)

Corporate and Unitholder Information

TRUSTEES AND/ OR DIRECTORS

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

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Auditors
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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
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Facsimile: (866) 249-7775
Email: service@computershare.com

Annual Meeting of Unitholders
4:30pm ET - Thursday, May 19, 2022
Virtual format via live audio webcast online at
https://meetnow.global/MQSJYW2

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