



CHARTwell
retirement residences

Q4 2021

CONFERENCE CALL

February 25, 2022



Cautionary Statements

This presentation 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. 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. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are more fully described in the “COVID-19 Business Impacts and Related Risks” and the “Risks and Uncertainties and Forward-Looking Information” sections of our Management’s Discussion & Analysis for the year ended December 31, 2021 (the “2021 MD&A”), and in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form.

In this presentation “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..

In this presentation we use a number of performance measures that are not defined in generally accepted accounting principles (“GAAP”) which follow the disclosure requirements established by National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosures, to measure, compare and explain the operating results and financial performance of the Trust (collectively, the “Non-GAAP Financial Measures”).

These Non-GAAP Financial Measures do not have standardized meanings prescribed by GAAP and, therefore, may not be comparable to similar measures used by other issuers. The Real Property Association of Canada (“REALPAC”) issued white papers with recommendations for calculations of Funds from Operations (“FFO”) and Adjusted Funds from Operations (“AFFO”) (the “REALPAC Guidance”). Our FFO definition is substantially consistent with the definition adopted by REALPAC. Please refer to the “Additional Information on Non-GAAP Financial Measures” section of this MD&A for details. As part of our financial covenants reporting, we present AFFO in accordance with the definitions used in our credit agreements. This definition differs from the definition in the REALPAC Guidance.

In this presentation we use various financial metrics and ratios in our disclosure of financial covenants. These metrics are calculated in accordance with the definitions contained in our credit agreements and the trust indenture governing our outstanding debentures and may be described using terms which differ from standardized meanings prescribed by GAAP. These metrics may not be comparable to similar metrics used by other issuers.

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

Non-GAAP Financial Measures

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

Non-GAAP Ratios

Debt Service Coverage Ratio, Interest Coverage Ratio, Total Leverage Ratio, Adjusted Consolidated Unitholders’ Equity Ratio, Secured Indebtedness Ratio, Unencumbered Property Asset Ratio, Consolidated EBITDA to Consolidated Interest Expense Ratio, Indebtedness Percentage, Net Debt to Adjusted EBITDA Ratio, Payment of Cash Distributions, Expected Unlevered Yield and Coverage ratio.

Supplementary Financial Measures

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

Capital Management Measures

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

Please refer to the “Additional Information on Non-GAAP Financial Measures”, “Consolidated Results of Operations – FFO”, “Significant Events – Development – Expected Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt”, “Consolidated Results of Operations – Adjusted Resident Revenue, Adjusted Property Operating Expenses and Adjusted NOI” and “Liquidity and Capital Resources – Financial Covenants” sections of our 2021 MD&A for details on these measures.

#ChartwellStrong

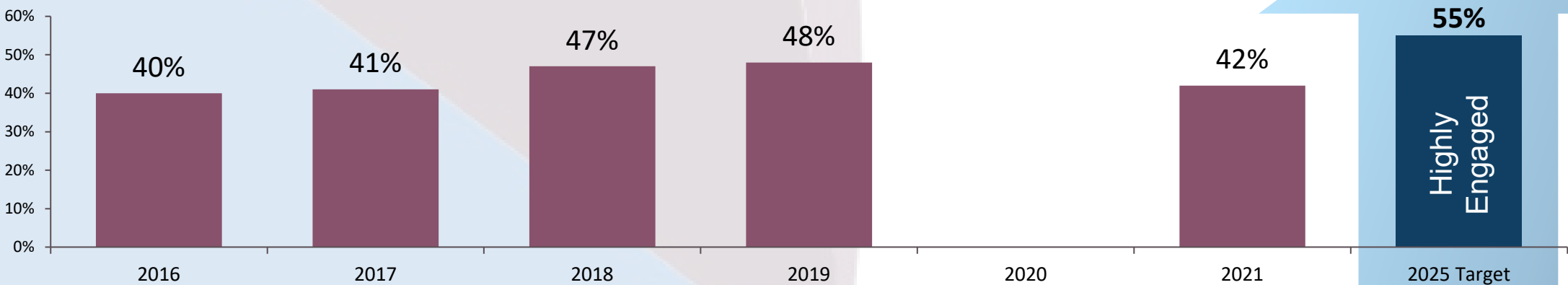


Leading Indicators

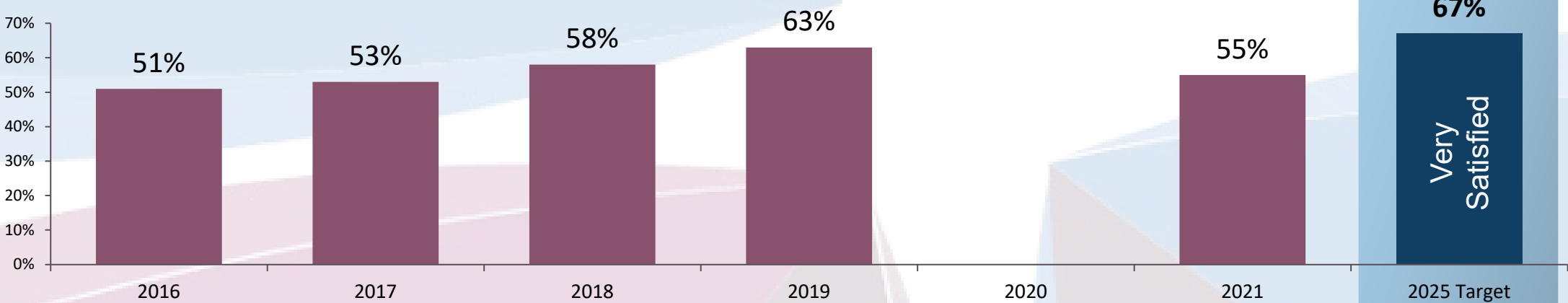


Strategy Scorecard

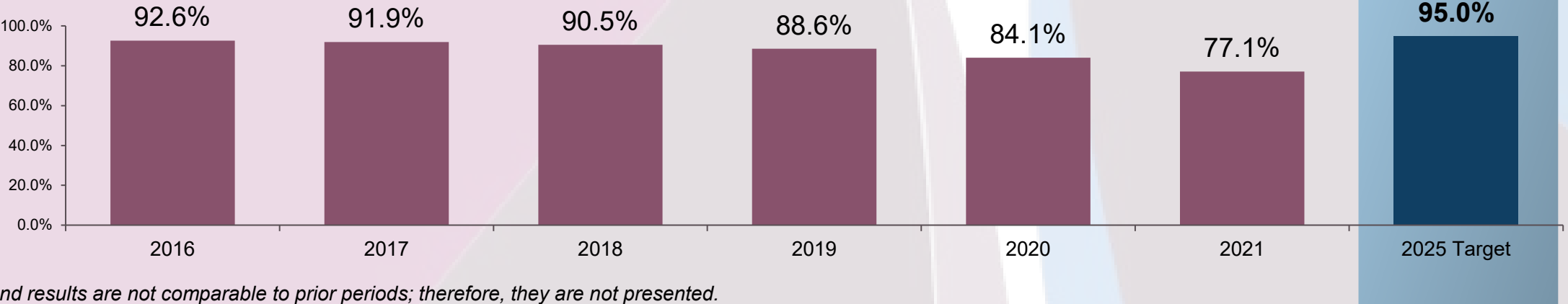
Employee Engagement⁽¹⁾



Resident Satisfaction⁽¹⁾



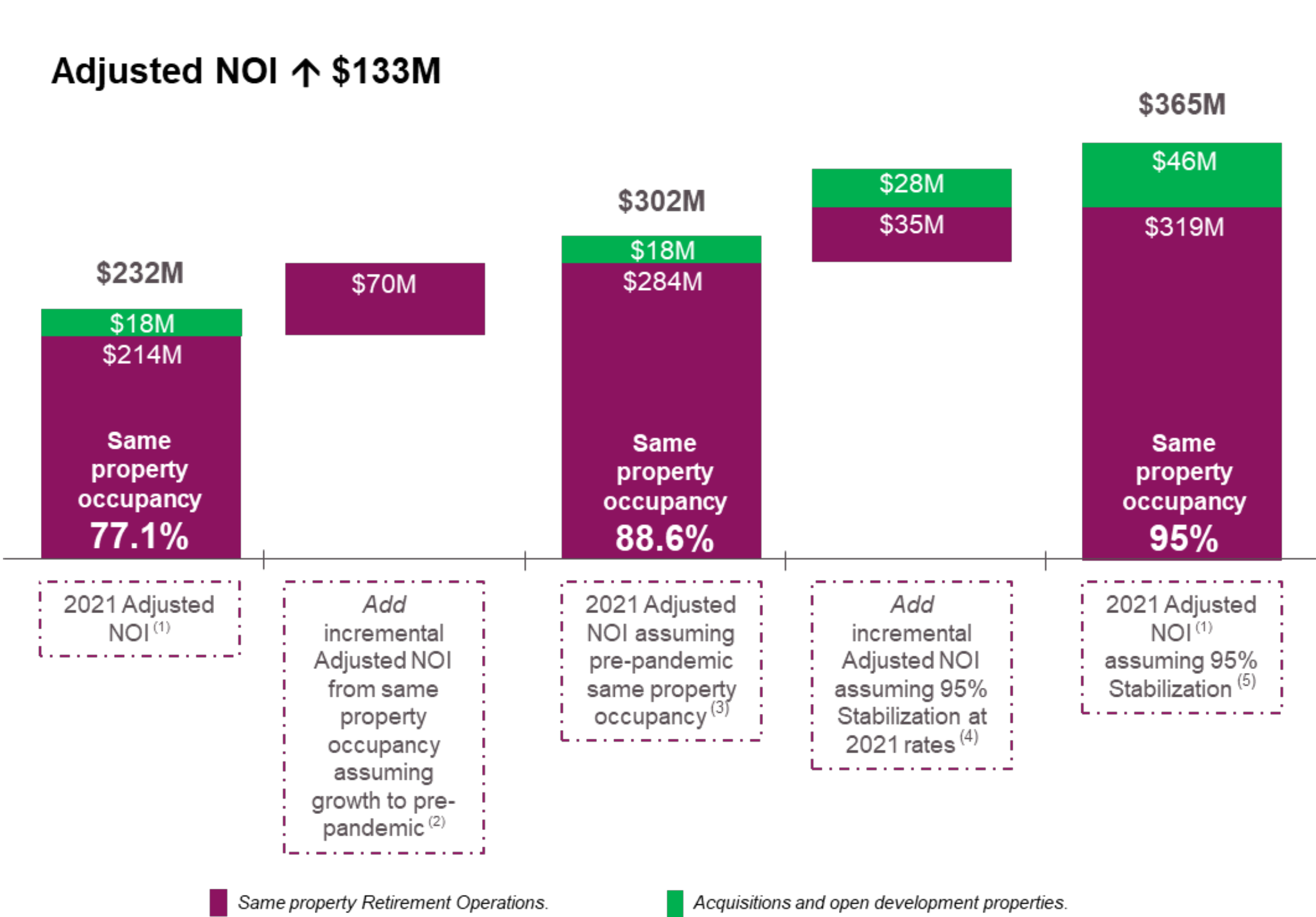
Retirement Same Property Occupancy⁽²⁾



1 pp ↑ in
occupancy
=
\$9.0M or
4.0¢ per unit of
incremental
revenue

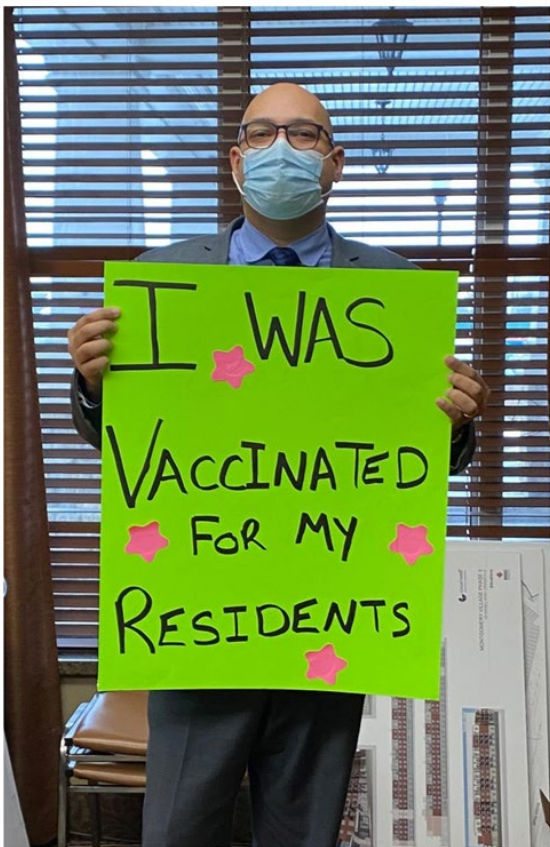
(1) In 2020, a modified survey was conducted, and results are not comparable to prior periods; therefore, they are not presented.
(2) Same property Retirement Operations as defined in each year.

Value



(1) 2021 Adjusted NOI for same property, acquisitions and open development properties.
(2) Incremental Adjusted same property NOI at pre-pandemic (2019) occupancy of 88.6% calculated at 2021 average rental rate and pre-pandemic margin.
(3) 2021 Adjusted NOI for same property at pre-pandemic (2019) occupancy of 88.6% calculated at 2021 average rental rate and pre-pandemic margin and 2021 Adjusted NOI for acquisitions and open development properties.
(4) Incremental Adjusted NOI for same property, acquisitions and development properties to 95% occupancy at 2021 average rental rates.
(5) 2021 Adjusted NOI for same property, acquisitions and open development properties at 95% stabilization.

Operations



Questions about living at Chartwell?

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Book a Tour

Preferred Date

mm/dd/yyyy



Any Time

First Name (Required)

Last Name

Email (Required)

Phone Number: (999)999

City (Required)

Questions

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☐ Yes ☐ No

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THINK AGAIN

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LA VIE EN RÉSIDENCE?
DÉTROMPEZ-VOUS!

Chartwell Retirement   



Operations



THE
**CHARTWELL
EXPERIENCE**

Delivering exceptional
resident experiences



2021 Summary

	2021	2020	Change
Net income	\$10.1M	\$14.9M	(\$4.7M)
FFO ⁽¹⁾	\$132.3M	\$165.9M	(\$33.6M)
FFO per unit	\$0.59	\$0.76	(\$0.17)
Average occupancy – same property	78.2%	85.0%	(6.8pp)
Adjusted NOI ⁽²⁾ – same property	\$237.1M	\$270.4M	(\$33.3M)

(1) Refer to the "Supplemental Information" section on page 15 of this presentation.

(2) Refer to the "Supplemental Information" section on page 15 of this presentation.

- Same property adjusted NOI down 12.3% in 2021.
- Lower occupancy.
- FFO down 20.3% in 2021.

Q4 2021 Summary

	Q4 2021	Q4 2020	Change
Net income	\$18.7M	\$12.2M	\$6.5M
FFO ⁽¹⁾	\$28.4M	\$43.5M	(\$15.1M)
FFO per unit	\$0.12	\$0.20	(\$0.08)
Average occupancy – same property	78.7%	82.1%	(3.4pp)
Adjusted NOI ⁽²⁾ – same property	\$55.6M	\$67.7M	(\$12.1M)

(1) Refer to the "Supplemental Information" section on page 15 of this presentation.

(2) Refer to the "Supplemental Information" section on page 15 of this presentation.

- Same property adjusted NOI down 17.9% in Q4 2021.
- Lower occupancy.
- Elevated expenses with Omicron wave.
- FFO down 34.6% in Q4 2021.

Q4 2021 Adjusted NOI and Occupancy

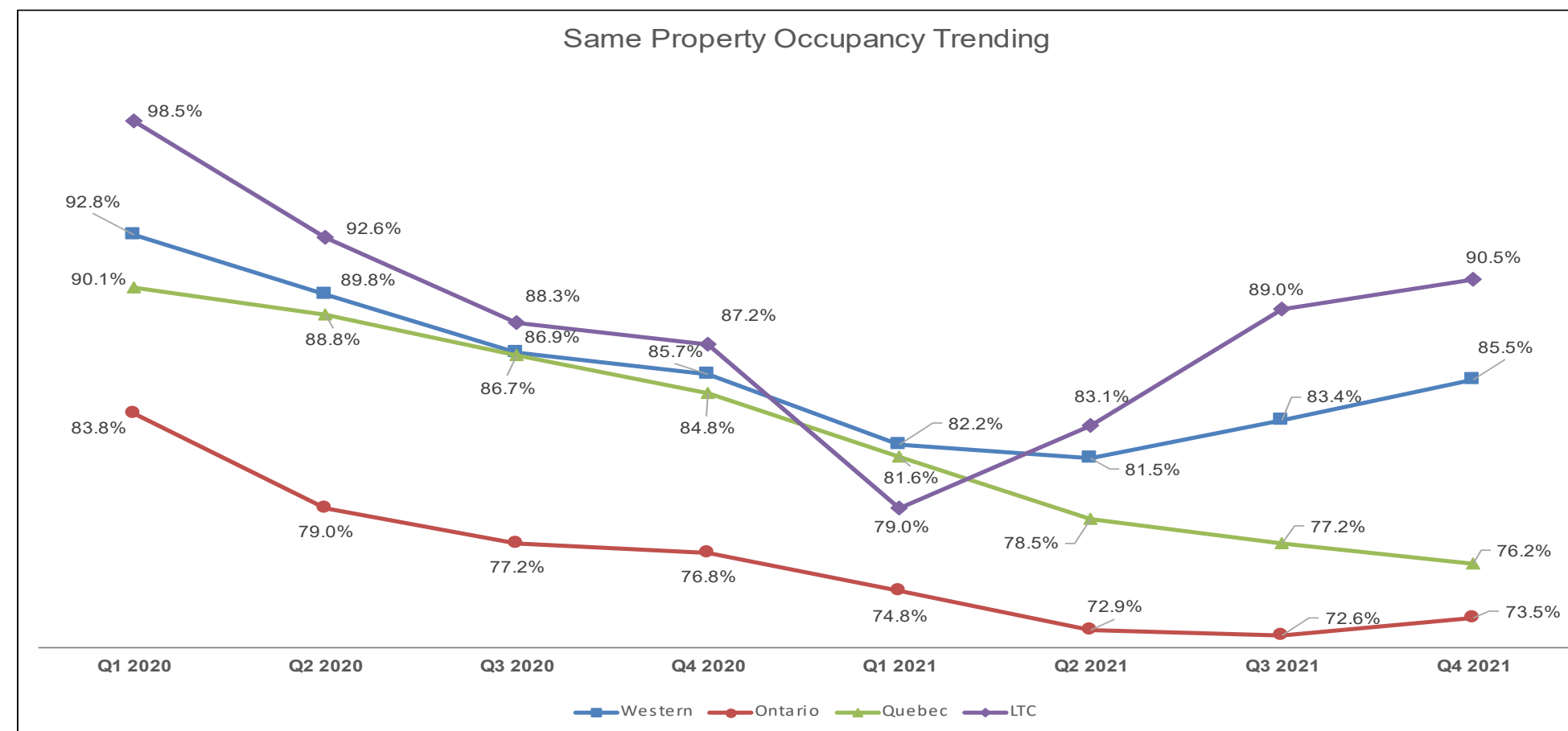
(\$M, except Occupancy)	Same Property					
	Adjusted NOI				Occupancy	
	Q4 2021	Q4 2020	Inc/(Dec) \$	Inc/(Dec) %	Q4 2021	Q4 2020
Retirement:						
Ontario	24.9	32.8	(7.9)	(24.1%)	73.5%	76.8%
Western Canada	16.1	15.5	0.6	3.8%	85.5%	85.7%
Quebec	7.8	12.8	(5.0)	(38.9%)	76.2%	84.8%
Total Retirement	48.8	61.1	(12.3)	(20.1%)	76.8%	81.3%
Long term care	6.7	6.6	0.1	1.9%	90.5%	87.2%
Total Same Property	55.5	67.7	(12.2)	(17.9%)	78.7%	82.1%

Ontario: Lower occupancy, higher net pandemic expense and higher agency staffing costs, partially offset by higher revenue from both inflationary and market-based rental and service rate increases and from the provision of additional care and services.

Western Canada: Higher revenue from both inflationary and market-based rental and service rate increases and from the provision of additional care and services.

Quebec: Lower occupancy and higher agency staffing costs, partially offset by inflationary market-based rental and service rate increases and from the provision of additional care and services.

LTC: Lower pandemic-related expenses partially offset by higher staffing costs.



Occupancy and Rent Update

	One month ended October 31, 2021	One month ended November 30, 2021	One month ended December 31, 2021	One month ended January 31, 2022	Forecast One month ended February 28, 2022 ⁽¹⁾	Forecast One month ended March 31, 2022 ⁽¹⁾
Weighted average occupancy rate - same property portfolio	76.7%	76.8%	77.0%	76.6%	76.1%	75.7%
<i>Change from the previous month</i>	<i>0.2pp</i>	<i>0.1pp</i>	<i>0.2pp</i>	<i>(0.4pp)</i>	<i>(0.5pp)</i>	<i>(0.4pp)</i>

(1) Forecast includes leases and notices as at February 10, 2022.

- Occupancy trends January to March are consistent with our historical experience.
- Rebounding sales and leasing activity mid January post Omicron softness and 2022 year-to-date improved from 2021.
- Expect occupancy to begin to recover in our same property portfolio as restrictions are eased and as we move into the spring leasing season.
- Our tenant credit quality remains strong given the typical investment profile of Canadian seniors in our target customer demographic.
- Substantially all January and February rent and service charges have been collected, consistent with our past experience.

Financial Position

At December 31, 2021

\$438.9M

Liquidity

includes

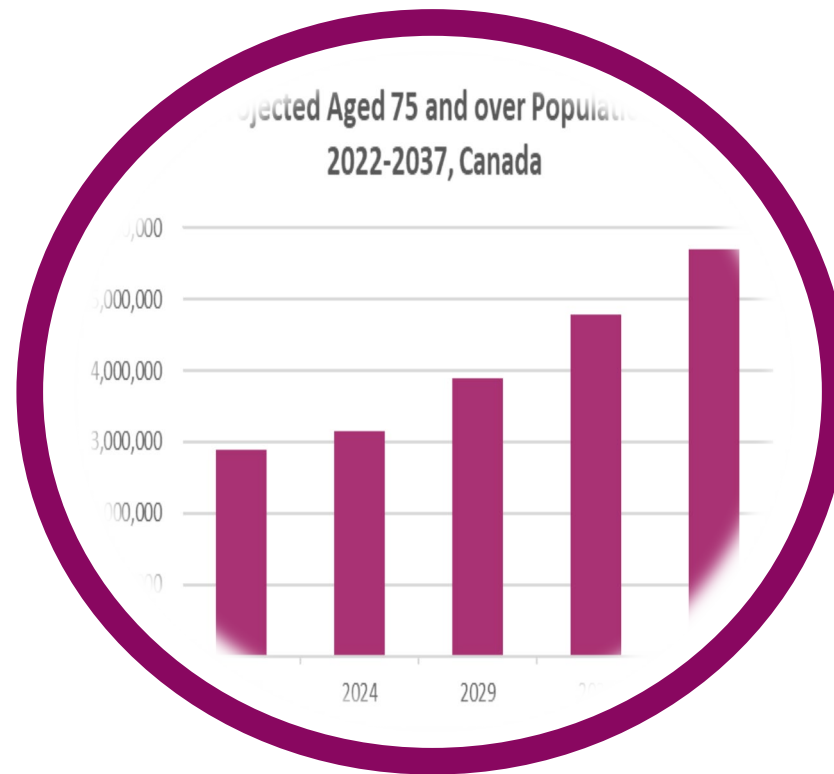
\$95.5M Cash and
\$343.4M available credit facilities

\$997.8M

**Unencumbered
Asset Value**

Represents value of **36**
properties

Outlook



Find the *right* retirement residence for *you*.

CHARTwell
retirement residences

making people's
lives **BETTER**

A background image showing seniors engaged in activities: a man playing pool, a couple smiling, and a woman exercising.

Supplemental Information

FFO

(\$000s, except per unit amounts)	Q4 2021	2021	Q4 2020	2020
Net income/(loss)	18,732	10,132	12,182	14,879
<i>Add (Subtract):</i>				
B Depreciation of PP&E	41,066	160,382	41,092	174,091
D Amortization of limited life intangible assets	4,615	7,709	1,332	5,590
B Depreciation of PP&E and amortization of intangible assets used for administrative purposes included in depreciation of PP&E and amortization of intangible assets above	(3,848)	(7,907)	(1,367)	(5,635)
E Remeasurement gain	-	-	-	-
E Loss/(gain) on disposal of assets	(37,857)	(44,840)	(23,001)	(25,072)
J Transaction costs arising on dispositions	858	1,374	306	996
H Impairment losses	850	850	-	3,200
G Deferred income tax	4,346	984	7,052	(3,865)
O Distributions on Class B Units recorded as interest expense	235	937	235	944
M Changes in fair value of financial instruments and foreign exchange loss/(gain)	(2,248)	(1,295)	4,374	(3,828)
Q FFO adjustments for Equity-Accounted JVs	1,686	3,936	1,291	4,561
FFO	28,435	132,262	43,496	165,861
Weighted average number of units	235,268	224,351	218,312	218,212
FFOPU	0.12	0.59	0.20	0.76

Adjusted NOI – same property

(\$000s, except occupancy rates)	Q4 2021	2021	Q4 2020	2020
Resident revenue	215,761	855,227	219,034	873,966
<i>Add: Share of resident revenue from joint ventures</i>	27,910	109,933	28,624	116,157
Adjusted resident revenue	243,671	965,160	247,658	990,123
<i>Comprised of:</i>				
<i>Same property</i>	224,534	890,395	227,158	900,413
<i>Acquisitions, development, and other</i>	19,137	74,765	20,500	89,710
<i>Adjusted resident revenue</i>	<i>243,671</i>	<i>965,160</i>	<i>247,658</i>	<i>990,123</i>
Direct property operating expense	162,602	629,715	156,381	622,499
<i>Add: Share of direct property operating expenses from joint ventures</i>	20,232	75,337	17,070	72,697
Adjusted direct property operating expense	182,834	705,052	173,451	695,196
<i>Comprised of:</i>				
<i>Same property</i>	169,001	653,254	159,489	630,018
<i>Acquisitions, development, and other</i>	13,833	51,798	13,962	65,178
<i>Adjusted direct property operating expense</i>	<i>182,834</i>	<i>705,052</i>	<i>173,451</i>	<i>695,196</i>
Adjusted NOI	60,837	260,108	74,207	294,927
<i>Comprised of:</i>				
<i>Same property</i>	55,533	237,141	67,669	270,395
<i>Acquisitions, development, and other</i>	5,304	22,967	6,538	24,532
<i>Adjusted NOI</i>	<i>60,837</i>	<i>260,108</i>	<i>74,207</i>	<i>294,927</i>

THANK YOU



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