



**CHARTwell**<sup>®</sup>  
retirement residences

# Q3 2022 Results Conference Call

**November 10, 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; “2022” refers to the calendar year 2022; “2021” refers to the calendar year 2021; and “YTD” means year to date.*

*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 Measures”).*

*These Non-GAAP 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 Measures” section of our 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 Operations (“FFO”), FFO for continuing operations, FFO for total operations, FFO from LTC Discontinued Operations, FFO for Equity-Accounted JVs, and Internal Funds from Operations, (“IFFO”), IFFO for continuing operations, IFFO for total operations, IFFO from LTC Discontinued Operations, 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 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 Q3 2022 MD&A for details on these measures.*

***Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.***

# Focus on Accelerating Recovery



Occupancy

Staffing

# Sales and Marketing



**OPEN HOUSE**

November 17 & 18  
10 am - 4 pm

Ask about our  
Limited-Time Offer!

**CHARTWELL**  
retirement residences

**Experience Chartwell!**

November 17 & 18  
10 am - 4 pm

Drop in, look around, and ask us your questions about:

- ✓ Dining and activities
- ✓ Flexible care and support
- ✓ Suite layouts and amenities
- ✓ Pricing information
- ✓ Support with moving
- ✓ Trial Stays

Visit [Chartwell.com](https://Chartwell.com) today to find your nearest Chartwell residence! 1-844-727-8679

**CHARTWELL**  
retirement residences




**MOVE-IN**  
offer available!

**Ready for your best years?**

Experience the difference Chartwell provides - where social connections, exceptional services and dedicated staff can make your life better.

**Book a tour today!**  
613-416-7863 | [ChartwellOttawa.com](https://ChartwellOttawa.com)

**CHARTWELL EMPRESS KANATA**  
170 McGibbon Drive, Kanata

**CHARTWELL KANATA**  
20 Shirley's Brook Drive, Kanata

**CHARTWELL STILLWATER CREEK**  
2018 Robertson Road, Nepean

**CHARTWELL RIVERPAK**  
1 Corktown Road, Nepean

**CHARTWELL STONEHAVEN**  
70 Stonehaven Drive, Kanata

**CHARTWELL**  
retirement residences



**Explore Chartwell's support & care options.**



**Are you exploring retirement living for yourself or a loved one?**

At Chartwell, we provide valuable services, including flexible, personalized care support.

- ✓ A la carte care services and all-inclusive packages
- ✓ Trial and respite stays
- ✓ Healthy dining options
- ✓ Social and recreational experiences
- ✓ Downsizing and move-in support
- ✓ No waiting lists!

Create your customized package of services with Chartwell today!  
1-844-727-8679 | [Chartwell.com/care-options](https://Chartwell.com/care-options)

**CHARTWELL GEORGIAN TRADITIONS**  
57 Scott Boulevard, Collingwood

**CHARTWELL BALDWIN**  
8 Harbour Street West, Collingwood

**CHARTWELL**  
retirement residences



**Looking for senior living options?**

**Are you ready to embrace the many benefits of retirement living?**

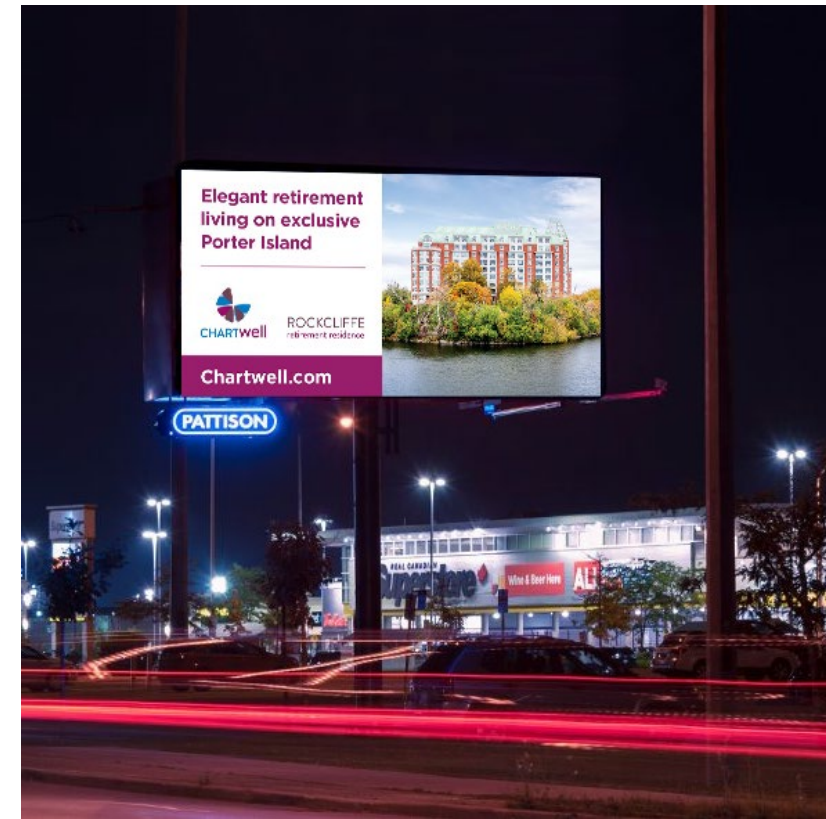
Book a complimentary experience at a Chartwell residence near you so you can explore what it's like to live with us. Family and friends are welcome too!

- ☐ Enjoy a meal for two
- ☐ Participate in a residence activity
- ☐ Join a scheduled outing or event

Call or visit us today to coordinate your Chartwell experience:  
778-300-2389 | [Chartwell.com/experiences](https://Chartwell.com/experiences)

**CHARTWELL**  
retirement residences

**CHARTWELL CARLTON**  
4110 Norfolk St., Burnaby



Elegant retirement living on exclusive Porter Island

**CHARTWELL** **ROCKCLIFFE**  
retirement residence

[Chartwell.com](https://Chartwell.com)

**PATTISON**



**CHARTWELL** **COLONEL BELCHER**  
retirement residence

**We're newly renovated!**

**Visit us today!**

**CHARTWELL** **COLON BELCHER**  
retirement residence

CurbeX.com | 1-888-4-CURBEX | SIGN RENTALS



**Reputable retirement residence celebrating British traditions**

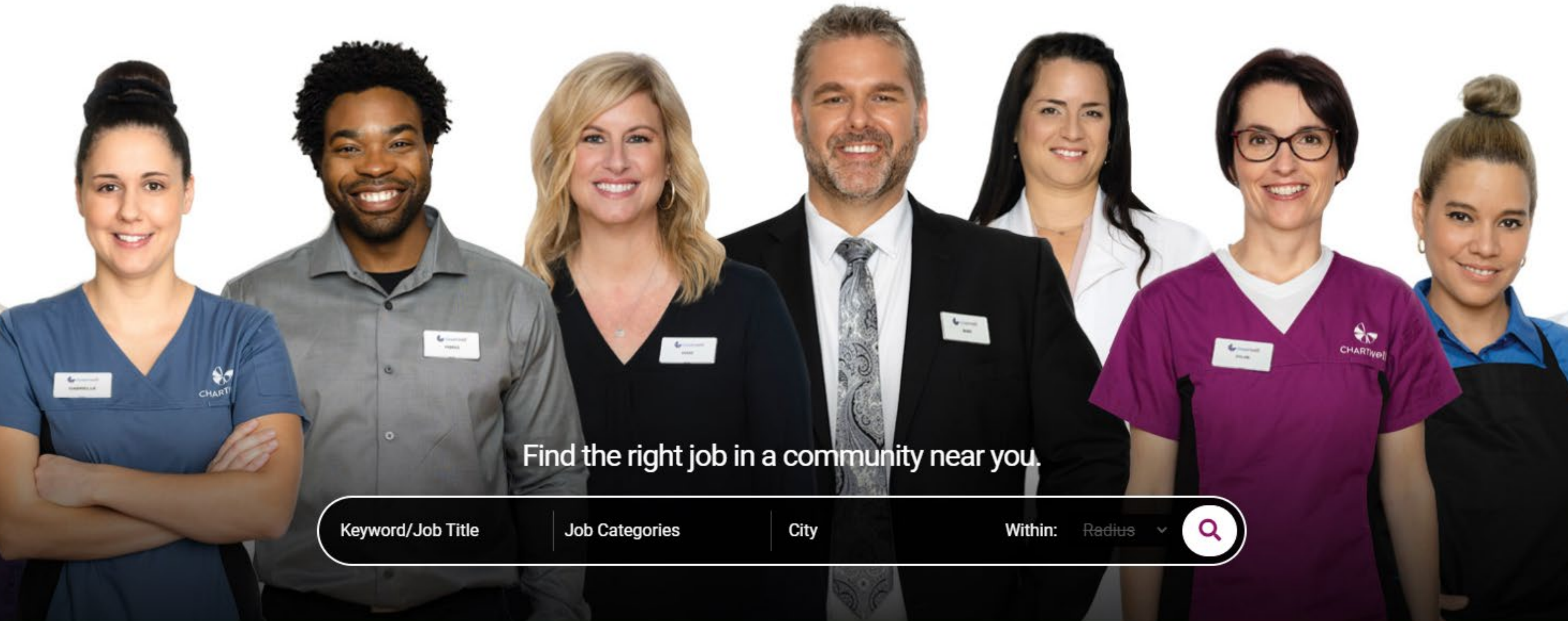


**CHARTWELL** **DUKE OF DEVONSHIRE**  
retirement residence

1095 Carling Avenue  
Ottawa

[Chartwell.com](https://Chartwell.com)

# Recruitment and Retention



Find the right job in a community near you.

Keyword/Job Title | Job Categories | City | Within: Radius

**GREAT PEOPLE DOING GREAT THINGS**

# Q3 2022 Summary

|                                             | Q3 2022 | Q3 2021 | Change   |
|---------------------------------------------|---------|---------|----------|
| Net income/(loss) <sup>(1)</sup>            | \$4.3M  | \$0.9M  | \$3.4M   |
| FFO <sup>(2)</sup>                          |         |         |          |
| Continuing operations                       | \$28.3M | \$28.8M | (\$0.5M) |
| Total                                       | \$31.9M | \$33.9M | (\$2.0M) |
| FFOPU <sup>(2)</sup>                        |         |         |          |
| Continuing operations                       | \$0.12  | \$0.13  | (\$0.01) |
| Total                                       | \$0.13  | \$0.15  | (\$0.02) |
| Average occupancy – same property           | 77.6%   | 77.1%   | 0.5pp    |
| Adjusted NOI <sup>(2)</sup> – same property | \$50.4M | \$50.9M | (\$0.5M) |

(1) Includes net income from LTC Discontinued Operations.

(2) Refer to the "Supplemental Information" section on page 12 of this presentation.

- Annual and market rental and service rate increases.
- Occupancy 0.5 percentage points higher.
- Elevated pandemic-related expenses.
- Higher agency and staffing costs, food and utilities expenses.

# Q3 2022 Adjusted NOI and Occupancy

| (\$M, except Occupancy) | Same Property |             |                              |               |              |              |              |
|-------------------------|---------------|-------------|------------------------------|---------------|--------------|--------------|--------------|
|                         | Adjusted NOI  |             |                              |               | Occupancy    |              |              |
|                         | Q3<br>2022    | Q3<br>2021  | Inc/(Dec)<br>\$            % |               | Q3<br>2022   | Q3<br>2021   | Change       |
| <b>Retirement:</b>      |               |             |                              |               |              |              |              |
| Western Canada          | 14.1          | 13.0        | 1.1                          | 8.9%          | 85.6%        | 82.2%        | 3.4pp        |
| Ontario                 | 26.8          | 27.6        | (0.8)                        | (3.0%)        | 75.0%        | 74.1%        | 0.9pp        |
| Quebec                  | 9.5           | 10.3        | (0.8)                        | (8.3%)        | 76.6%        | 78.1%        | (1.5pp)      |
| <b>Total Retirement</b> | <b>50.4</b>   | <b>50.9</b> | <b>(0.5)</b>                 | <b>(1.1%)</b> | <b>77.6%</b> | <b>77.1%</b> | <b>0.5pp</b> |

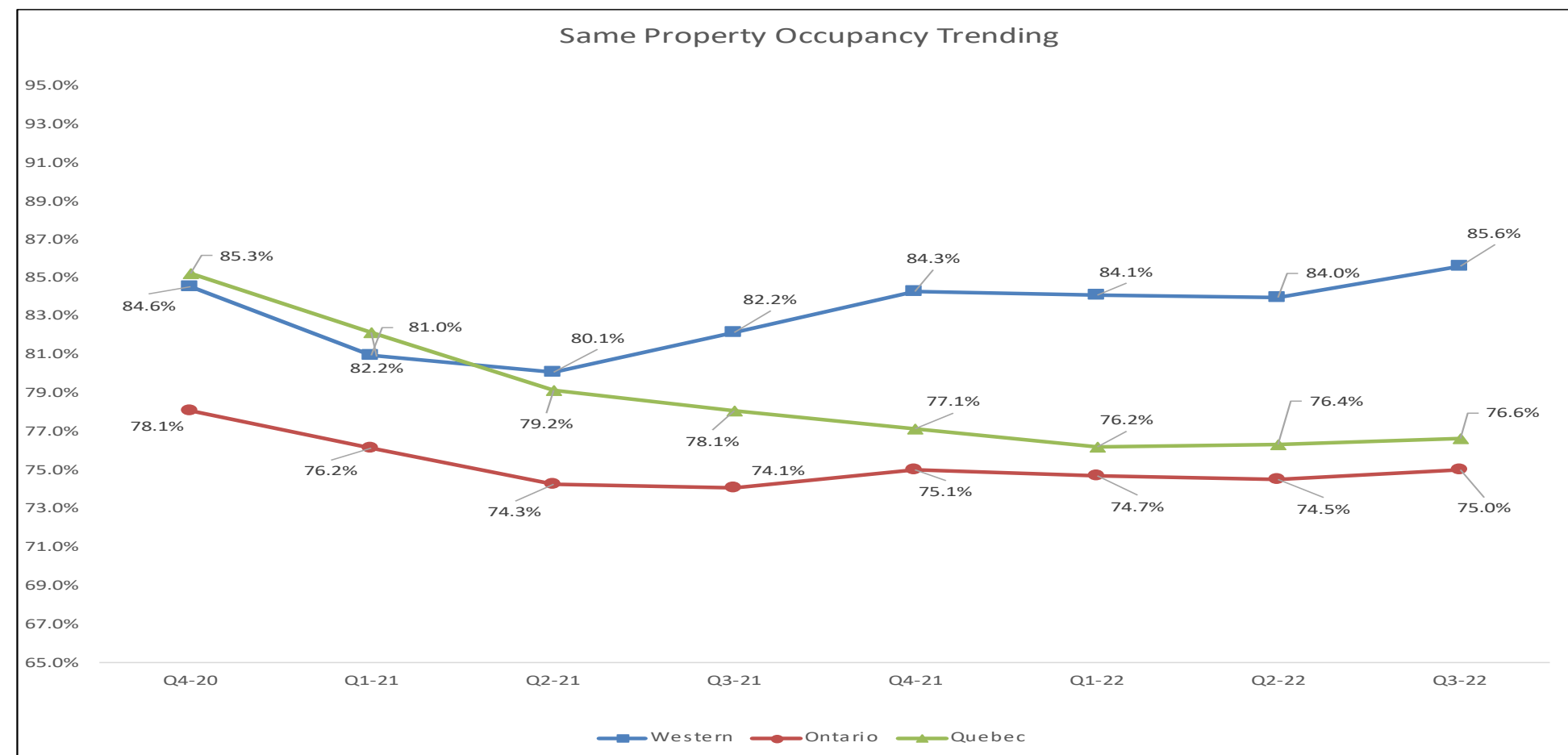
## Same property retirement adjusted NOI:

- higher net pandemic expense of \$3.7M,
- higher agency and staffing costs, food and utilities expenses,
- partially offset by
- higher revenue from regular annual market-based rental and service rate increases, and
- higher occupancy.

**Same property retirement occupancy increased 0.5 percentage points.**

## Additional platform-specific trends:

- Western Canada - strong occupancy recovery; limited agency staffing pressure.
- Quebec - lower occupancy.
- In Q3 2022, all platforms increased occupancy from Q2 2022.



# 2022 Outlook: Occupancy and Rent Update

| Retirement Operations                                            | One month ended July 31, 2022 | One month ended August 30, 2022 | One month ended September 30, 2022 | One month ended October 31, 2022 | Forecast One month ending November 30, 2022 <sup>(1)</sup> | Forecast One month ending December 31, 2022 <sup>(1)</sup> |
|------------------------------------------------------------------|-------------------------------|---------------------------------|------------------------------------|----------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| <b>Weighted average occupancy rate - same property portfolio</b> | 77.6%                         | 77.5%                           | 77.7%                              | 78.1%                            | 78.2%                                                      | 78.2%                                                      |
| <i>Change from the previous month</i>                            |                               | (0.1pp)                         | 0.2pp                              | 0.4pp                            | 0.1pp                                                      | -                                                          |

(1) Forecast includes leases and notices as at October 31, 2022.

- Our properties in 11 of our top 15 markets, experienced average occupancy increases of 2.8 percentage points from April to September 2022; Ottawa, Durham, Calgary, and Quebec City, experienced average occupancy declines of 1.3 percentage points in the same period.
- Same property retirement occupancy increased 0.4 percentage points in October.
- Same property retirement occupancy is forecast to increase 0.1 percentage point in November and remain flat in December, based on known leases and notices as at October 31, 2022.
- We have consistently experienced mid-month move ins, particularly in our Ontario platform. These mid-month move-ins are not accounted for in our forecasts.
- Due to inflationary conditions, combined rental and service rate increases 75 basis points higher than previous expectation of approximately 3.0%.

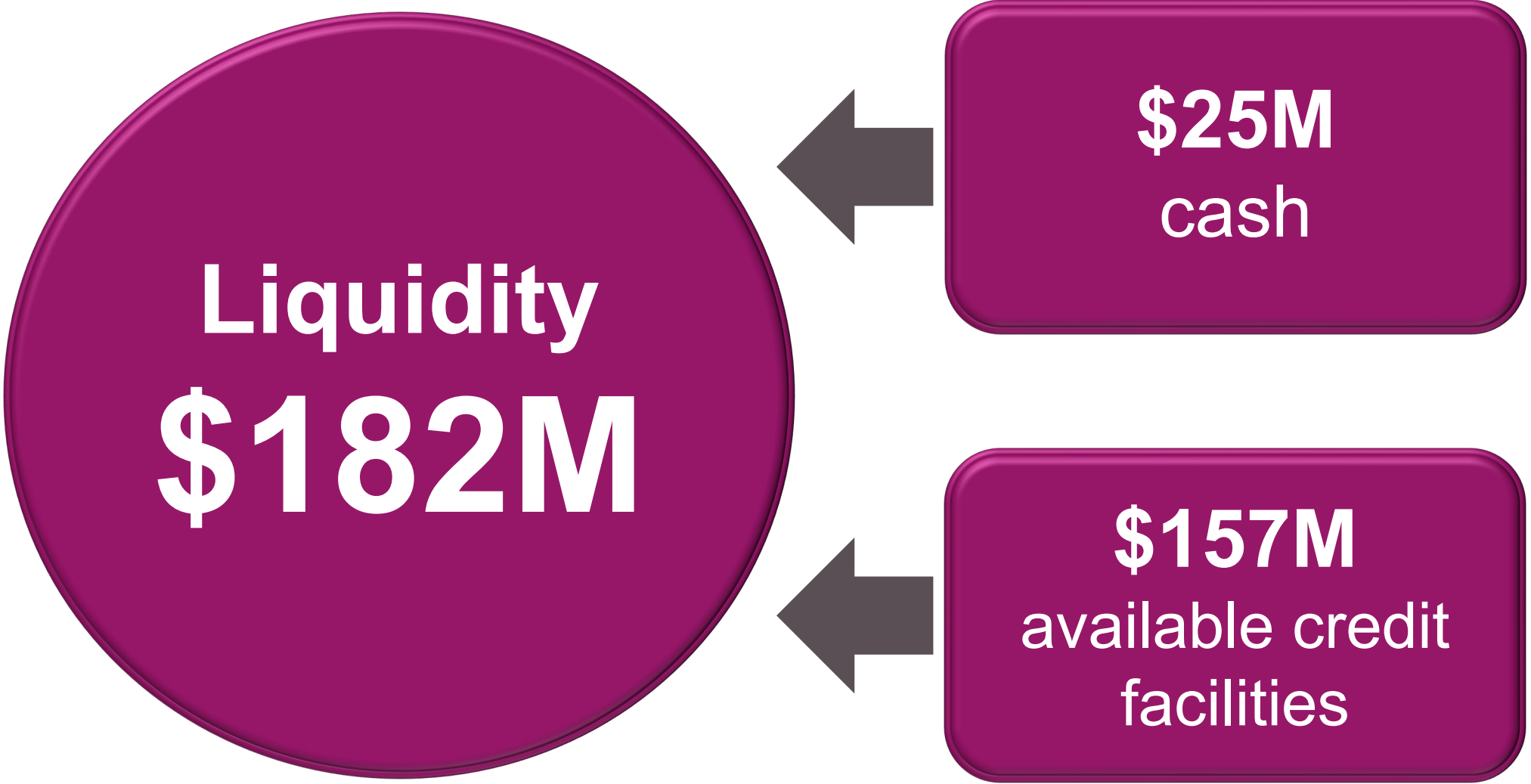
# 2022 Outlook Updates

Operating Expenses

G&A

# Financial Position

At November 9, 2022



**Liquidity  
\$182M**

**\$25M**  
cash

**\$157M**  
available credit  
facilities

- Mortgage refinancings – in progress.

# Strategy Update



**Resident  
Experience**



**Employee  
Engagement**



**Occupancy**

**Agile &  
Scalable  
Platform**

**Portfolio  
Management**

**Growth**

# Supplemental Information

## FFO and FFOPU

| (\$000s, except number of units and per unit amounts)                                                                                                                      | Continuing Operations |         |         | Total Operations |         |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------|---------|------------------|---------|---------|
|                                                                                                                                                                            | Q3 2022               | Q3 2021 | Change  | Q3 2022          | Q3 2021 | Change  |
| Net income/(loss)                                                                                                                                                          | 750                   | (1,839) | 2,589   | 4,278            | 917     | 3,361   |
| <i>Add (Subtract):</i>                                                                                                                                                     |                       |         |         |                  |         |         |
| B Depreciation of PP&E                                                                                                                                                     | 38,958                | 36,966  | 1,992   | 38,958           | 39,109  | (151)   |
| D Amortization of limited life intangible assets                                                                                                                           | 809                   | 862     | (53)    | 809              | 1,072   | (263)   |
| 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 | (1,186)               | (1,416) | 230     | (1,186)          | (1,416) | 230     |
| E Loss/(gain) on disposal of assets                                                                                                                                        | (656)                 | (149)   | (507)   | (655)            | (151)   | (504)   |
| J Transaction costs arising on dispositions                                                                                                                                | 122                   | 420     | (298)   | 183              | 420     | (237)   |
| G Deferred income tax                                                                                                                                                      | (2,248)               | (2,724) | 476     | (2,248)          | (2,724) | 476     |
| O Distributions on Class B Units recorded as interest expense                                                                                                              | 234                   | 234     | -       | 234              | 234     | -       |
| M Changes in fair value of financial instruments and foreign exchange loss/(gain)                                                                                          | (9,054)               | (4,274) | (4,780) | (9,054)          | (4,274) | (4,780) |
| Q FFO adjustments for Equity-Accounted JVs                                                                                                                                 | 561                   | 750     | (189)   | 561              | 750     | (189)   |
| FFO                                                                                                                                                                        | 28,290                | 28,830  | (540)   | 31,880           | 33,939  | (2,057) |
| Weighted average number of units (000s)                                                                                                                                    | 237,837               | 225,074 | 12,763  | 237,837          | 225,074 | 12,763  |
| FFOPU                                                                                                                                                                      | 0.12                  | 0.13    | (0.01)  | 0.13             | 0.15    | (0.02)  |

## Adjusted NOI

| (\$000s)                                                                          | Q3 2022        | Q3 2021        | Change        |
|-----------------------------------------------------------------------------------|----------------|----------------|---------------|
| <b>Resident revenue</b>                                                           | <b>168,758</b> | <b>156,430</b> | <b>12,328</b> |
| <i>Add:</i>                                                                       |                |                |               |
| Share of resident revenue from joint ventures <sup>(1)</sup>                      | 29,192         | 27,152         | 2,040         |
| Resident revenue from LTC Discontinued Operations <sup>(2)</sup>                  | 60,121         | 55,106         | 5,015         |
| <b>Adjusted resident revenue</b>                                                  | <b>258,071</b> | <b>238,688</b> | <b>19,383</b> |
| <i>Comprised of:</i>                                                              |                |                |               |
| Same property                                                                     | 159,866        | 152,593        | 7,273         |
| Acquisitions and development                                                      | 20,078         | 10,319         | 9,759         |
| Dispositions, repositioning, and other                                            | 78,127         | 75,776         | 2,351         |
| <b>Adjusted resident revenue</b>                                                  | <b>258,071</b> | <b>238,688</b> | <b>19,383</b> |
| <b>Direct property operating expense</b>                                          | <b>117,811</b> | <b>107,374</b> | <b>10,437</b> |
| <i>Add:</i>                                                                       |                |                |               |
| Share of direct property operating expense from joint ventures <sup>(1)</sup>     | 20,413         | 18,800         | 1,613         |
| Direct property operating expense from LTC Discontinued Operations <sup>(2)</sup> | 54,732         | 48,259         | 6,473         |
| <b>Adjusted direct property operating expense</b>                                 | <b>192,956</b> | <b>174,433</b> | <b>18,523</b> |
| <i>Comprised of:</i>                                                              |                |                |               |
| Same property                                                                     | 109,505        | 101,694        | 7,811         |
| Acquisitions and development                                                      | 12,658         | 7,550          | 5,108         |
| Dispositions, repositioning, and other                                            | 70,793         | 65,189         | 5,604         |
| <b>Adjusted direct property operating expense</b>                                 | <b>192,956</b> | <b>174,433</b> | <b>18,523</b> |
| <b>NOI</b>                                                                        | <b>50,947</b>  | <b>49,056</b>  | <b>1,891</b>  |
| <i>Add:</i>                                                                       |                |                |               |
| Share of NOI from joint ventures                                                  | 8,779          | 8,352          | 427           |
| <b>Adjusted NOI from continuing operations</b>                                    | <b>59,726</b>  | <b>57,408</b>  | <b>2,318</b>  |
| <i>Add:</i>                                                                       |                |                |               |
| NOI from LTC Discontinued Operations                                              | 5,389          | 6,847          | (1,458)       |
| <b>Adjusted NOI</b>                                                               | <b>65,115</b>  | <b>64,255</b>  | <b>860</b>    |
| <i>Comprised of:</i>                                                              |                |                |               |
| Same property                                                                     | 50,361         | 50,899         | (538)         |
| Acquisitions and development                                                      | 7,420          | 2,769          | 4,651         |
| Dispositions, repositioning, and other                                            | 7,334          | 10,587         | (3,253)       |
| <b>Adjusted NOI</b>                                                               | <b>65,115</b>  | <b>64,255</b>  | <b>860</b>    |

(1) Non-GAAP; represents Chartwell's proportionate share of the results related to our equity-accounted joint ventures and LTC Discontinued Operations.

(2) Represents the results related to LTC Discontinued Operations.

# THANK YOU



**CHARTwell**  
retirement residences