



MANAGEMENT'S DISCUSSION & ANALYSIS

THIRD QUARTER REPORT
September 30, 2021

Q3



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

For the Three and Nine Months Ended September 30, 2021

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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 three and nine months ended September 30, 2021. This MD&A should be read in conjunction with Chartwell's unaudited, condensed consolidated interim financial statements for the three and nine months ended September 30, 2021, and the notes thereto (the "Financial Statements"), the audited consolidated financial statements for the years ended December 31, 2020 and 2019 and the notes thereto (the "2020 Financial Statements") and the annual MD&A for the year ended December 31, 2020 (the "2020 MD&A"). 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, 2020, 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 November 11, 2021.

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-Accounting 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, and "YTD" means year to date.

Unless otherwise indicated, all comparisons of results for Q3 2021 and 2021 YTD are in comparison to results from Q3 2020 and 2020 YTD, respectively.

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

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

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

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

Risks and Uncertainties

Please refer to the “Risks and Uncertainties” and the “COVID-19 Business Impacts and Related Risks” sections of our 2020 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 47 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”). The spread of COVID-19 negatively affected our business, and it is expected to continue to do so for a period of time which currently cannot be reliably determined.

Our revenue and operating results depend significantly on the occupancy levels at our retirement residences and long-term care homes. Numerous safety measures, 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.

A detailed discussion of COVID-19 business impacts and related risks can be found in our 2020 MD&A.

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

- Respect** – We honour and celebrate seniors
- Empathy** – We believe compassion is contagious
- Service Excellence** – We believe in providing excellence in customer service
- Performance** – We believe in delivering and rewarding results
- Education** – We believe in lifelong learning
- Commitment** – We value commitment to the Chartwell family
- Trust** – We believe in keeping our promises and doing the right thing

Our Portfolio 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.

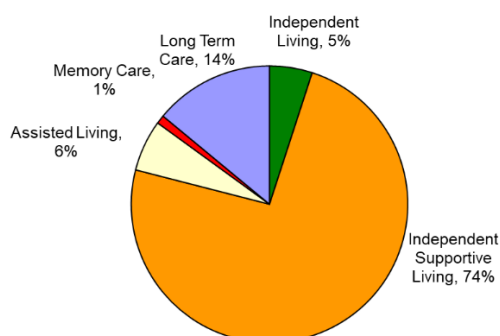
Independent Living (“IL”)	Independent Supportive Living (“ISL”)	Assisted Living (“AL”)	Memory Care (“MC”)	Long Term Care (“LTC”)
Age-qualified suites/ townhouses/ bungalows/ apartments with availability of providing meals and dining, housekeeping and laundry services without personal care services/personal assistance available	Age-qualified suites/ townhouses/ bungalows/ apartments with dining, housekeeping and laundry services with personal assistance services available	Age-qualified suites with a base level of personal assistance services included in the service fee, in a separate wing, floor or building. Additional care services may be added on top of base fee	Age-qualified 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

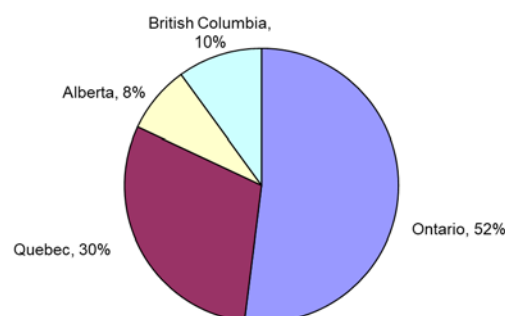
The following presents the composition of our owned and managed portfolio of communities in our two operating segments at September 30, 2021:

	Retirement Operations		Long Term Care Operations		Total	
	Communities	Suites/Beds	Communities ⁽⁴⁾	Suites/Beds ⁽⁴⁾	Communities	Suites/Beds
Owned Communities ⁽¹⁾						
100% Owned – operating ⁽²⁾	113	14,503	20	2,776	133	17,279
Partially Owned – operating ⁽³⁾	49	9,577	-	-	49	9,577
Total Owned	162	24,080	20	2,776	182	26,856
Managed Communities	7	2,013	4	608	11	2,621
Total	169	26,093	24	3,384	193	29,477

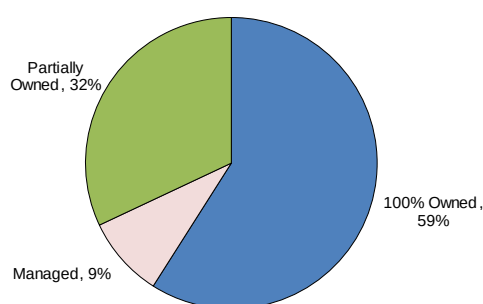
Level of Care ⁽⁵⁾



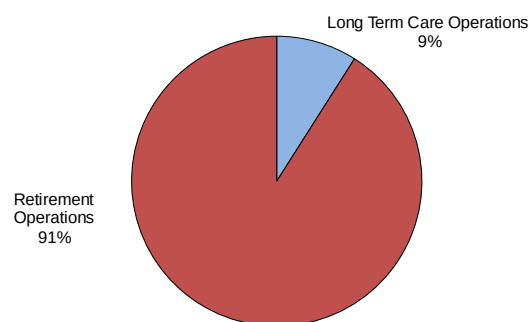
Geographic Location ⁽⁵⁾



Ownership Interest ⁽⁵⁾



NOI ⁽⁶⁾ by Operating Segment



- (1) Where a community provides more than one level of care, it has been designated according to the predominant level of care provided, type of licensing and funding received and internal management responsibility.
- (2) Includes four non-core retirement residences (302 suites), located in Ontario under a purchase and sale contract that is expected to close prior to December 31, 2021. Refer to the "Significant Events – Dispositions" section on page 9 of this MD&A.
- (3) 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).
- (4) Includes one retirement residence (64 suites) connected to an LTC home.
- (5) Represents composition of suites/beds at Chartwell's share of ownership interest at September 30, 2021.
- (6) NOI % represents Chartwell's share of ownership interest for the rolling 12 months ended September 30, 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."

A detailed discussion of our business strategy can be found in our 2020 MD&A.

2021 Outlook

Our 2020 MD&A contains a detailed discussion of our 2021 Outlook, including a discussion of the effects of the COVID-19 pandemic (the "pandemic") which has negatively affected our business and is expected to continue to do so for a period of time which currently cannot be reliably determined. The following provides an update on our 2021 Outlook and should be read in conjunction with our detailed 2021 Outlook included in our 2020 MD&A.

We have introduced a mandatory vaccination policy for staff, students, and volunteers in all our residences. This policy came into effect on October 12, 2021, for Ontario, British Columbia and Alberta, and will be in effect in Quebec on November 15, 2021. We serve and care for people who are most vulnerable to this virus and this policy is being implemented to continue to provide the best care and services possible to ensure their safety and wellbeing.

As of the date of this MD&A, we have four residences in COVID-19 outbreak. Both outbreaks and their relative impact have significantly lessened as compared to the first year of the pandemic. As a result, our extensive investments in additional personal protective equipment ("PPE") and staffing are returning to normalized levels. Our response to the pandemic has been and continues to be guided by public health authorities and the Federal, Provincial and Municipal governments. We continue to meet or exceed the direction provided by these authorities to control the spread of COVID-19.

Retirement Operations:

The pandemic and related government and health authority restrictions and directives have resulted in decreased occupancy levels due to reduced move-in activity in our retirement residences compared to pre-pandemic levels. The pandemic-related restrictions and directives included restrictions affecting resident move-ins, prospect tours, dining services, group activities, housekeeping, visitation, and both short and long-term leaves, among others. With the large-scale successful vaccination program, pandemic-related restrictions in both our residences and the communities in which we operate continue to ease. Current Public Health Agency of Canada modelling projects that pandemic-related restrictions can continue to be gradually lifted and that, with public health measures like vaccine passports and masking mandates remaining in place through the fall and winter, hospital capacity will not likely be exceeded. As a result, we believe there is a low likelihood of these pervasive restrictions needing to be reintroduced.

Commencing in early summer of 2021, these restrictions have been significantly reduced and we have seen increases in personal tour bookings, lease signings, and permanent move-ins.

In August 2021, our occupancy increased, led by our Western platform. Our Quebec residences have continued to experience declines in occupancy. We believe that if pandemic-related restrictions continue to ease, move-ins will continue recovering and occupancies in our retirement residences will continue to grow in 2022, supported by demographic growth, pent-up demand, and lower new retirement residence openings relative to historic levels.

The following table summarizes monthly weighted average occupancy rates in our Retirement Operations:

	One month ended July 31, 2021	One month ended August 31, 2021	One month ended September 30, 2021	One month ended October 31, 2021	Forecast One month ended November 30, 2021 ⁽²⁾	Forecast One month ended December 31, 2021 ⁽²⁾
Same Property Portfolio:						
Ontario	73.0%	73.1%	73.2%	73.6%	73.6%	73.6%
<i>Change from the previous month ⁽¹⁾</i>	<i>0.1pp</i>	<i>0.1pp</i>	<i>0.1pp</i>	<i>0.4pp</i>	-	-
Western Canada	82.1%	83.7%	84.4%	85.3%	85.4%	85.0%
<i>Change from the previous month</i>	<i>0.2pp</i>	<i>1.6pp</i>	<i>0.7pp</i>	<i>0.9pp</i>	<i>0.1pp</i>	<i>(0.4pp)</i>
Quebec	77.5%	77.2%	76.9%	76.4%	76.2%	76.3%
<i>Change from the previous month</i>	<i>(0.4pp)</i>	<i>(0.3pp)</i>	<i>(0.3pp)</i>	<i>(0.5pp)</i>	<i>(0.2pp)</i>	<i>0.1pp</i>
Weighted average occupancy rate - same property portfolio	76.3%	76.6%	76.7%	76.8%	76.8%	76.8%
<i>Change from the previous month</i>	-	<i>0.3pp</i>	<i>0.1pp</i>	<i>0.1pp</i>	-	-
Weighted average occupancy rate - total portfolio ⁽²⁾	75.5%	75.8%	75.7%	76.0%	76.1%	76.2%
<i>Change from the previous month</i>	-	<i>0.3pp</i>	<i>(0.1pp)</i>	<i>0.3pp</i>	<i>0.1pp</i>	<i>0.1pp</i>

(1) 'pp' means percentage points.

(2) Forecast includes leases and notices as at November 4, 2021.

Long Term Care Operations:

Excluding isolations beds and limitations on three- and four-bed wards admissions, occupancy in our LTC portfolio recovered to 96.5% in Q3 2021. The Ontario government announced occupancy protection funding will continue until January 31, 2022.

We expect that government funding will be available to defray a significant portion of our continued investment in staffing, PPE, and supplies. The scale of extensive vaccination in long term care has reduced COVID-19 outbreaks across the province and in our homes. As a result, these additional pandemic-related expenses are declining significantly. As of September 30, 2021, in our Ontario LTC homes, our cumulative pandemic-related expense in excess of funding received from governments was \$5.7 million.

In October 2021, the Ontario government announced funding to increase direct resident care hours, enhanced the inspection process, and also tabled legislation, which if passed, will replace the Long-Term Care Homes Act, 2007 with the proposed Fixing Long Term Care Act, 2021, (the "Proposed Act"). The Proposed Act enhances enforcement provisions and provides for increases to existing potential financial penalties, among other changes.

Liquidity:

At November 11, 2021, liquidity amounted to \$338.6 million, which included \$86.3 million of cash and cash equivalents and \$252.3 million of available borrowing capacity on our credit facilities. In addition, Chartwell's share of cash and cash equivalents held in our Equity-Accounted JVs was \$15.4 million.

At November 11, 2021, we have \$22.2 million of mortgage maturities remaining in 2021, of which \$3.5 million are Canada Mortgage and Housing Corporation ("CMHC") insured. We have \$204.5 million of mortgage maturities in 2022, of which \$74.9 million are CMHC insured. In addition, there are \$15.1 million of remaining 2021 mortgage maturities and \$10.9 million of 2022 mortgage maturities in our Equity-Accounted JVs. We have strong lending relationships and scheduled refinancings of our mortgage maturities in 2021 and 2022 are proceeding in the normal course.

At November 11, 2021, our unencumbered asset pool value is \$1.0 billion, and our encumbered property asset value to unsecured indebtedness ratio increased to 2.1 at September 30, 2021.

Significant Events

In addition to the items discussed in the 2021 Outlook section of this MD&A, the following events have had a significant effect on our financial results in Q3 2021 and/or may be expected to affect our results in the future:

Development

In August 2021, we recommenced construction of a 90-suite ISL addition to Chartwell Ridgepointe Retirement Residence in Kamloops, BC.

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

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

Unlevered Yield is defined as the ratio of:

- the estimated 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⁾⁽⁵⁾ (\$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	55	IL/ ISL	100%	Q4 2020	27.4	56%	31.6	(0.3)	Q1 2022	95%	2.0	6.3%
Projects completed in 2021:													
Chartwell Guildwood Retirement Residence ⁽⁷⁾	Scarborough, ON	172	IL/ISL/ MC	50%	Q3 2021	39.2	71%	41.6	(0.4)	Q2 2024	95%	3.2	7.7%
		227				66.6		73.2	(0.7)		95%	5.2	7.1%

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

(2) As at September 30, 2021.

(3) As of the date of this MD&A; includes 15% and 57% reservations at Chartwell Meadowbrook Retirement Residence and Chartwell Guildwood Retirement Residence for future resident move-ins, respectively.

(4) As at September 30, 2021, includes actual costs incurred of \$31.1 million and \$40.5 million for Chartwell Meadowbrook Retirement Residence and Chartwell Guildwood Retirement Residence, respectively.

(5) For the nine months ended September 30, 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 7 of this MD&A.

(7) Redevelopment of the 83-suite residence into a 172-suite residence. Opened on September 27, 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 September 30, 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 Montgomery Village ⁽⁷⁾	Orangeville, ON	122	ISL	44.0	3.6	47.6	38.0	9.6	Q4 2021	Q3 2023	38%	93%	3.4	7.1%
Chartwell Ballycliffe Long Term Care ⁽⁸⁾	Ajax, ON	224	LTC	53.4	3.8	57.2	12.3	44.9	Q2 2023	Q2 2023	-	100%	4.8	8.4%
Chartwell Ridgpointe Retirement Residence	Kamloops, BC	90	ISL	32.6	2.9	35.5	4.5	31.0	Q1 2023	Q1 2025	-	95%	2.3	6.5%
		436		130.0	10.3	140.3	54.8	85.5					10.5	7.5%

(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 7 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 September 30, 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 the 2020 MD&A.

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

(7) At Chartwell Montgomery Village, the first resident move in is expected on November 22, 2021.

(8) 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 in Pre-Construction

Please refer to the “Significant Events” section of the 2020 MD&A for projects that are in the pre-construction phase of development. We continue to move projects along pre-construction milestones and assess feasibility and returns.

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.

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 assuming 42.5% 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 October 19, 2021, we entered into a definitive agreement to sell four non-core retirement residences (302 suites) located in Ontario for an aggregate sale price of \$71.5 million with estimated transaction costs of \$1.8 million. The mortgages on these properties of approximately \$14.2 million will be discharged on closing. The transaction is expected to be completed before December 31, 2021.

Financings

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.

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 September 30, 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 9 of this MD&A.

(2) In pre-construction, refer to the "Projects in Pre-Construction" section on page 9 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

Highlights

The following table summarizes select financial and operating performance measures:

(\$000s)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Resident revenue	211,536	219,650	(8,114)	639,466	654,932	(15,466)
Direct property operating expense	155,633	160,482	(4,849)	467,113	466,118	995
Net income/(loss)	917	(6,766)	7,683	(8,600)	2,697	(11,297)

Resident revenue decreased \$8.1 million or 3.7% in Q3 2021 primarily due to 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 decreased \$4.8 million or 3.0% in Q3 2021 primarily due to disposition of properties and lower expenses in our long term care same property portfolio as discussed in the “Results of Operations by Reportable Segment” section of this MD&A.

In Q3 2021, net income was \$0.9 million compared to net loss of \$6.8 million in Q3 2020. The change in net income/(loss) in Q3 2021 was primarily due to lower direct property operating expenses, lower depreciation of property, plant and equipment (“PP&E”), lower finance costs, positive changes in fair value of financial instruments and loss on disposal of assets in Q3 2020, partially offset by lower resident revenue.

For 2021 YTD, resident revenue decreased \$15.5 million or 2.4% primarily due to 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.

For 2021 YTD, direct property operating expense increased \$1.0 million or 0.2% primarily due to higher expenses in our existing property portfolio, partially offset by disposition of properties, as discussed in the “Results of Operations by Reportable Segment” section of this MD&A.

For 2021 YTD, net loss was \$8.6 million compared to net income of \$2.7 million in 2020 YTD. The change in 2021 YTD net income/(loss) was primarily due to lower resident revenue, higher direct property operating expenses, negative changes in fair values of financial instruments, and lower deferred tax benefit, partially offset by lower depreciation of PP&E, lower finance costs, higher gain on disposal of assets, and the absence of impairment charges in 2021 YTD as compared to 2020 YTD.

FFO

FFO should not be construed as an alternative to net earnings or cash flow from operating activities as determined by GAAP. FFO as presented may not be comparable to similar measures used by other issuers. We present FFO substantially consistent with the definition adopted by REALPAC. This definition is included in the “Additional Information on Non-GAAP Financial Measures” section on page 43 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 43 of this MD&A for the reconciliation of net income/(loss), the most closely comparable GAAP measure, to FFO and FFO per unit (“FFOPU”) amounts.

The following table presents FFO and FFOPU:

(\$000s, except per unit amounts)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
FFO ⁽¹⁾	33,937	37,997	(4,060)	103,828	122,366	(18,538)
FFOPU ⁽¹⁾	0.15	0.17	(0.02)	0.47	0.56	(0.09)

(1) Non-GAAP; refer to the “Additional Information on Non-GAAP Financial Measures” section on page 43 of this MD&A for a discussion of the calculation of the per unit amounts.

For Q3 2021, FFO was \$33.9 million or \$0.15 per unit, compared to \$38.0 million or \$0.17 per unit in Q3 2020. The following items impacted the change in FFO:

- lower adjusted NOI of \$5.0 million consisting of a \$4.2 million decrease in same property adjusted NOI primarily due to lower occupancy and a decrease in contributions from our acquisitions, development, and other portfolio of \$0.8 million, primarily due to sales of non-core properties.
 - lower interest income of \$0.2 million
- partially offset by
- lower finance costs of \$0.8 million, and
 - higher management fee revenue of \$0.3 million.

For Q3 2021, FFO was impacted by \$1.5 million of Lease-up-Losses and Imputed Cost of Debt related to our development projects (Q3 2020 – \$1.3 million).

For 2021 YTD, FFO was \$103.8 million or \$0.47 per unit, compared to \$122.4 million or \$0.56 per unit in 2020 YTD. The following items impacted the change in FFO:

- lower adjusted NOI of \$21.5 million consisting of a \$20.8 million decrease in same property adjusted NOI primarily due to lower occupancy and continued investments in resident care and infection prevention and control measures and a decrease in contributions from our acquisitions, development, and other portfolio of \$0.7 million, primarily due to sales of non-core properties
- lower interest income of \$0.9 million

partially offset by

- lower finance costs of \$2.3 million
- higher management fee revenue of \$0.8 million
- lower general, administrative and trust (“G&A”) expenses of \$0.5 million, and
- lower depreciation of PP&E and amortization of intangible assets used for administrative purposes of \$0.2 million.

For 2021 YTD, FFO was impacted by \$3.7 million of Lease-up-Losses and Imputed Cost of Debt related to our development projects (2020 YTD – \$4.0 million).

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

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

Same Property Portfolio

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

The following table summarizes the composition of our same property portfolio as at September 30, 2021:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations ⁽¹⁾	147	21,229	17,441
Long Term Care Operations ⁽²⁾	19	2,676	2,676
Total same property portfolio	166	23,905	20,117

(1) Includes four non-core retirement residences (302 suites), located in Ontario under a purchase and sale contract that is expected to close prior to December 31, 2021. Refer to the “Significant Events – Dispositions” section on page 9 of this MD&A.

(2) 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 September 30, 2021:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations	15	2,851	1,930
Long Term Care Operations	1	100	100
Total acquisitions, development, and other portfolio	16	2,951	2,030

Acquisitions, development, and other portfolio includes one recently acquired and six newly developed retirement residences (887 suites at our share of ownership) with an aggregate gross book value of \$341.6 million. These residences had a weighted average occupancy of 42% in Q3 2021 and 40% in 2021 YTD and generated adjusted NOI of \$0.7 million in Q3 2021 and \$4.0 million for the rolling 12 months ended September 30, 2021. Upon achieving the expected stabilized average occupancy of 96%, these residences are estimated to generate annualized adjusted NOI of \$25.3 million at our share of ownership.

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

(\$000s, except occupancy rates)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Resident revenue	211,536	219,650	(8,114)	639,466	654,932	(15,466)
Add: Share of resident revenue from joint ventures ⁽¹⁾	27,152	28,700	(1,548)	82,023	87,533	(5,510)
Adjusted resident revenue ⁽²⁾	238,688	248,350	(9,662)	721,489	742,465	(20,976)
Comprised of:						
Same property ⁽²⁾	223,005	228,987	(5,982)	674,946	682,215	(7,269)
Acquisitions, development, and other ⁽²⁾	15,683	19,363	(3,680)	46,543	60,250	(13,707)
Adjusted resident revenue ⁽²⁾	238,688	248,350	(9,662)	721,489	742,465	(20,976)
Direct property operating expense	155,633	160,482	(4,849)	467,113	466,118	995
Add: Share of direct property operating expenses from joint ventures ⁽³⁾	18,800	18,637	163	55,105	55,627	(522)
Adjusted direct property operating expense ⁽²⁾	174,433	179,119	(4,686)	522,218	521,745	473
Comprised of:						
Same property ⁽²⁾	162,903	164,723	(1,820)	489,286	475,776	13,510
Acquisitions, development, and other ⁽²⁾	11,530	14,396	(2,866)	32,932	45,969	(13,037)
Adjusted direct property operating expense ⁽²⁾	174,433	179,119	(4,686)	522,218	521,745	473
Adjusted NOI ⁽²⁾	64,255	69,231	(4,976)	199,271	220,720	(21,449)
Comprised of:						
Same property ⁽²⁾	60,102	64,264	(4,162)	185,660	206,439	(20,779)
Acquisitions, development, and other ⁽²⁾	4,153	4,967	(814)	13,611	14,281	(670)
Adjusted NOI ⁽²⁾	64,255	69,231	(4,976)	199,271	220,720	(21,449)
Weighted average occupancy rate - same property portfolio	78.2%	83.2%	(5.0pp)	78.1%	86.0%	(7.9pp)
Weighted average occupancy rate - total portfolio	77.1%	82.0%	(4.9pp)	77.1%	84.7%	(7.6pp)

(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 11 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 17 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 11 of this MD&A.

Adjusted resident revenue decreased 3.9% in Q3 2021 due to lower occupancy and disposition of properties, partially offset by inflationary and market-based rental and service rate increases, higher revenue from the provision of additional care and services, and government reimbursements to partially defray pandemic-related expenses.

Adjusted direct property operating expense decreased 2.6% in Q3 2021 due to a 1.1% decrease in same property adjusted direct operating expense and disposition of properties. The decrease in same property adjusted direct operating expense was primarily due to pandemic expense recoveries related to Q1 2021, partially offset by higher insurance, repairs and maintenance, and utilities expenses.

Adjusted NOI decreased \$5.0 million or 7.2% in Q3 2021 due to a 6.5% decrease in same property adjusted NOI and lower contributions from our acquisitions, development, and other portfolio.

In Q3 2021, same property occupancy was lower than Q3 2020 by 5.0 percentage points. Compared to Q2 2021, same property occupancy in our Retirement Operations has remained stable and same property occupancy in our Long Term Care Operations has increased.

For 2021 YTD, adjusted resident revenue decreased 2.8% due to a 1.1% decrease in same property adjusted resident revenue and disposition of properties. Same property adjusted resident revenue

decreased primarily due to lower occupancy, partially offset by inflationary and market-based rental and service rate increases, and government reimbursements to partially defray pandemic-related expenses.

For 2021 YTD, adjusted direct property operating expense increased 0.1% due to a 2.8% increase in same property adjusted direct operating expense, partially offset by disposition of properties. The increase in same property adjusted direct operating expense was primarily due to higher staffing costs, repairs and maintenance, and insurance expenses, partially offset by lower net pandemic expense.

For 2021 YTD, adjusted NOI decreased \$21.4 million or 9.7% due to a 10.1% decrease in same property adjusted NOI and lower contributions from our acquisitions, development, and other portfolio.

For 2021 YTD, same property occupancy declined 7.9 percentage points. Although, move-ins have significantly rebounded compared to 2020 YTD, and move-outs remain slightly below pre-pandemic levels, move-ins were lower than move-outs, which resulted in declining occupancy.

Results of Operations by Reportable Segment

We monitor and operate our retirement and long term care properties separately. Our Retirement Operations segment includes 162 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 September 30, 2021:

	Properties	Composition of Suites					Total
		IL	ISL	AL	MC	LTC	
Same Property							
100% Owned ⁽¹⁾	107	668	11,430	936	167	451	13,652
50% Owned	40	593	6,563	358	63	-	7,577
Total same property owned	147	1,261	17,993	1,294	230	451	21,229
Acquisitions, Development, and Other							
100% Owned – operating	6	86	663	72	30	-	851
Partially Owned – operating ⁽²⁾	9	-	1,875	94	31	-	2,000
Total acquisitions, development, and other	15	86	2,538	166	61	-	2,851
Total	162	1,347	20,531	1,460	291	451	24,080

(1) Includes four non-core retirement residences (302 suites), located in Ontario under a purchase and sale contract that is expected to close prior to December 31, 2021. Refer to the "Significant Events – Dispositions" section on page 9 of this MD&A

(2) 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 September 30, 2021:

(\$000s, except occupancy rates)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Adjusted resident revenue	175,633	183,541	(7,908)	526,215	556,943	(30,728)
<i>Comprised of:</i>						
Same property ⁽¹⁾	162,322	166,781	(4,459)	486,443	509,005	(22,562)
Acquisitions, development, and other ⁽¹⁾	13,311	16,760	(3,449)	39,772	47,938	(8,166)
Adjusted direct property operating expense	118,739	121,066	(2,327)	343,628	356,034	(12,406)
<i>Comprised of:</i>						
Same property ⁽¹⁾	109,564	108,811	753	317,385	321,503	(4,118)
Acquisitions, development, and other ⁽¹⁾	9,175	12,255	(3,080)	26,243	34,531	(8,288)
Adjusted NOI	56,894	62,475	(5,581)	182,587	200,909	(18,322)
<i>Comprised of:</i>						
Same property ⁽¹⁾	52,758	57,970	(5,212)	169,058	187,502	(18,444)
Acquisitions, development, and other ⁽¹⁾	4,136	4,505	(369)	13,529	13,407	122
Weighted average occupancy rate - same property portfolio	76.5%	82.4%	(5.9pp)	77.3%	84.9%	(7.6pp)
Weighted average occupancy rate - total portfolio	75.4%	81.3%	(5.9pp)	76.1%	83.4%	(7.3pp)

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section on page 14 of this MD&A for explanations of 'Same property' and 'Acquisitions, development, and other' and the significance of these metrics.

Adjusted resident revenue decreased 4.3% in Q3 2021 primarily due to a 2.7% 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 \$10.3 million, partially offset by inflationary and market-based rental and service rate increases, and higher revenue from the provision of additional care and services.

Adjusted direct property operating expense decreased 1.9% in Q3 2021 primarily due to disposition of properties partially offset by a 0.7% increase in same property adjusted direct operating expenses. The increase in same property adjusted direct operating expense was primarily due to higher staffing costs, utilities, and insurance expenses, partially offset by lower net pandemic expense.

For Q3 2021, adjusted NOI decreased \$5.6 million or 8.9% primarily due to a 9.0% decrease in same property adjusted NOI related to lower occupancy of \$10.3 million, higher staffing costs, utilities and insurance expenses, partially offset by inflationary and market-based rental and service rate increases, higher revenue from the provision of additional care and services, and lower net pandemic expense of \$0.6 million in Q3 2021 compared to net pandemic expense of \$2.9 million in Q3 2020.

The following summarizes our retirement same property adjusted NOI for Q3 2021 by platform:

- Our Ontario platform same property adjusted NOI decreased \$1.7 million or 5.5%, primarily due to lower occupancy and higher insurance expense, partially offset by inflationary and market-based rental and service rate increases and higher revenue from the provision of additional care and services. Net pandemic expenses were \$1.2 million in Q3 2021 compared to net pandemic expenses of \$2.4 million in Q3 2020.
- Our Western Canada platform same property adjusted NOI decreased \$0.5 million or 3.5% primarily due to lower occupancy and utilities expense, partially offset by inflationary and market-based rental and service rate increases.
- Our Quebec platform same property adjusted NOI decreased \$3.0 million or 24.6%, primarily due to lower occupancy and higher staffing costs, partially offset by inflationary and market-based rental and service rate increases. The net pandemic expense includes recoveries of \$0.2 million in Q3 2021 compared to net pandemic expense of \$0.6 million in Q3 2020.

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

	Q3 2021	Q3 2020	Change	Q2 2021	Change
Ontario	73.1%	77.5%	(4.4pp)	73.3%	(0.2pp)
Western Canada	83.4%	86.9%	(3.5pp)	81.5%	1.9pp
Quebec	77.2%	86.7%	(9.5pp)	78.5%	(1.3pp)
Combined	76.5%	82.4%	(5.9pp)	76.6%	(0.1pp)

In Q3 2021, weighted average occupancy in our retirement same property portfolio was 76.5%, compared to 82.4% Q3 2020. Compared to Q2 2021, occupancy decreased 0.1 percentage points. Our Western Canada platform achieved strong growth recovering 1.9 percentage point of occupancy, and Ontario experienced a small decline of 0.2 percentage points. Occupancies in our Quebec platform, which has a more independent clientele and where restrictions on retirement residences were the most stringent, declined by 1.3 percentage points.

For 2021 YTD, adjusted resident revenue decreased 5.5% primarily due to a 4.4% 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 \$42.8 million, partially offset by inflationary and market-based rental and service rate increases and higher revenues from the provision of additional care and services.

For 2021 YTD, adjusted direct property operating expense decreased 3.5% primarily due to a 1.3% decrease in same property adjusted direct operating expense and disposition of properties. The decrease in same property adjusted direct operating expense was primarily due to lower pandemic-related expenses and lower food costs as a result of lower occupancy, partially offset by higher staffing costs, repairs and maintenance, and insurance expenses.

For 2021 YTD, adjusted NOI decreased \$18.4 million or 9.1% primarily due to a 9.8% decrease in same property adjusted NOI related to lower occupancy and higher staffing costs, repairs and maintenance, and insurance expenses, partially offset by inflationary and market-based rental and service rate increases, higher revenue from the provision of additional care and services, lower food costs due to reduced occupancy, and net pandemic expense recoveries of \$5.7 million in 2021 YTD, compared to net pandemic expenses of \$8.1 million in 2020 YTD.

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

- Our Ontario platform same property adjusted NOI decreased \$7.1 million or 7.0%, primarily due to lower occupancy, higher staffing costs, repairs and maintenance, and insurance expenses, partially offset by inflationary and market-based rental and service rate increases, lower food costs as a result of lower occupancy, and net pandemic expense recoveries of \$1.8 million in 2021 YTD compared to net pandemic expenses of \$4.9 million in 2020 YTD.
- Our Western Canada platform same property adjusted NOI decreased \$2.1 million or 4.5%, primarily due to lower occupancy and higher utilities expense, partially offset by inflationary and market-based rental and service rate increases, and net pandemic expense recoveries of \$3.0 million in 2021 YTD compared to net pandemic expenses of \$1.3 million in 2020 YTD.
- Our Quebec platform same property adjusted NOI decreased \$9.3 million or 23.8%, primarily due to lower occupancy, and higher staffing costs, partially offset by inflationary and market-based rental and service rate increases and net pandemic expense recoveries of \$0.9 million in 2021 YTD compared to net pandemic expenses of \$1.9 million in 2020 YTD.

Long Term Care Operations

The following table summarizes the composition of our Long Term Care Operations as at September 30, 2021:

	Properties	Composition of Suites/Beds					Total
		IL	ISL	AL	MC	LTC	
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 September 30, 2021:

(\$000s, except occupancy rates)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Adjusted resident revenue	63,055	64,809	(1,754)	195,274	185,522	9,752
Comprised of:						
Same property ⁽¹⁾	60,683	62,206	(1,523)	188,503	173,210	15,293
Acquisitions, development, and other ⁽¹⁾	2,372	2,603	(231)	6,771	12,312	(5,541)
Adjusted direct property operating expenses	55,694	58,053	(2,359)	178,590	165,711	12,879
Comprised of:						
Same property ⁽¹⁾	53,339	55,912	(2,573)	171,901	154,273	17,628
Acquisitions, development, and other ⁽¹⁾	2,355	2,141	214	6,689	11,438	(4,749)
Adjusted NOI	7,361	6,756	605	16,684	19,811	(3,127)
Comprised of:						
Same property ⁽¹⁾	7,344	6,294	1,050	16,602	18,937	(2,335)
Acquisitions, development, and other ⁽¹⁾	17	462	(445)	82	874	(792)
Weighted average occupancy rate - same property portfolio ⁽²⁾	89.0%	88.3%	0.7pp	83.7%	93.1%	(9.4pp)
Weighted average occupancy rate - total portfolio	89.0%	87.4%	1.6pp	83.6%	93.0%	(9.4pp)

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section on page 14 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 96.5% in Q3 2021.

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. Cumulatively, since the onset of the pandemic, these investments exceeded government pandemic-related reimbursements by \$5.7 million.

Adjusted NOI increased \$0.6 million or 9.0% in Q3 2021, primarily due to 16.7% increase in same property adjusted NOI. Same property adjusted NOI increased primarily due to lower pandemic-related expenses, as a result of significantly lower outbreaks, compared to Q3 2020, partially offset by higher utilities and insurance expenses and lower retirement accommodation revenues.

For 2021 YTD, adjusted NOI decreased \$3.1 million or 15.8%, primarily due to a 12.3% decrease in same property adjusted NOI and disposition of properties. Same property adjusted NOI decreased primarily due to increased investments in resident care and infection prevention and control measures which exceeded

allotted government funding, lower preferred accommodation revenues of \$0.7 million, lower retirement accommodation revenues of \$0.7 million and higher insurance expense.

In March 2020, the 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. The current occupancy protection policy remains in place until January 31, 2022. For Q3 2021, weighted average occupancy excluding the beds that are not available due to these restrictions, was 96.5% for our Ontario Long Term Care homes.

In Q3 2021, move in activity increased due to higher admissions and as a result, weighted average occupancy in our LTC same property portfolio was 89.0%, a 0.7 percentage point increase from Q3 2020. In 2021 YTD, weighted average occupancy in our LTC same property portfolio was 83.7%, a 9.4 percentage point decrease from 2020 YTD, primarily due to reduced move-in activity as well as government directives limiting occupancy in our Class B- and C-bed LTC homes.

Management and Other Fees

(\$000s)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Welltower	1,720	1,457	263	5,983	4,792	1,191
Other	969	967	2	2,955	3,346	(391)
Total management and other fees	2,689	2,424	265	8,938	8,138	800

In Q3 2021, management and other fees increased \$0.3 million primarily due to additional performance-based fees. In 2021 YTD, management and other fees increased \$0.8 million primarily due to an adjustment of performance-based fees related to prior years.

Interest Income

(\$000s)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Interest income on loans receivable	202	302	(100)	711	1,058	(347)
Interest income on capital funding	367	460	(93)	1,138	1,470	(332)
Other interest income	53	96	(43)	384	557	(173)
Total interest income	622	858	(236)	2,233	3,085	(852)

Interest income on loans receivable decreased \$0.1 million and \$0.3 million in Q3 2021 and 2021 YTD, respectively, primarily due to lower loan balances outstanding.

In Q3 2021 and 2021 YTD, interest income on capital funding decreased \$0.1 million and \$0.3 million respectively, primarily due to lower receivable balances outstanding.

Other interest income decreased \$0.1 million in Q3 2021 and YTD 2021 primarily due to lower cash balances.

General, Administrative and Trust Expenses

(\$000s)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
G&A expenses	9,652	9,719	(67)	34,695	35,221	(526)

In Q3 2021, G&A expenses decreased \$0.1 million primarily due to lower non-cash compensation costs as a result of changes in fair value of our Trust Units.

G&A expenses decreased \$0.5 million in 2021 YTD as 2020 YTD included a \$0.6 million contribution to support the Senior Living CaRES Fund and due to lower education and travel expenses. This was partially offset by higher non-cash compensation costs as a result of changes in fair value of our Trust Units.

Finance Costs

(\$000s)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Contractual interest expense on mortgages	15,993	17,898	(1,905)	48,661	53,425	(4,764)
Comprised of:						
Same property ⁽¹⁾	14,324	15,816	(1,492)	43,620	47,871	(4,251)
Acquisitions, development, and other ⁽¹⁾	1,669	2,082	(413)	5,041	5,554	(513)
Interest expense on Debentures ⁽²⁾	3,501	3,463	38	10,388	10,388	-
Interest expense on Credit Facilities	433	807	(374)	1,214	3,049	(1,835)
Interest expense on Term Loans ⁽³⁾	1,953	1,167	786	6,189	3,323	2,866
	21,880	23,335	(1,455)	66,452	70,185	(3,733)
Amortization of finance costs and mark-to-market adjustments on assumed mortgages	1,437	736	701	3,493	1,863	1,630
	23,317	24,071	(754)	69,945	72,048	(2,103)
Interest capitalized to properties under development	(1,003)	(896)	(107)	(2,753)	(2,566)	(187)
Distributions on Class B Units recorded as interest expense	234	234	-	702	709	(7)
Total finance costs	22,548	23,409	(861)	67,894	70,191	(2,297)

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI" section on page 14 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 29 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 28 of this MD&A for details.

Contractual interest expense on mortgages decreased \$1.9 million and \$4.8 million in Q3 2021 and 2021 YTD, respectively, primarily due to lower interest rates achieved on the renewals of mortgage financings.

Interest expense on Credit Facilities decreased \$0.4 million and \$1.8 million in Q3 2021 and 2021 YTD, respectively, primarily as the Credit Facilities remained undrawn during Q3 2021.

Interest expense on Term Loans increased \$0.8 million and \$2.9 million in Q3 2021 and 2021 YTD, respectively, 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.

Interest capitalized to properties under development increased \$0.1 million and \$0.2 million in Q3 2021 and 2021 YTD, respectively due to higher investments in development.

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

(\$000s)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Contractual interest expense on mortgages	481	438	43	1,353	1,413	(60)
Comprised of:						
Same property ⁽¹⁾	286	291	(5)	861	874	(13)
Acquisitions, development, and other ⁽¹⁾	195	147	48	492	539	(47)
Amortization of finance costs	19	11	8	43	34	9
Total finance costs	500	449	51	1,396	1,447	(51)

(1) Non-GAAP; refer to the “Adjusted Resident Revenue, Adjusted Direct Property Operating Expenses and Adjusted NOI” section one page 14 of this MD&A for explanations of ‘Same property’ and ‘Acquisitions, development, and other’ and the significance of these metrics.

Other Income/(Expense)

(\$000s)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Transaction costs arising on business combinations and dispositions	(420)	(99)	(321)	(516)	(690)	174
Impairment losses	-	-	-	-	(3,200)	3,200
Gain/(loss) on sale of assets	151	(3,101)	3,252	6,983	2,071	4,912
Other income	214	272	(58)	560	599	(39)
Total other income/(expense)	(55)	(2,928)	2,873	7,027	(1,220)	8,247

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

There were no impairment losses recorded in Q3 2021 and 2021 YTD. In 2020 YTD, we recorded additional 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 YTD.

Gain/(loss) on sale of assets in Q3 2021 changed by \$3.2 million primarily due to the recognition in Q3 2020 of prepayment penalties associated with the discharge of mortgages related to the sale of three non-core retirement residences. Gain on sale of assets in 2021 YTD primarily relates to the sale of 50% of our 85% interest in Chartwell Le Teasdale I, as described in the “Significant Events - Dispositions” section of this MD&A. For YTD 2020, the gain on the sale of four LTC Residences in Ontario and the sale of one non-core retirement residence in Quebec was partially offset by pre-payment penalties on related mortgages.

Other Items

(\$000s)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Depreciation of PP&E and amortization of intangible assets	(40,179)	(43,660)	3,481	(122,410)	(137,257)	14,847
Change in fair value of financial instruments and foreign exchange gain/(loss)	4,274	(617)	4,891	(953)	8,202	(9,155)
Deferred income tax benefit/(expense)	2,724	2,286	438	3,362	10,917	(7,555)

Depreciation of PP&E and amortization of intangible assets decreased \$3.5 million in Q3 2021 and \$14.8 million in 2021 YTD, primarily due to lower depreciation on resident contracts, PP&E, and decreases in the property portfolio from dispositions, partially offset by acquisitions.

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.

Change in deferred income tax benefit in Q3 2021 and 2021 YTD is primarily due to reversal of temporary differences on the accounting and tax basis of PP&E and changes in fair value adjustments. The 2020 YTD also includes temporary differences for reversal of impairment charges that were absent in 2021 YTD.

Cash Flow Analysis

The following table summarizes the significant changes in our operating, financing and investing cash flows between Q3 2021 and Q3 2020 using our consolidated statements of cash flows:

Cash Provided by (Used in):	Increase (Decrease) (\$millions)	Explanation
Operating activities	(4.9)	Change in cash flows from operating activities is primarily due to lower NOI and changes in working capital, partially offset by lower interest paid.
Financing activities	34.5	Change in cash flows from financing activities is due to proceeds from the offerings of our Trust units, and lower distributions paid in cash due to the reinstatement of our DRIP, partially offset by repayment of term loans, higher mortgage repayments and lower proceeds from mortgage financing activities. In addition, Q3 2020 reflects the repayment of our credit facilities, which remained undrawn in Q3 2021.
Investing activities	0.7	Change in cash flows from investing activities is primarily due to higher proceeds from disposition of PP&E and lower additions to PP&E and intangible assets.

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

Cash Provided by (Used in):	Increase (Decrease) (\$millions)	Explanation
Operating activities	(18.3)	Change in cash flows from operating activities is primarily due to lower NOI and changes in working capital, partially offset by lower interest paid.
Financing activities	(37.4)	Change in cash flows from financing activities is due to repayment of term loans, absence of draws on Credit Facilities and lower proceeds from mortgage financing, partially offset by proceeds from the offerings of our Trust units lower distributions paid in cash due to the reinstatement of our DRIP, and lower mortgage repayments.
Investing activities	22.0	Change in cash flows from investing activities is primarily due to lower additions to PP&E and intangible assets, and the acquisitions of assets partially offset by lower proceeds from disposition of PP&E.

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 September 30, 2021, our liquidity was \$317.3 million as presented in the following table:

(\$000s)	September 30, 2021	December 31, 2020
Cash and cash equivalents	64,961	70,157
Available under Credit Facilities ⁽¹⁾	252,301	389,353
Total	317,262	459,510

(1) Refer to the "Liquidity and Capital Resources - Credit Facilities" section on page 28 of this MD&A for the calculation of this amount.

In addition, at September 30, 2021, our share of cash and cash equivalents held in our Equity-Accounted JVs was \$7.5 million.

The reduction of liquidity available under Credit Facilities comparing to December 31, 2020 is a result of restrictions under the terms of our secured Credit Facilities related to lending value of properties with occupancy below 80%. We believe this reduction of our available liquidity to be temporary in nature.

As at September 30, 2021, our current liabilities totalled \$526.7 million, exceeding our current assets of \$119.2 million, resulting in a working capital deficiency of \$407.5 million. Current liabilities include an amount of \$327.4 million of current mortgages payable, comprised of \$246.2 million related to maturing balances, and \$81.2 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.

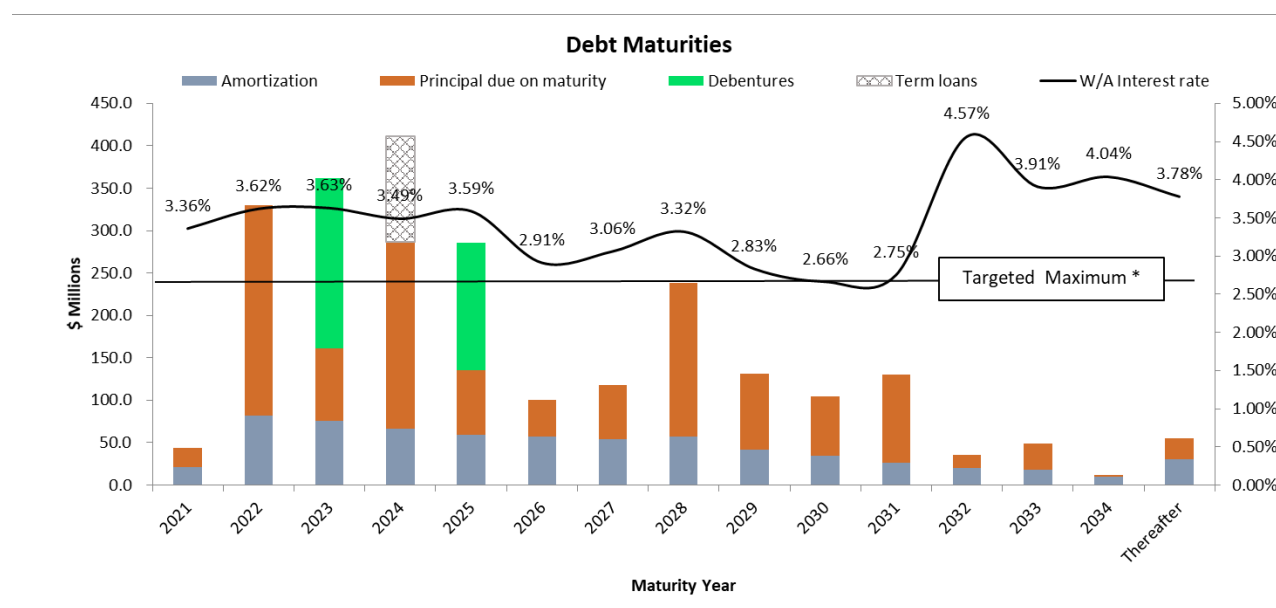
The following table summarizes the components of the principal balance of our debt at September 30, 2021 and December 31, 2020:

(\$000s)	September 30, 2021	December 31, 2020
Mortgages payable	1,929,517	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	2,404,517	2,546,157

The following table summarizes the scheduled principal maturity and weighted average interest rates for our debt portfolio at September 30, 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
Remainder of 2021	21,290	22,155	43,445	3.36%	-	-	-	-	43,445	3.36%
2022	81,940	247,994	329,934	3.62%	-	-	-	-	329,934	3.62%
2023	75,697	85,685	161,382	3.43%	-	-	200,000	3.79%	361,382	3.63%
2024	65,912	220,378	286,290	3.40%	125,000	3.70%	-	-	411,290	3.49%
2025	59,172	76,049	135,221	2.91%	-	-	150,000	4.21%	285,221	3.59%
2026	56,770	44,035	100,805	2.91%	-	-	-	-	100,805	2.91%
2027	54,173	63,176	117,349	3.06%	-	-	-	-	117,349	3.06%
2028	57,214	180,954	238,168	3.32%	-	-	-	-	238,168	3.32%
2029	41,110	90,382	131,492	2.83%	-	-	-	-	131,492	2.83%
2030	33,925	70,721	104,646	2.66%	-	-	-	-	104,646	2.66%
2031	25,733	104,078	129,811	2.75%	-	-	-	-	129,811	2.75%
2032	20,335	14,978	35,313	4.57%	-	-	-	-	35,313	4.57%
2033	17,762	31,221	48,983	3.91%	-	-	-	-	48,983	3.91%
2034	10,157	1,621	11,778	4.04%	-	-	-	-	11,778	4.04%
Thereafter	29,921	24,979	54,900	3.78%	-	-	-	-	54,900	3.78%
Total	651,111	1,278,406	1,929,517	3.28%	125,000	3.70%	350,000	3.97%	2,404,517	3.40%

The following chart provides a breakdown of our debt maturities at September 30, 2021:



* 10% of total debt = \$240.5 million

Mortgage Debt

We generally have access to low-cost mortgage financing insured by CMHC. As of September 30, 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 YTD:

	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	(52,994)	-	4.62%	16%
Assumed mortgages	18,668	0.4	3.25%	-
New mortgage financings	128,871	9.1	2.21%	95%
Amortizing principal repayments	(62,821)	N/A	N/A	N/A
Mortgages related to sale of interests in properties	(23,364)	-	3.37%	-
Principal balance at September 30, 2021	1,929,517	6.5	3.28%	77%
Mark-to-market adjustments on assumed mortgages	5,730			
Finance costs	(49,372)			
Mortgages payable at September 30, 2021	1,885,875			

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, as described in the "Significant Events - Dispositions" section of this MD&A.

New mortgage financings include:

- 11 CMHC-insured mortgages totalling \$122.0 million with a weighted average interest rate of 2.26% and a weighted average term to maturity of 9.5 years, and
- Construction financing draws primarily for one property under development of \$6.9 million with a weighted average interest rate of 1.40% and a weighted average term to maturity of 1.5 years.

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

	At September 30, 2021		At December 31, 2020	
	Fixed Rate	Variable Rate	Total	Total
Principal amount (\$000s)	1,885,578	43,939	1,929,517	1,921,157
Weighted average interest rate	3.30%	2.22%	3.28%	3.41%
Average term to maturity (years)	6.6	0.8	6.5	6.6

The following tables are supplemental information and summarize the components of our debt at September 30, 2021 and December 31, 2020 for our Equity-Accounted JVs:

(\$000s)	September 30, 2021	December 31, 2020
Principal balance of mortgages payable	52,683	52,974
Finance costs	(94)	(50)
Mortgages payable at September 30, 2021	52,589	52,924

(\$000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Principal Balance of Mortgages Payable	Weighted Average Interest Rate
Remainder of 2021	166	15,127	15,293	4.32%
2022	64	10,896	10,960	4.29%
2023	-	-	-	-
2024	-	26,430	26,430	2.94%
Total	230	52,453	52,683	3.62%

Credit Facilities

The following table summarizes the available borrowing capacity on these Credit Facilities, at September 30, 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	159,749	(7,448)	152,301	-	152,301	May 29, 2024
Unsecured credit facility ⁽²⁾⁽³⁾	100,000	100,000	-	100,000	-	100,000	May 29, 2024
Total Credit Facilities	400,000	259,749	(7,448)	252,301	-	252,301	

(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, the secured collateral, and the occupancy rate of the property, where properties with occupancy below 80% can contribute a maximum borrowing capacity of \$50.0 million.

(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's 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 September 30, 2021. Please refer to the "Financial Covenants" section on page 29 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 September 30, 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 29 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.

The following table summarizes the balance of our Debentures:

(\$000s)	As at September 30, 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	(1,029)	(1,319)
Carrying value	348,971	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 September 30, 2021. Please refer to the “Financial Covenants” section on page 29 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 37 of this MD&A.

(\$000s, except debt service coverage ratio)	12 months September 30, 2021	12 months December 31, 2020
Consolidated EBITDA for Credit Facilities and Term Loans ⁽¹⁾	251,215	272,279
Consolidated interest expense for Credit Facilities and Term Loans ⁽²⁾	91,065	94,858
Consolidated regularly scheduled debt principal payments for Credit Facilities and Term Loans ⁽³⁾	83,329	78,153
Consolidated debt service payments for Credit Facilities and Term Loans	174,394	173,011
Debt service coverage ratio for Credit Facilities and Term Loans	1.44	1.57

- (1) Refer to the “Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures” section on page 34 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 34 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 35 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 September 30, 2021	As at December 31, 2020
Consolidated indebtedness for Credit Facilities and Term Loans ⁽¹⁾	2,478,515	2,623,139
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans ⁽²⁾	4,986,237	4,941,577
Total leverage ratio for Credit Facilities and Term Loans	49.7%	53.1%

- (1) Refer to the “Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures” section on page 35 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 36 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 September 30, 2021, the minimum adjusted consolidated unitholders' equity requirement was \$1,338 million.

(\$000s)	As at September 30, 2021	As at December 31, 2020
Unitholders' equity per Financial Statements ⁽²⁾	833,427	733,977
Adjustment for accumulated depreciation and amortization for Credit Facilities and Term Loans ⁽¹⁾	1,281,165	1,186,943
Class B Units	18,456	17,125
Deferred Trust Units (“DTUs”)	12,808	10,941
Adjusted consolidated unitholders' equity for Credit Facilities and Term Loans	2,145,856	1,948,986

- (1) Includes accumulated depreciation of PP&E and amortization of intangible assets for Equity-Accounted JVs of \$26.7 million at September 30, 2021 (\$24.2 million at December 31, 2020) and fully amortized assets of \$275.1 million at September 30, 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 7 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 September 30, 2021	12 Months December 31, 2020
Distributions declared on Trust Units	133,616	131,259
Distributions on Class B Units	937	944
Distributions on DTUs	622	670
Total distributions for Credit Facilities and Term Loans	135,175	132,873
Less:		
Non-cash distributions settled by DRIP ⁽¹⁾	10,357	8,518
Non-cash distributions applied to Executive Unit Purchase Plan ("EUPP")	1,104	1,030
Non-cash distributions applied to DTUs	622	670
Cash distributions for Credit Facilities and Term Loans	123,092	122,655
AFFO for Credit Facilities and Term Loans ⁽²⁾	137,975	158,773
Cash distributions as a percentage of AFFO for Credit Facilities	89.2%	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 36 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 September 30, 2021	As at September 30, 2021	As at December 31, 2020
Non-qualifying joint ventures and investments ⁽¹⁾	249,312	-	1,500
Loans receivable ⁽²⁾	747,936	8,009	11,978
Investments in property held for development/construction as defined in the Credit Facilities and Term Loans ⁽²⁾	747,936	115,270	119,406
Combined ⁽³⁾	1,246,559	123,279	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 September 30, 2021	As at December 31, 2020
Secured indebtedness for the unsecured credit facility and Term Loans ⁽¹⁾	1,982,200	2,024,131
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans ⁽²⁾	4,986,237	4,941,577
Secured indebtedness ratio for the unsecured credit facility and Term Loans	39.8%	41.0%

(1) Refer to the “Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures” section on page 35 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 36 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 September 30, 2021	As at December 31, 2020
Unencumbered property asset value for the unsecured credit facility and Term Loans ⁽¹⁾	1,026,950	1,037,500
Unsecured indebtedness for the unsecured credit facility and Term Loans ⁽²⁾	496,315	599,008
Unencumbered property asset ratio for the unsecured credit facility and Term Loans	2.1	1.7

(1) Includes 37 properties valued at \$1,027 million as of September 30, 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 35 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 September 30, 2021	12 months December 31, 2020
Consolidated EBITDA for Debentures ⁽¹⁾	250,872	269,088
Consolidated interest expense for Debentures ⁽²⁾	85,326	93,375
Interest Coverage Ratio for Debentures	2.9	2.9

(1) Refer to the “Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures” section on page 34 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, Term Loans, and Debentures” section on page 34 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)	September 30, 2021	December 31, 2020
Consolidated indebtedness for Debentures ⁽¹⁾	2,397,372	2,535,329
Aggregate adjusted assets for Debentures ⁽²⁾	4,913,803	4,864,880
Indebtedness percentage for Debentures	48.8%	52.1%

(1) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 35 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 36 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)	September 30, 2021	December 31, 2020
Unencumbered aggregate adjusted assets for Debentures ⁽¹⁾	1,026,950	1,037,500
Unsecured indebtedness for Debentures ⁽²⁾	487,606	587,895
Coverage ratio for Debentures	2.1	1.8

(1) Includes 37 properties valued at \$1,027.0 million as of September 30, 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 35 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, 2020	Subtract: 2020 YTD	Add: 2021 YTD	Rolling 12 months September 30, 2021
Net income	14,879	2,697	(8,600)	3,582
Gain on disposal of assets ⁽¹⁾	(25,073)	(2,072)	(7,009)	(30,010)
Transaction costs	996	690	516	822
Impairment losses	3,200	3,200	-	-
Non-cash change in fair value of financial instruments and foreign exchange loss/(gain) ⁽¹⁾	(3,552)	(7,799)	507	4,754
Consolidated net income/(loss) for Credit Facilities and Term Loans	(9,550)	(3,284)	(14,586)	(20,852)
Consolidated finance costs ⁽¹⁾	95,056	71,638	69,290	92,708
Consolidated depreciation of PP&E and amortization of intangible assets ⁽¹⁾	183,966	140,124	125,132	168,974
Consolidated income tax expense/(benefit)	(3,865)	(10,917)	(3,362)	3,690
Principal portion of capital funding	6,672	4,970	4,993	6,695
Consolidated EBITDA for Credit Facilities and Term Loans	272,279	202,531	181,467	251,215
Proforma adjustments ⁽²⁾	(3,191)			(343)
Consolidated EBITDA for Debentures	269,088			250,872

(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, 2020	Subtract: 2020 YTD	Add: 2021 YTD	Rolling 12 months September 30, 2021
Interest on mortgages ⁽¹⁾	72,321	54,838	50,014	67,497
Interest on Debentures	13,888	10,388	10,388	13,888
Interest on Credit Facilities	3,628	3,049	1,214	1,793
Interest on Term Loans	5,021	3,323	6,189	7,887
Consolidated interest expense for Credit Facilities and Term Loans	94,858	71,598	67,805	91,065
Proforma adjustments ⁽²⁾	(1,483)			(5,739)
Consolidated interest expense for Debentures	93,375			85,326

(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, 2020	Subtract: 2020 YTD	Add: 2021 YTD	Rolling 12 months September 30, 2021
Regularly scheduled debt principal payments per Financial Statements	77,768	57,783	62,821	82,806
Regularly scheduled debt principal payments for equity-accounted entities	385	255	393	523
Regularly scheduled debt principal payments for Credit Facilities and Term Loans	78,153	58,038	63,214	83,329

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)	September 30, 2021	December 31, 2020
Principal balance of mortgages payable	1,929,517	1,921,157
Principal balance of mortgages payable related to Equity-Accounted JVs	52,683	52,974
Secured term loan	-	50,000
Secured indebtedness for the unsecured credit facility and Term Loans	1,982,200	2,024,131
Principal balance of Debentures	350,000	350,000
Unsecured term loans	125,000	225,000
Capital lease obligations	12,606	12,895
Unsecured indebtedness for Debentures	487,606	587,895
Outstanding letters of credit	7,448	9,635
Third-party guarantees	1,261	1,478
Unsecured indebtedness for Credit Facilities and Term Loans	496,315	599,008
Consolidated indebtedness for Credit Facilities and Term Loans	2,478,515	2,623,139
Add (Subtract):		
Outstanding letters of credit	(7,448)	(9,635)
Third-party guarantees	(1,261)	(1,478)
Cash and cash equivalents	(64,961)	(70,157)
Cash and cash equivalents of Equity-Accounted JVs	(7,473)	(6,540)
Consolidated indebtedness for Debentures	2,397,372	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)	September 30, 2021	December 31, 2020
Book value of assets ⁽¹⁾	3,490,517	3,540,079
Gross book value adjustment on IFRS transition	214,555	214,555
Adjustment for accumulated depreciation and amortization for Credit Facilities and Term Loans ⁽²⁾	1,281,165	1,186,943
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans	4,986,237	4,941,577
Add (Subtract):		
Cash and cash equivalents	(64,961)	(70,157)
Cash and cash equivalents of Equity-Accounted JVs	(7,473)	(6,540)
Aggregate adjusted assets for Debentures	4,913,803	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 \$26.7 million at September 30, 2021 (\$24.2 million at December 31, 2020) and fully amortized assets of \$275.1 million at September 30, 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 long-term cash flow stream provided in the respective period by the MLTC to communities which meet certain design criteria.

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

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

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

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

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

(\$000s)	12 Months September 30, 2021	12 Months December 31, 2020
FFO ⁽¹⁾	147,323	165,861
<i>Add (Subtract) amounts as defined in the Credit Agreements:</i>		
Principal portion of capital funding receivable	6,695	6,672
Income guarantees ⁽²⁾	3,109	6,383
Amortization of finance costs and fair value adjustments on assumed mortgages ⁽³⁾	2,086	1,488
Finance cost reserve	(1,855)	(1,829)
AFFO for Credit Facilities and Term Loans before capital maintenance reserve	157,358	178,575
Capital maintenance reserve - 2% of property revenue	(19,383)	(19,802)
AFFO for Credit Facilities and Term Loans	137,975	158,773

(1) Non-GAAP; refer to the “Additional Information on Non-GAAP Financial Measures – Funds from Operations” section on page 43 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; 12 months ended September 30, 2021 excludes \$2.3 million of amortization of finance costs incurred in respect of renewal of our Credit Facilities and Debentures (December 31, 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, during Q1 2021, we proactively entered into amending agreements relating to certain 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, 2022, and the maturity date of the applicable credit agreement. The amended loans are: the Credit Facilities, the Term Loan, the Chartwell Hub mortgage, and certain other property-level mortgages.

We also amended our Large Borrower Agreement with CMHC. Under the Large Borrower Agreement Chartwell is subject to certain debt service coverage ratio requirements. These requirements were reduced to 1.2 or removed, as applicable, for the period ending December 31, 2022.

Total Equity

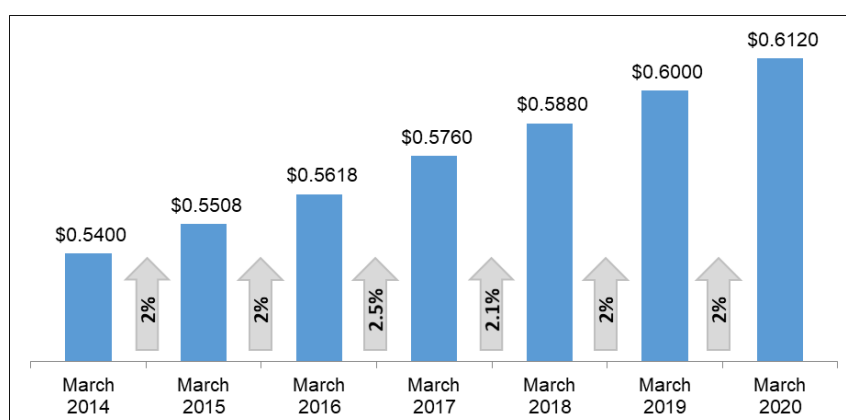
The following table summarizes changes in the number of outstanding units during Q3 2021:

	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	809,231	-	-	-	809,231
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	35,925	(35,925)	-	-	-
DTUs issued	-	-	-	46,498	46,498
Distributions on DTUs	-	-	-	37,819	37,819
Balance September 30, 2021	230,414,377	1,856,531	1,530,360	1,062,059	234,863,327

(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” section of the 2020 MD&A and the “2021 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 and 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 Q3 2021, our average DRIP participation was 24.6%.

The following table summarizes distributions declared on Trust Units in Q3 2021, 2021 YTD, 2020, and 2019 in relation to cash flows from operating activities and net income/(loss):

(\$000s)	Q3 2021	2021 YTD	2020	2019
Cash flows from operating activities	52,886	105,953	184,286	196,548
Net income/(loss)	917	(8,600)	14,879	1,067
Distributions declared on Trust Units	34,665	100,654	131,259	127,617
Excess/(deficit) of cash flows from operating activities over distributions declared on Trust Units	18,221	5,299	53,027	68,931
Deficit of net income/(loss) over distributions declared on Trust Units	(33,748)	(109,254)	(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 will remain below pre-pandemic levels in 2021 primarily due to pandemic related restrictions.

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

(\$000s)	2021 YTD			2020 YTD		
	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	19,661	7,601	27,262	13,680	6,174	19,854
Mechanical and electrical ("M&E")	9,227	509	9,736	6,923	937	7,860
Suite improvements and upgrades	6,377	859	7,236	7,157	827	7,984
Interior improvements and upgrades	1,799	242	2,041	2,019	222	2,241
Furniture, fixtures and equipment	3,296	863	4,159	4,734	954	5,688
Communications and information systems	2,435	102	2,537	252	23	275
Properties under development	42,795	10,176	52,971	34,765	9,137	43,902
Chartwell Hub ⁽⁵⁾			33,829			34,797
			137			6,822
Total capital investments			86,937			85,521

(1) Includes 158 properties (18,908 suites at Chartwell's share of ownership).

(2) Includes 21 properties (3,006 suites at Chartwell's share of ownership).

(3) Includes 168 properties (19,741 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 September 30, 2021 is \$89.4 million; the total expected development cost is \$90.3 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 YTD and 2020 YTD not included in the table above:

(\$000s)	2021 YTD			2020 YTD		
	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	\$907	\$216	\$1,123	\$873	\$751	\$1,624

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 YTD, we completed 102 major building improvement projects valued over \$50,000 each, totalling \$24.1 million (2020 YTD – 68 projects totalling \$14.3 million). In addition, included in this category are acquisitions of five condominium suites at two of our properties in British Columbia totalling \$1.7 million (2020 YTD – two condominium suites for \$0.9 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 YTD, we completed 68 major M&E projects valued over \$50,000 each, totalling \$7.3 million (2020 YTD – 56 projects totalling \$5.4 million).

Suite Improvements and Upgrades

This category includes capital investments in resident suites. We have developed a program of strategic capital allocation to resident suite upgrades. These discretionary investments are made to improve the competitive position of our properties in the market and to allow for higher rental rate increases on suite turnover. In most cases, in addition to regular painting, resident suite upgrades include flooring upgrades and frequently, full renovations of bathrooms and kitchens.

In 2021 YTD, we made investments in strategic suite upgrade programs in 37 properties (2020 YTD – 52 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. This investment includes upgrades to property resident amenity areas, such as hallways, dining rooms, lounges, theatres, etc.

In 2021 YTD, we invested in strategic common area upgrade programs in 14 properties (2020 YTD – 14 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 September 30, 2021 compared to December 31, 2020.

	Increase (Decrease) (\$millions)	Explanation
Total assets	(51.0)	Total assets decreased primarily due to decrease in cash, decrease in trade and other receivables and PP&E as a result of depreciation, partially offset by increases in other assets.
Total liabilities	(150.4)	Total liabilities decreased primarily due to repayment of term loans and decrease in other liabilities, partially offset by increase in mortgage payable and increase in accounts payable.
Equity	99.4	The increase in equity is primarily due to the issuance of Trust Units under the Public Offering, and under DRIP partially offset by underwriters fees and issuance costs, net of tax related to the issuance of Trust units under the Public Offering, distributions and net loss for the period.

Commitments and Contingencies

Contractual Obligations and Guarantees

Details of our contractual obligations and guarantees are outlined in our 2020 MD&A. There were no significant changes in our contractual obligations and guarantees in Q3 2021 which are outside the ordinary course of business.

Litigation and Claims

Chartwell Retirement Residences and/or its subsidiaries have been named in three proposed class action lawsuits in Ontario related to the pandemic, none of which has been certified. The claims allege, among other things, negligence, 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. Chartwell's insurer has assigned defense counsel and will be responding to the claims in due course through the appropriate court process. Plaintiffs' counsel for the three class action lawsuits are in the process of seeking an order from the court allowing them to proceed with one consolidated claim.

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.

On October 14, 2021, the application for leave to appeal from the judgment of the Court of Appeal for Ontario in *Attorney General of Ontario et al. v. Ontario Nurses' Association, et al.* (the "Pay Equity Appeal") was dismissed by the Supreme Court of Canada. The Court of Appeal decision held that LTC homes that used proxy comparators to develop pay equity plans have not met their maintenance requirements. We, along with other participants in the long term care sector, including the Government of Ontario, are assessing the potential impact of this decision.

Summary of Select Financial Information

Quarterly Financial Information

The following table summarizes our quarterly unaudited financial information:

(\$000s, except per unit amounts)	2021				2020			2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	223,279	223,359	232,505	231,689	233,290	230,653	232,955	234,915
Direct property operating expenses	(155,633)	(151,976)	(159,504)	(156,381)	(160,482)	(154,917)	(150,719)	(152,837)
Depreciation and amortization	(40,179)	(40,835)	(41,396)	(42,424)	(43,660)	(45,347)	(48,250)	(46,962)
Share of net income/(loss) from joint ventures	(1,293)	(1,463)	(2,311)	(503)	(1,527)	(588)	(1,198)	(45)
G&A expenses	(9,652)	(12,251)	(12,792)	(8,674)	(9,719)	(12,374)	(13,128)	(8,746)
Other income/(expense)	(55)	6,612	470	22,860	(2,928)	4,395	(2,687)	(27,965)
Finance costs	(22,548)	(22,688)	(22,658)	(22,959)	(23,409)	(23,635)	(23,147)	(21,770)
Changes in fair value of financial instruments and foreign exchange gain/ (loss)	4,274	(4,792)	(435)	(4,374)	(617)	(2,075)	10,894	3,036
Deferred income tax benefit/(expense)	2,724	(550)	1,188	(7,052)	2,286	1,957	6,674	8,889
Net income/(loss) for the period	917	(4,584)	(4,933)	12,182	(6,766)	(1,931)	11,394	(11,485)
FFO ⁽¹⁾	33,937	34,758	35,134	43,496	37,997	39,043	45,325	51,883
FFOPU ⁽¹⁾	0.15	0.16	0.16	0.20	0.17	0.18	0.21	0.24
IFFO ⁽¹⁾	35,520	36,764	37,280	46,055	40,965	41,910	48,783	53,800
IFFOPU ⁽¹⁾	0.16	0.17	0.17	0.21	0.19	0.19	0.22	0.25

(1) Non-GAAP; refer to the "Additional Information on Non-GAAP Financial Measures" section on page 43 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 7 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, and
- deferred income taxes.

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

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

(\$000s, except per unit amounts)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Net income/(loss)	917	(6,766)	7,683	(8,600)	2,697	(11,297)
<i>Add (Subtract):</i>						
B Depreciation of PP&E	39,109	41,763	(2,654)	119,316	132,999	(13,683)
D Amortization of limited life intangible assets	1,070	1,897	(827)	3,094	4,258	(1,164)
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	(1,414)	(1,503)	89	(4,058)	(4,267)	209
E Loss/(gain) on disposal of assets	(151)	3,101	(3,252)	(6,983)	(2,071)	(4,912)
J Transaction costs arising on business combinations and dispositions	420	99	321	516	690	(174)
H Impairment losses	-	-	-	-	3,200	(3,200)
G Deferred income tax	(2,724)	(2,286)	(438)	(3,362)	(10,917)	7,555
O Distributions on Class B Units recorded as interest expense	234	234	-	702	709	(7)
M Changes in fair value of financial instruments and foreign exchange loss/(gain)	(4,274)	617	(4,891)	953	(8,202)	9,155
Q FFO adjustments for Equity-Accounted JVs ⁽¹⁾	750	841	(91)	2,250	3,270	(1,020)
FFO ⁽²⁾	33,937	37,997	(4,060)	103,828	122,366	(18,538)
<i>Add (Subtract):</i>						
Lease-up-Losses and Imputed Cost of Debt ⁽³⁾	1,493	1,329	164	3,702	3,986	(284)
Income guarantees ⁽⁴⁾	90	1,639	(1,549)	2,033	5,307	(3,274)
IFFO ⁽⁵⁾	35,520	40,965	(5,445)	109,563	131,659	(22,096)
FFOPU ⁽⁶⁾	0.15	0.17	(0.02)	0.47	0.56	(0.09)
IFFOPU ⁽⁶⁾	0.16	0.19	(0.03)	0.50	0.60	(0.10)

(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 13 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 7 of this MD&A. Includes Chartwell's proportionate share of Equity-accounted JVs.

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

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

(6) Non-GAAP; refer to the "Per Unit Amounts" section on page 45 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)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
B	Depreciation of PP&E and amortization of intangible assets	917	964	(47)	2,722	2,867	(145)
E	Loss/(gain) on disposal of assets	-	-	-	(26)	-	(26)
M	Change in fair value of financial instruments and foreign exchange loss/(gain)	(167)	(123)	(44)	(446)	403	(849)
Q	FFO adjustments for Equity-Accounted JVs ⁽¹⁾	750	841	(91)	2,250	3,270	(1,020)

(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)	Q3 2021	Q3 2020	Change	2021 YTD	2020 YTD	Change
Weighted average number of units ⁽¹⁾	225,074	218,268	6,806	220,673	218,004	2,669

(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 September 30, 2021 and December 31, 2020:

(\$000s, except Net Debt to Adjusted EBITDA ratio)	September 30, 2021	December 31, 2020
Consolidated Indebtedness for Debentures ⁽¹⁾	2,397,372	2,535,329
Consolidated EBITDA for Debentures ⁽²⁾	250,872	269,088
Net Debt to Adjusted EBITDA ratio	9.6	9.4

(1) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities and Debentures" section on page 35 of this MD&A for the calculation of this amount.

(2) Refer to the "Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities and Debentures" section on page 34 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, one recently acquired residence and six newly developed residences contributed adjusted \$4.0 million adjusted NOI for the rolling 12 months ended September 2021. Upon achieving the expected stabilized average occupancy of 96%, these projects are estimated to generate annualized adjusted NOI of \$25.3 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 \$21.3 million as though stabilized would be 8.8.

Critical Accounting Policies and Estimates

Critical Accounting Judgements, Estimates and Assumptions in Applying Accounting Policies

In our 2020 MD&A as well as in our 2020 Financial Statements, we identified the accounting policies and estimates that are critical to the understanding of our business operations and our results of operations. There were no significant changes in Q3 2021.

Changes in Accounting Policies

Our significant accounting policies are described in Note 3 of our 2020 Financial Statements. Notes 3 (n) and (o) outline 2020 accounting policy changes and future accounting policy changes. There were no significant changes in accounting policies in Q3 2021.

Controls and Procedures

We are committed to maintaining effective disclosure controls and procedures and internal control over financial reporting. 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.

Evaluation of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused an evaluation under their direct supervision of, the design of disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at September 30, 2021. Based on this evaluation, we have concluded that we have a) designed disclosure controls and procedures to provide reasonable assurance that (i) material information relating to Chartwell is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the interim filings are being prepared and (ii) information required to be disclosed by Chartwell in its various reports filed or submitted under securities legislation is recorded, processed, summarized and reported within time periods specified in securities legislation; and b) designed 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.

There were no material changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 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

Risks and Uncertainties

Our AIF dated March 4, 2021, and our 2020 MD&A contain detailed discussions of risk factors and uncertainties facing Chartwell. 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.

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”, “forecasts”, “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

- our expectations regarding, and the potential impact of, various claims and other proceedings, including the Class Actions and the Pay Equity Appeal
- 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.