CHARTwell
retirement residences

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED DECEMBER 31 **2022**

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

For the Year Ended December 31, 2022

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About this Management's Discussion and Analysis

Chartwell Retirement Residences ("Chartwell" or the "Trust") has prepared the following management's discussion and analysis (the "MD&A") to provide information to assist its current and prospective investors' understanding of the financial results of Chartwell for the year ended December 31, 2022. This MD&A should be read in conjunction with Chartwell's audited, consolidated financial statements for the years ended December 31, 2022, and 2021 and the notes thereto (the "Financial Statements"). This material is available on Chartwell's website at www.chartwell.com. Additional information about Chartwell, including its Annual Information Form ("AIF"), for the year ended December 31, 2022, 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 March 2, 2023.

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

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

In this document, "Q1" refers to the three-month period ended March 31; "Q2" refers to the three-month period ended June 30; "Q3" refers to the three-month period ended September 30; "Q4" refers to the three-month period ended December 31; "2022" refers to the calendar year 2022; and "2021" refers to the calendar year 2021.

Unless otherwise indicated, all comparisons of results for 2022 and Q4 2022 are in comparison to results from 2021 and Q4 2021, respectively.

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

In this document we use a number of performance measures that are not defined in generally accepted accounting principles ("GAAP") which follow the disclosure requirements established by National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosures, to measure, compare and explain the operating results and financial performance of the Trust (collectively, the "Non-GAAP 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 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 this MD&A for details. As part of our financial covenants reporting, we present AFFO in accordance with the definitions used in our credit agreements. This definition differs from the definition in the REALPAC Guidance.

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

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

Non-GAAP Financial Measures

Funds from operation ("FFO"), FFO for continuing operations, Total FFO, FFO from LTC Discontinued Operations, FFO for Equity-Accounted JVs, and Internal Funds from Operations, ("IFFO"), IFFO for continuing operations, Total IFFO, 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 and 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 this MD&A for details on these measures.

Risks and Uncertainties

Please refer to the "Risks and Uncertainties" section of this MD&A, as well as our AIF dated March 2,2023, 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 82 of this 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 continuum of care, all of which are located in Canada.

We provide resident services and care in the following settings:

Independent Living Apartments ("IL")	Independent Supportive Living – Apartments ("ISLA")	Independent Supportive Living – Suites ("ISLS")
Apartments / townhouses/ bungalows/ with full kitchens, availability of dining, life enrichment and housekeeping services.	Apartments/ townhouses/ bungalows/ with full kitchens, with availability of dining, life enrichment, housekeeping, personal assistance, and care services.	Suites with availability of dining, life enrichment, housekeeping, personal assistance, and care services.

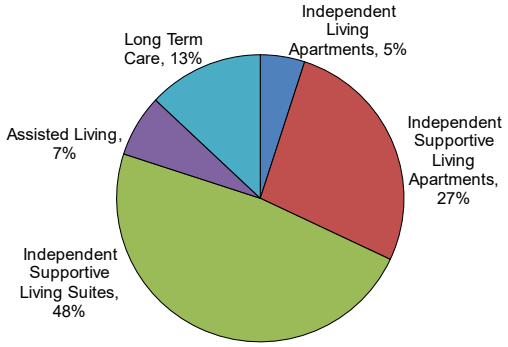
Assisted Living ("AL")	Long Term Care ("LTC")
Suites with a base level of personal assistance services and/or personal care services for persons with Alzheimer's disease or other forms of dementia included in the base fee, located in a separate/secure wing, floor or building. Additional care services may be added on top of base fee.	Access to 24-hour nursing care or supervision in a secure setting, assistance with daily living activities and high levels of personal care. Admission and funding are overseen by local government agencies in each province.

Composition of Our Portfolio

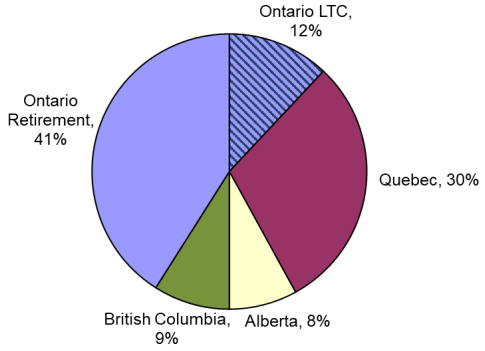
The following presents the composition of our owned and managed portfolio of communities in our two operating segments at December 31, 2022:

	Retirement Operations		Long Term Care Operations [1]		Total	
	Communities	Suites/Beds	Communities[2]	Suites/Beds	Communities	Suites/Beds
Owned Communities [3]						
100% Owned – operating	111	14,488	20	2,776	131	17,264
Partially Owned – operating [4]	49	9,576	-	-	49	9,576
Total Owned	160	24,064	20	2,776	180	26,840
Managed Communities	8	2,355	4	608	12	2,963
Total	168	26,419	24	3,384	192	29,803

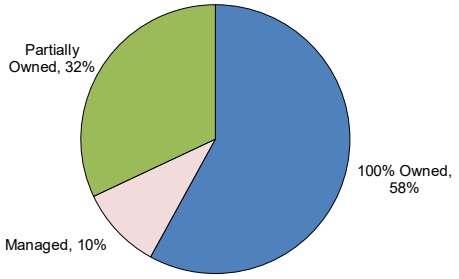
Level of Care [1][4][5]



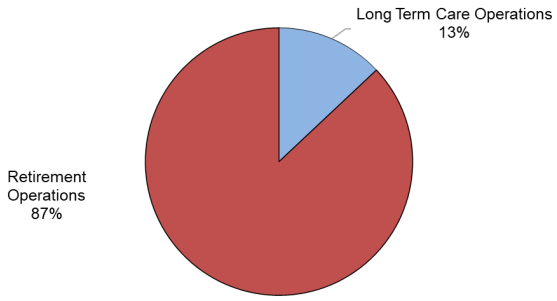
Geographic Location [1][4][5]



Ownership Interest [4]



Adjusted NOI by Operating Segment [1][5][6]



(1) We are in the process of selling the majority of our Long Term Care homes and transitioning our LTC management platform. Please refer to the "2023 Outlook" section on page 11 of this MD&A.

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

(3) Where a community provides more than one level of care, it has been designated according to the predominant level of care provided, type of licensing and funding received and internal management responsibility.

(4) We have a 42.5% ownership interest in three communities (909 suites), a 45% ownership interest in one community (332 suites), a 50% ownership interest in 41 communities (7,748 suites), a 60% ownership interest in one community (165 suites) and an 85% ownership interest in three communities (422 suites).

(5) Based on Chartwell's share of ownership interest at December 31, 2022.

(6) Adjusted NOI % represents Chartwell's share of ownership interest for the 12 months ended December 31, 2022.

Property Portfolio Groupings

We use groupings of our 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. In Q3 2022 we changed our portfolio groupings to present separately our acquisitions and development portfolio, which includes properties acquired subsequent to January 1 of the preceding fiscal year and development properties not yet achieving 90% occupancy by January 1 of the preceding fiscal year; and our dispositions and repositioning portfolio which includes properties that we expect to sell, or make significant capacity changes to within the current or next fiscal year and the historical results of properties we have sold. Financial and operating performance trends in these two types of properties vary. Our portfolio groupings, defined below, are:

- same property,
- acquisitions and development, and
- dispositions and repositioning

The supplemental disclosure of our same property portfolio, our acquisitions and development portfolio, and our dispositions and repositioning portfolio are non-GAAP measures and should not be construed as an alternative to 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. In addition to the definitions for each of these portfolio groupings, the following provides 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 or next fiscal year. In addition, to improve comparability, properties that are undergoing a significant redevelopment or repositioning or where we have added or reduced or expect to add or reduce capacity significantly in the current or next fiscal year are excluded from the same property portfolio.

The following table summarizes the composition of our same property portfolio as at December 31, 2022

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations	141	20,803	16,753

Acquisitions and Development Portfolio

Our acquisitions and development portfolio includes properties that were:

- acquired after January 1, 2021, and
- recently developed properties that had not reached 90% occupancy prior to January 1, 2021.

Consequently, the previous fiscal year results are not fully comparable for these properties and this grouping is presented separately.

The following table summarizes the composition of our acquisitions and development portfolio as at December 31, 2022:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations	15	2,673	2,014
Long Term Care Operations	-	-	-
Total acquisitions and development	15	2,673	2,014

As of December 31, 2022, our acquisitions and development portfolio included 15 acquired and recently developed retirement residences with an aggregate gross book value of $807.6 million. These residences had a weighted average occupancy of 72.3% in 2022 and 76.1% in Q4 2022 and generated adjusted NOI of $27.9 million in 2022 and $8.3 million in Q4 2022. If we achieve the expected stabilized average occupancy of 95% these residences are estimated to generate annualized adjusted NOI of $52.2 million at our share of ownership.

Dispositions and Repositioning Portfolio

Our dispositions and repositioning portfolio includes properties that are classified as assets held for sale, including the LTC Discontinued Operations, properties that we expect to sell in the current or next fiscal year, and properties that are undergoing a significant redevelopment or repositioning, including in some cases significant changes in capacity or use.

The following table summarizes the composition of our dispositions and repositioning portfolio as at December 31, 2022:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations [(1)]	4	588	588
Long Term Care Operations [(2)]	20	2,776	2,776
Total dispositions and repositioning portfolio	24	3,364	3,364

(1) Includes three retirement residences (307 suites) that have been removed from our available capacity commencing January 1, 2023.

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

During Q4 2022, three retirement residences with 307 suites were closed to new admissions and commencing January 1, 2023, these three residences' suites have been removed from our available capacity. Please refer to the "2023 Outlook" on page 11 of this MD&A.

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."

Objectives:

We believe that only **highly engaged employees** will deliver the exceptional resident experiences fulfilling our vision of Making People's Lives Better and driving high resident satisfaction scores. We know that **very satisfied residents** are much more likely to recommend their residence to their friends and be Chartwell ambassadors in their local communities. We know that the majority of our new resident move-ins are based on such recommendations. Therefore, by focusing our efforts and investments in the areas of employee engagement and resident satisfaction, we expect to generate **high occupancy rates** which, in turn, should drive strong growth in earnings. We elected to measure this earnings growth by utilizing an Internal Funds from Operations ("IFFO") metric on a per unit basis **("IFFOPU").** IFFO is calculated by adding to FFO the following: (a) lease-up-losses and imputed financing costs related to our development properties, (b) current income taxes, and (c) income guarantees due from vendors of certain acquired properties. IFFO is a non-GAAP measure. The reconciliation of IFFO to net income/(loss) and FFO, explanations and rationale for adjustments can be found in the "Additional Information on Non-GAAP Financial Measures" section on page 61 of this MD&A.

Scope and Competitive Advantage:

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

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

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

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

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

The following highlights the progress made in 2022 on the key components of our business strategy:

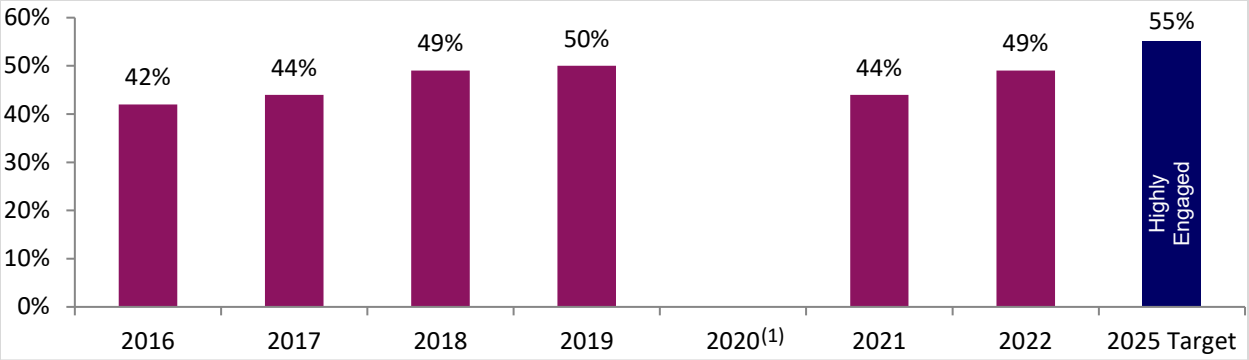
Employee Engagement

Our annual employee engagement survey includes 25 core engagement questions, covering many aspects of employee experience at Chartwell. In addition, for the second consecutive year we added specific questions with respect to diversity of our employees and their perception of inclusivity at Chartwell. The overall score is determined by the average responses to the 25 core statements.

In 2022, 48% of the survey respondents indicated high engagement ("strongly agreed" responses), compared to 43% in 2021. Our combined score of employees who agreed and strongly agreed with the survey statements was 81% in 2022 compared to 77% in 2021.

In our Retirement Operations 49% of employees indicated high engagement in 2022, compared to 44% in 2021, with a combined agreed and strongly agreed 2022 score of **81%.**

The following chart summarizes employee engagement survey results for our Retirement Operations:



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

Resident Satisfaction

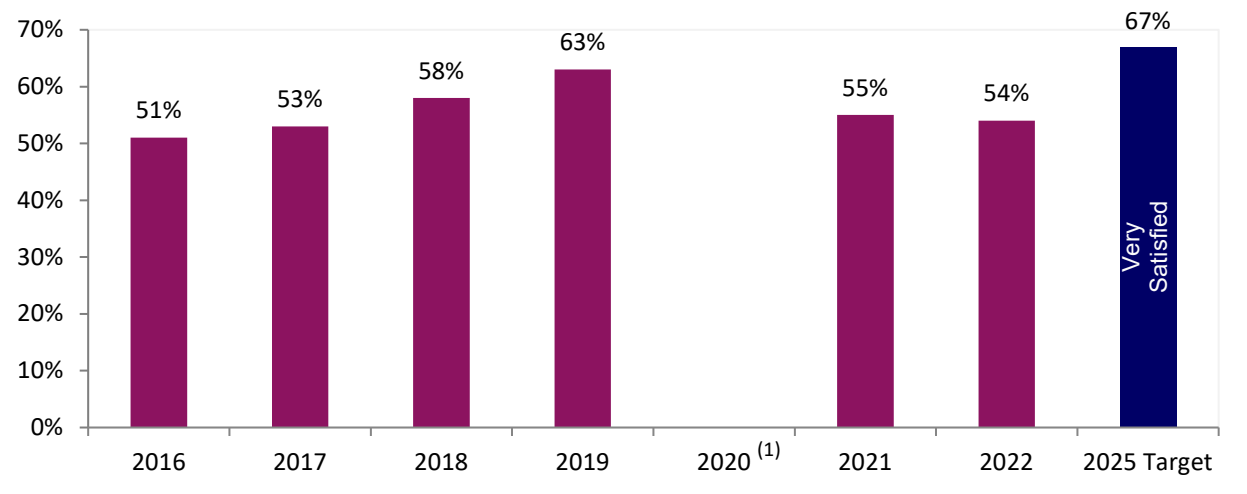
Our annual resident satisfaction survey includes 36 statements covering various aspects of resident experience at Chartwell with the overall score determined by the average responses to the following three statements:

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

In 2022, 54% of the survey respondents indicated their high satisfaction ("strongly agreed" responses), consistent with our 2021 results. Our combined score of residents who agreed and strongly agreed with the survey statements was 84% in 2022 compared to 85% in 2021.

In our Retirement Operations 54% of respondents indicated their high satisfaction in 2022, compared to 55% in 2021, with a combined agreed and strongly agreed 2022 score of **84%.**

The following chart summarizes resident satisfaction survey results for our Retirement Operations:

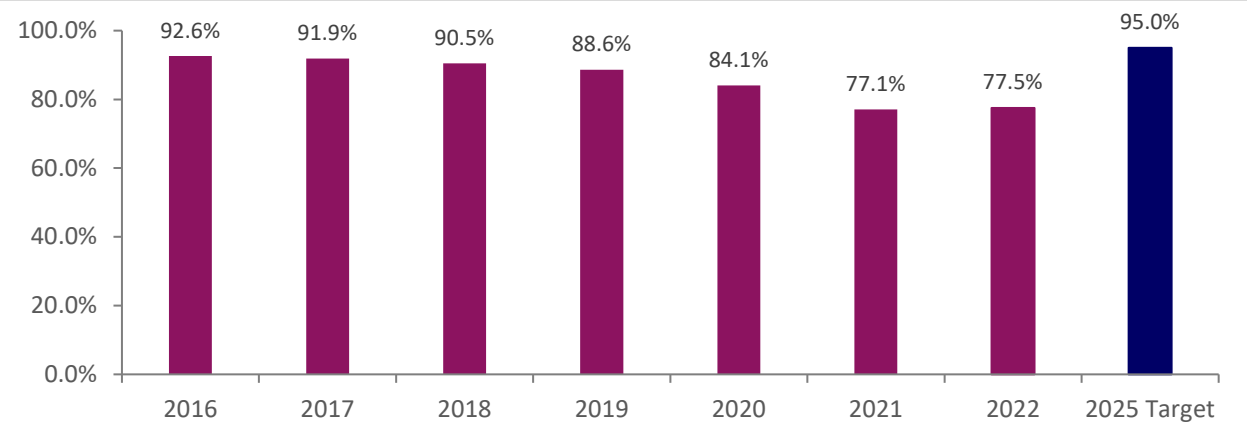


(1) In 2020, a modified survey was conducted. Therefore, the 2020 result is not comparable to prior periods and it has not been presented.

We believe that pandemic related staff and management turnover and the resulting reliance on temporary agency staffing adversely impacted our resident experience in 2022. We believe our numerous recruitment, retention, agency management and customer experience strategies will result in enhanced resident experiences in 2023 and beyond.

Occupancy

The following chart summarizes our same property occupancy for our Retirement Operations (1):



(1) The same property numbers are as reported, and the same property portfolio is not the same year over year.

Our same property retirement portfolio occupancy which has declined during the pandemic started to recover in the spring of 2022. We believe that rapid growth in the senior population, a deficit of long term care beds and the slowdown of new constructions starts will support our occupancy recovery and achievement of our aspirational target occupancy of 95% in 2025.

Agile, Scalable Management Platform

Applying our learnings from the pandemic years we are building on the strength of our management platform to become an even more agile and scalable organization which can successfully support growth of our portfolio in the future. We believe this will be achieved through further empowerment of our residences' leaders and front-line employees and the streamlining our corporate support functions to provide more targeted and timely assistance to our residences' teams. We re-organized our corporate support functions in 2022 to better align with the needs of our residences. We reviewed and streamlined our brand standards and corporate processes to enable faster decision making and improved focus. We are also developing new operating programs for smaller residences to enhance personalization of services to the residents in these homes in a more cost-effective manner.

Portfolio Optimization and Asset Management

We established a portfolio management and partner relations team to accelerate our portfolio optimization strategies, manage our existing and develop new partner relationships.

Our portfolio optimization strategy includes the announced disposition of our Ontario LTC portfolio, and repositioning and divestiture plans for four other residences with 588 suites refer to the "Composition of our portfolio – Dispositions and repositioning" section on page 6 and the "2023 Outlook" on page 11 of this MD&A that are included in the dispositions and repositioning portfolio grouping. As we continue to improve our portfolio several other residences are currently under review for the development and execution of property specific strategies which may include service model changes, capital upgrades, asset class repositioning, or dispositions. Our operations team has been reorganized to create a specialized team charged with oversight of certain properties which require more complex operating strategies.

Growth

The rise in construction costs and uncertainty created by the pandemic resulted in a slowdown in our development and acquisition activities in recent years. We believe that our national management platform will continue to be our competitive advantage in pursuing new growth opportunities through acquisitions and development in the future. We have a number of potential acquisition opportunities of newly developed residences through our partnership with Batimo, Inc ("Batimo") in Quebec and continue to evaluate a number of development opportunities on lands we control. We are also working to build new relationships with reputable developers and investors to avail ourselves of future growth opportunities that are complementary to our portfolio.

2023 Outlook

The prolonged COVID-19 pandemic has had a profound impact on society, our residents and their families, particularly those directly affected by the coronavirus disease. During the pandemic, various measures were introduced by Canadian federal and provincial governments and other regulatory authorities affecting society generally and also specifically related to retirement residences and long term cares homes. These measures were intended to mitigate the transmission of COVID-19 and included general lockdowns, vaccination programs and mandates, screening and testing requirements, social distancing recommendations, access, and capacity restrictions, as well as self-isolation and masking requirements, collectively "COVID-19 Restrictions". The majority of these measures are no longer in effect in society in general. In respect of retirement residences and long term care homes COVID-19 infections are now managed similarly to other infectious diseases, such as influenza.

Our revenue and operating results depend significantly on the occupancy levels at our retirement residences and long term care homes. The COVID-19 pandemic negatively affected our business and operations as well as consumer sentiment for congregate living, resulting in lower new resident move ins and occupancy declines. In addition, COVID-19 Restrictions increased direct property operating expenses due to the provision of enhanced care and protection to our residents and staff; increased utilization of sick leave benefits for employees; increased temporary staffing agency and overtime costs; increased personal protective equipment costs; enhanced disinfection and cleaning; and extended dining services to facilitate physical distancing and/or isolation.

Beginning in the spring of 2022, monthly move ins of new residents have increased to pre-pandemic levels and our occupancies started to gradually increase. As the COVID-19 Restrictions have eased, the expenses for infection prevention and control have begun to decline. However, the COVID-19 pandemic exacerbated staffing shortages for both health care staff and service workers. These staffing shortages have resulted in an elevation in direct property operating expenses due to the premium fees paid to temporary staffing agencies to provide workers to fill vacancies and augment staff complement where necessary.

It remains possible that COVID-19 Restrictions or similar measures could be reintroduced which could further negatively affect our occupancy, revenues and expenses. Although various government funding programs were implemented and we had, and may continue to have, access to these programs there is no certainty as to the extent to which we will continue to have access to these programs nor whether these programs will mitigate the negative effects of declines in occupancy and increases in our operating expenses.

We believe that there is a pent-up demand for retirement accommodation and services, driven by the increased ageing population, disruptions of community-based support services for seniors during the pandemic and a persistent shortage of long term care beds. Accelerated growth in the population of seniors over the age of 75 over the next 20 plus years, as well as the slowdown in the construction of new retirement residences should support continued occupancy recovery in the short term and growth from pre-pandemic levels over the long term. Please refer to the "Supplemental Information" section on page 84 of this MD&A for supply, demand and demographic information for the four provinces we operate in along with a summary of our top 15 markets. The results of our annual brand awareness and customer sentiment survey showed a recovery of customer sentiment to pre-pandemic levels.

Prior to the pandemic, low unemployment rates and significant increases to minimum wages, had made it challenging to attract and retain front-line employees in certain of our markets. During the pandemic, various governments have stepped in to provide temporary top-up wages for many front-line essential health care workers. Approximately 65% of staff in our retirement residences, and 35% of staff in our long term care homes are hospitality staff – primarily in dining, housekeeping, maintenance, and administration services – with the remainder being health care staff – primarily personal support workers, health care aides, and registered practical nurses. We expect recruitment and retention challenges to persist in 2023. While we expect to see higher than historical growth in labor costs, high unionization rates and extended

terms of our collective agreements, as well as our initiatives to reduce reliance on expensive agency staff are expected to provide a partial offset to this expense growth. We continue to focus on differentiating Chartwell as the employer of choice in our sector through the implementation of various recruitment, retention and engagement focused initiatives.

Retirement Operations

We expect rent and services fee growth in the short term to be above our historical rates. Since 2019 minimum wage in three of the four provinces we operate in increased between 10% and 14%. This, combined with high inflation and government intervention in labour markets during the pandemic, resulted in significant increases in our labour costs. In addition, the pandemic exacerbated staffing shortages, previously limited to certain markets, are now more prevalent. To sustain service delivery to our residents we increased our reliance on staffing agencies, which charge premiums of 50% to 200% over the prevailing market compensation rates. In 2022 high inflation impacted costs of food, supplies and other goods and services used in our operations. We will continue to balance the needs of our residents and the sustainability of our business. In 2023 we expect to increase our rental and services rates for our existing and new residents of between 4% and 7%. In addition, optional services rates will increase between 8% and 10%. The rate increases for our existing residents will take place on their individual lease anniversary occurring throughout the year.

Once occupancies recover, we believe there will be an opportunity for higher market rate growth, driven by increasing demand and expansion of our service offering. Despite the recent correction in housing prices, there remains significant value appreciation in the housing market over the past decade which should increase the affordability of our services to our prospective residents. For our retirement residences owned on December 31, 2022, the annual revenue impact of a one percent change in rate and service fees is estimated at approximately $7.3 million and a one percentage point change in occupied suites is estimated at $9.4 million.

The following table summarizes our historic blended rental and service rate growth in 2021 and 2022 and our expected rate growth in 2023:

	2021	2022	2023
Western Canada [(1)]	3.9%	3.5%	3.5 to 4.0%
Ontario	3.6%	2.9%	4.5 to 5.0%
Quebec	3.4%	3.7%	4.0 to 4.5%

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

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

	One month ended October 31, 2022	One month ended November 30, 2022	One month ended December 31, 2022	One month ended January 31, 2023	One month ended February 28, 2023	Forecast One month ending March 31, 2023 (1)
Same Property Portfolio:						
Western Canada	86.4%	86.9%	86.8%	86.8%	86.8%	86.3%
Change from the previous month (2)		*0.5 pp*	*(0.1 pp)*	*-*	*-*	*(0.5 pp)*
Ontario	75.4%	75.6%	75.7%	76.3%	75.7%	75.3%
Change from the previous month		*0.2 pp*	*0.1 pp*	*0.6 pp*	*(0.6 pp)*	*(0.4 pp)*
Quebec	77.2%	77.6%	77.8%	77.5%	*77.2%*	*76.7%*
Change from the previous month		*0.4 pp*	*0.2 pp*	*(0.3 pp)*	*(0.3 pp)*	*(0.5 pp)*
Weighted average occupancy rate - same property portfolio	**78.1%**	**78.4%**	**78.6%**	**78.7%**	**78.3%**	**77.9%**
Change from the previous month		*0.3 pp*	*0.2 pp*	*0.1 pp*	*(0.4 pp)*	*(0.4 pp)*
Weighted average occupancy rate - acquisitions and development portfolio	75.4%	76.2%	76.8%	77.6%	76.9%	76.7%
Change from the previous month		*0.8 pp*	*0.6 pp*	*0.8 pp*	*(0.7 pp)*	*(0.2pp)*
Weighted average occupancy rate - dispositions and repositioning portfolio (3)	65.4%	65.8%	55.6%	86.5%	87.9%	88.2%
Change from the previous month		*0.4 pp*	*(10.2 pp)*	*n/a(4)*	*1.4 pp*	*0.3 pp*
Weighted average occupancy rate - total portfolio (3)	**77.3%**	**77.6%**	**77.7%**	**78.7%**	**78.3%**	**77.9%**
Change from the previous month		*0.3 pp*	*0.1 pp*	*1.0 pp*	*(0.4 pp)*	*(0.4 pp)*

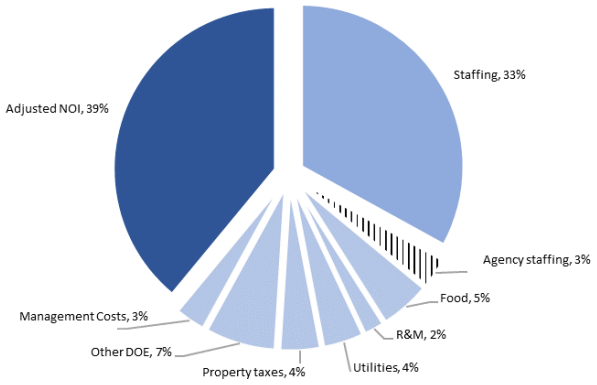
(1) Forecast includes leases and notices as at February 28, 2023 and an estimate for March 2023 of mid-month move-ins of 0.2 percentage points based on the preceding 12 months average of such activity.
(2) 'pp' means percentage points.
(3) During Q4 2022, three retirement residences with 307 suites were closed to new admissions and commencing January 1, 2023, these three residences' suites have been removed from our available capacity. Please refer to the "Composition of our Portfolio – Dispositions and Repositioning" section on page 6 and the "2023 Outlook" section on page 11 of this MD&A .
(4) 'n/a' means not applicable.

Our same property weighted average occupancy rate continued to increase in January 2023, with a 0.1 percentage point increase compared to December 2022. In February 2023 same property weighted average occupancy decreased 0.4 percentage points primarily due to seasonally lower move in activity. Our previous monthly occupancy forecasts were based on known leases and notices on hand. We consistently experience mid-month move ins which have averaged 0.3 percentage points in the last three months and 0.2 percentage points in the last 12 months. We have changed our forecast methodology to include, in addition to known leases and notices on hand, mid-month move ins based on the last 12 months average. Based on this methodology as at February 28, 2023, our same property weighted average occupancy is expected to decrease 0.4 percentage points in March 2023, primarily due to seasonally lower move in activity. From December 2022 to March 2023 occupancy declined 0.7 percentage points, an improvement from pre-pandemic declines which averaged 1.5 percentage points from December to March.

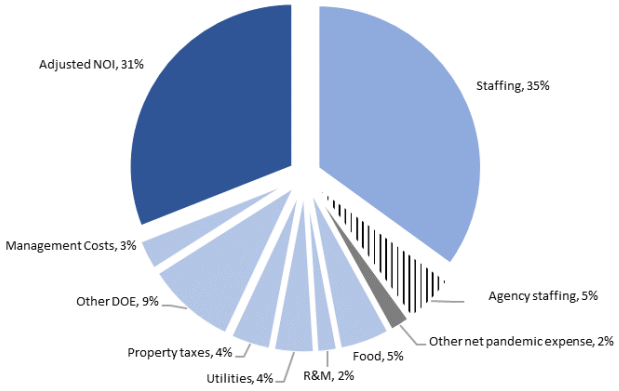
We have implemented numerous operating, marketing and sales initiatives which we expect to drive continued occupancy recovery in 2023 and beyond, supported by strong demand resulting from accelerating demographic growth, shortages of long term care beds and fewer senior housing construction starts.

The following graph summarizes the breakdown of our retirement same property adjusted NOI and adjusted direct property operating expenses as a percentage of adjusted resident revenue for each of 2019 and 2022:

2019
(adjusted resident revenue $652.5M, Occupancy 88.7%)



2022
(adjusted resident revenue $634.3M, Occupancy 77.5%)



Same property adjusted NOI was 39% of adjusted resident revenue in 2019 and has declined to 31% of adjusted resident revenue in 2022 primarily due to lower occupancy. In addition, as described above, we have experienced higher adjusted direct property operating expenses. Staffing shortages continue in select markets in Ontario and Quebec and as a result we continue to incur costs for premiums paid to temporary staffing agencies to maintain resident services. In 2022, total costs paid to staffing agencies amounted to 5% of adjusted resident revenue compared to 3% of adjusted resident revenue in 2019. We have implemented numerous recruitment, retention and agency management initiatives to reduce our reliance on agency workers. For our retirement residences owned on December 31, 2022, the annual impact of a one percent change in total compensation costs is estimated at approximately $2.6 million.

Long Term Care Operations

On March 31, 2022, we entered into definitive agreements to substantially exit our Long Term Care Operations in Ontario, including all operations for owned and managed Ontario long term care properties. These agreements, together, the "LTC Transactions" include:

- the sale of 16 long term care homes in Ontario one of which has an adjacent retirement residence, which have been reclassified as discontinued operations ("LTC Discontinued Operations"),
- the transition of management of three long term care homes we currently own, two of which we will retain ownership of and one of which is subject to a forward sale contract described below,
- the transition of management of four third-party owned long term care homes to which we currently provide management services, and
- a forward sale contract related to one long term care home (100 beds) that we own and are currently redeveloping to have 224 beds once completed ("Ballycliffe LTC").

The sale price for the LTC Discontinued Operations is $379.2 million, before closing costs and subject to customary adjustments in accordance with the terms of the purchase and sale agreement. The transition of our LTC Discontinued Operations and the transition of management of our three long term care homes that we currently own as well as the four third-party owned long term care homes that we currently manage, subject to regulatory and other required approvals, is expected to occur in late Q2 2023 or early Q3 2023. The purchase price for the LTC Discontinued Operations will be paid through the assumption of mortgage debt by the purchaser related to certain of these properties, which assuming a June 30, 2023, closing would carry an estimated balance of $122.0 million bearing a weighted average interest rate of 5.4%, with the remainder to be paid in cash. A portion of the cash proceeds will be used to repay the remaining mortgage debt, which is not being assumed by the purchaser, which assuming, a June 30, 2023, closing would carry a balance of $14.5 million bearing a weighted average interest rate of 6.1%. Net proceeds based on a June 30, 2023, closing date, after deductions for repayment of property-specific debt, transaction costs, and specified investment flow-through ("SIFT") cash taxes are estimated to be approximately $205.3 million.

The sale price for Ballycliffe LTC is $64.5 million and net proceeds from the forward purchase after transaction costs and SIFT cash taxes are estimated to be approximately $62.9 million. The forward sale contract will close when the redevelopment of Ballycliffe LTC is completed which is estimated to occur in Q3 2023.

We expect, subject to market conditions, to use the estimated net proceeds of the LTC Transactions to pay down debt.

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

In 2023 we will continue to improve our management platform to enhance our ability to grow our business and support our operations teams. We are refocusing our resources on our priorities to improve occupancy, reduce agency premiums, improve our operating results and transition our LTC management platform. We expect our G&A to remain consistent with 2022 levels.

Development

Our long term business strategy is to develop modern, innovative, market-specific, and operationally efficient retirement residences that remain competitive over the long term, and selectively partnering with reputable developers in order to gain access to attractive sites in strong markets. Due to the current economic environment with elevated development and financing costs as well as lower occupancies in retirement residences, further construction starts remain paused. At this time, we have a 90-suite addition to one of our existing retirement residences under construction. In addition, we have Ballycliffe LTC under redevelopment that is subject to a forward purchase agreement as part of the LTC Transactions as described above.

Acquisitions

In addition to our own development activities, we have built an important pipeline of future acquisition opportunities with Batimo. Through this relationship, over time we expect to acquire ownership interests in 2,417 suites currently in various stages of lease-up, construction and pre-development in the province of Quebec. 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 occupancy threshold (defined as 90% occupancy for two consecutive months). During 2022, two of the Batimo projects, Chartwell Trait-Carré and Chartwell Le Montcalm achieved the occupancy threshold which is one of the conditions for Batimo to exercise its put rights. We estimate the current fair market value ("FMV") of these two properties at 100% ownership is $130.0 million. Our agreements with Batimo are described in the "Significant Events – Projects by Batimo" section of this MD&A on page 19.

We continue to source and evaluate other acquisition opportunities on a highly selective basis and in line with our growth strategies.

Dispositions and Asset Repositioning Activities

During Q4 2022, three retirement residences in Ontario with 307 suites were closed to new admissions and commencing January 1, 2023, these properties and suites have been removed from our available capacity. On February 8, 2023, we entered into a definitive agreement to sell one of these properties for a sale price of $5.0 million. A vendor take-back mortgage will be extended to the purchaser in the amount of $3.9 million, bearing an interest rate of 10.0% per annum with a three-year term. Of the remaining purchase price, $0.6 will be held back for potential income support guarantee payments and the remainder of the purchase price will be paid in cash. This transaction is expected to close in Q1 2023. We expect to sell or identify alternative uses for the other two properties. The majority of residents in these two properties were relocated to other Chartwell retirement residences in the area.

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

Taxation

In 2022, 84.2% of our distributions were classified as return of capital and 15.8% were classified as eligible dividends. We completed the disposition of two British Columbia long term care homes with 264 beds, the ("BC LTC Transaction"). The BC LTC Transaction resulted in taxable capital gains which were offset with non-capital loss carryforwards. Based on our current expectations, the LTC Transactions will result in SIFT taxes of approximately $34.0 million in 2023. As a result, the majority of our 2023 distributions are expected to be classified as eligible dividends. We expect to have sufficient deductions and losses carried forward to offset any other SIFT taxes in 2023 and 2024.

Liquidity and Financing

As at March 2, 2023, liquidity amounted to $184.8 million, which included $54.4 million of cash and cash equivalents and $130.4 million of available borrowing capacity on our Credit Facilities. In addition, Chartwell's share of cash and cash equivalents held in its equity-accounted joint ventures was $16.7 million.

We finance our operations primarily through long term fixed rate mortgage debt and generally have access to low-cost mortgage financing insured by CMHC. We intend to continue financing our properties through this program including accessing their mortgage financing top-up programs and, for those properties operating at high occupancy levels, converting conventional mortgages to CMHC debt and placing mortgages on certain currently unencumbered properties. On January 13, 2023, we received top up

financing for a CMHC insured mortgage for net proceeds of $8.8 million at a rate of 3.75% for a term of 5 years.
In December 2023 our senior unsecured debentures with a face value of $200.0 million will mature. We expect to refinance these debentures with new senior unsecured debentures, other unsecured or secured debt instruments or equity financing, subject to market conditions.

The LTC Transactions are expected to generate net proceeds of approximately $268.2 million, which are expected to be used, subject to market conditions, to pay down our Credit Facilities. On closing of the LTC Transactions, our unencumbered asset pool will decline by approximately $49.9 million and certain of the sold properties will be removed from the borrowing base collateral for the secured credit facility which will result in a reduction in availability on the secured credit facilities of approximately $26.9 million.

Various economists forecast interest rates to decline in latter part of 2023. We finance our operations primarily through long term fixed rate mortgage debt. In 2023 we have $121.5 million of debt maturing at the weighted average rate of 3.68%, of which $39.6 million is CMHC insured and bears an average rate of 3.92%. At the date of this MD&A, 10-year CMHC insured mortgage rates are estimated at approximately 4.4% and five-year conventional mortgage financing is available at 5.6%.

The following table shows the incremental and annualized effect of a 1.0 percentage point change in interest rates for 2023 and 2024 fixed rate debt maturities:

	2023 Maturities			**2024 Maturities**		
($000s)	Maturity Principal Payment	Incremental Change [1]	Annualized Effect [2]	Maturity Principal Payment	Incremental Change [1]	Annualized Effect [2]
Fixed Mortgage Renewals	121,531	268	1,215	196,638	1,219	1,966
Term Loans	-	-	-	125,000	729	1,250
Debentures	200,000	115	2,000	-	-	-
Total	321,531	383	3,215	321,638	1,948	3,216

(1) Incremental change represents a 1.0 percentage point change in interest rates effective at maturity date for the year of maturity.
(2) Annualized effect represents a 1.0 percentage point change in interest rates assuming the related debt instrument matured January 1 of the year.

In addition, as at December 31, 2022 we have $217.2 million of variable rate debt outstanding in respect of which a 1.0 percentage point change in interest rates would result in $2.2 million of change in interest expense per annum.

Significant Events

In addition to the items discussed in the "2023 Outlook" section of this MD&A, the following events have had a significant effect on our financial results in 2022 and/or may be expected to affect our results in the future:

Development

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

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

Expected Unlevered Yield is defined as the ratio of:

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

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

Completed Developments

The following table summarizes development projects that were completed since January 1, 2021:

Project	Location	Suites / Beds	Suite Type	Chartwell Ownership Interest	Operations Start Date	Gross Book Value (1)(2) ($millions)	Occupancy (3)	Estimated Adjusted Development Costs (1)(4)(6) ($millions)	NOI (1)(5) ($millions)	Expected Stabilized Occupancy Date	Expected Stabilized Occupancy	Estimated Stabilized NOI (1)(6) ($millions)	Expected Unlevered Yield (6)
Projects completed in 2021:													
Chartwell Guildwood Retirement Residence	Scarborough, ON	172	ISLA /ISLS /AL	50%	Q3 2021	39.6	86.8%	41.3	1.4	Q4 2023	95%	3.2	7.7%
Chartwell Montgomery Village	Orangeville, ON	122	ISLA	100%	Q4 2021	40.2	43.8%	43.5	0.8	Q2 2024	93%	3.4	7.7%
		294				**79.8**			**2.2**		**94%**	**6.6**	**7.7%**

(1) Calculated at Chartwell's ownership interest in the project.
(2) As at December 31, 2022.
(3) As of the date of this MD&A.
(4) As at December 31, 2022, includes actual Adjusted Development Costs incurred of $41.0 million, and $42.5 million for Chartwell Guildwood Retirement Residence, and Chartwell Montgomery Village respectively.
(5) For the 12 months ended December 31, 2022.
(6) Non-GAAP; please refer to the preamble to this section for the definition of this metric and discussion of its significance.

Developments in Construction

The following table summarizes development projects that are in construction:

Project	Location	Suites / Beds	Suite Type	Estimated Development Cost [1] ($ millions)	Estimated Lease-up-Losses and Imputed Cost of Debt [1][2] ($millions)	Estimated Adjusted Development Costs [1][3] ($millions)	Adjusted Development Costs [1][2] incurred as at December 31, 2022 ($millions)	Estimated Adjusted Development Costs to Completion [4] ($millions)	Expected Completion Date	Expected Stabilized Occupancy Date	Expected Stabilized Occupancy	Estimated Stabilized NOI [1][2] ($millions)	Expected Unlevered Yield [2]
Chartwell Ballycliffe Long Term Care [5]	Ajax, ON	224	LTC	53.4	3.8	57.2	37.1	20.1	Q2 2023	Q3 2023	N/A	N/A	N/A
Chartwell Ridgepointe Retirement Residence	Kamloops, BC	90	ISLA	32.6	2.9	35.5	19.5	16.0	Q2 2023	Q4 2024	95%	2.3	6.4 %
		314		**86.0**	**6.7**	**92.7**	**56.6**	**36.1**					

(1) Calculated at Chartwell's ownership interest in the project.
(2) Non-GAAP; please refer to the preamble to this section for the definition of this metric and the discussion of its significance.
(3) Non-GAAP; represents the total of estimated Development Costs and estimated Lease-up-Losses and Imputed Cost of Debt.
(4) Calculated as the Estimated Adjusted Development Costs less the Adjusted Development Costs incurred as at December 31, 2022.
(5) Redevelopment of the existing 100-bed Class C LTC to a 224-bed LTC home. The existing LTC operations are continuing during the redevelopment. On March 31, 2022, we entered into a forward purchase agreement as part of the sale of the long term care platform as described in "2023 Outlook" section of this MD&A on page 11.

Projects by Batimo

In addition to our own development activities, we have built an important pipeline of future acquisition opportunities by participating in certain development projects conducted by Batimo in the province of Quebec. Batimo carries out development activities and we provide certain operations 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 occupancy threshold, defined as 90% occupancy for two consecutive months. The purchase price is based on FMV, determined by the appraisal mechanism described in such agreements. For Chartwell Le Prescott, Chartwell Le Montcalm, Chartwell Greenfield Park, Chartwell L'Envol and Chartwell Trait-Carrè properties, these rights, the "Batimo Option", are for a five-year period commencing when the related property achieves the occupancy threshold. Upon expiry of the Batimo Option, Chartwell has a two-year option to require Batimo to sell an 85% interest these properties at 99% of fair market value.

Chartwell and Batimo have revised the terms of their relationship for new projects starting with developments in Q3 2021 ("Batimo Option 2.0") to provide for Batimo's option to be for a two-year period instead of five. Upon expiry of the Batimo Option 2.0, Chartwell will have a one-year option instead of two to acquire an 85% interest in the property at 99% of fair market value. Two projects, Le Florilège and L'Aubier are subject to this arrangement.

Under our agreements with Welltower they have a right to participate as our equal partner in acquisitions of interests in Chartwell Greenfield Park and Chartwell L'Envol.

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

Project	Location	Suites / Beds	Suite Type	Current Project Status [1]	Actual / Expected Completion Date	Current Occupancy [2]	Actual / Expected Stabilized Occupancy Date
Chartwell Le Prescott	Vaudreuil, QC	324	ISLA	O	June 2017	78.1%	Q4 2023
Chartwell Le Montcalm	Candiac, QC	283	ISLA	O	September 2017	94.2%	Q4 2022
Chartwell Greenfield Park	Greenfield Park, QC	368	ISLA / AL	O	June 2019	59.4%	Q2 2024
Chartwell L'Envol	Cap Rouge, QC	360	ISLA / AL	O	September 2019	79.6%	Q3 2023
Chartwell Trait-Carré	Quebec City, QC	361	ISLA / AL	O	February 2021	93.0%	Q3 2022
Le Florilège	Beauport, QC	345	ISLA / AL	O	December 2022	27.2%	Q3 2024
L'Aubier	Lévis, QC	376	ISLA / AL	C	Q1 2024	N/A	Q4 2025
		2,417					

(1) Current project status is defined where 'O' means 'Operating and 'C' means Construction'.
(2) Occupancy based on January 31, 2023.

During 2022, two of the Batimo projects, Chartwell Trait-Carré and Chartwell Le Montcalm achieved the occupancy threshold which is one of the conditions for Batimo to exercise its put rights. We estimate the current fair market value ("FMV") of these two properties at 100% ownership is $130.0 million.

Potential Developments on Owned Lands

The following table summarizes additional development opportunities on our owned lands. While a number of these development projects are in advanced stages of pre-construction or feasibility assessments, others have a longer-term development time horizon and, in some cases, may be subject to extensive municipal approval requirements. The land values are recorded in Land held for development and Properties under development.

Residence	Location	Ownership %	Vacant Land Size (acres)	Estimated Potential Number of Suites [1]	Book Value of Land ($millions)
Chartwell Cité-Jardin résidence pour retraités	Gatineau, QC	100	3.4	600	8.6
Pickering Project	Pickering, ON	90	1.3	415	5.5
Chartwell Manoir Saint-Jérôme résidence pour retraités	Saint-Jérôme, QC	50	6.0	410	0.5
Chartwell Haysboro Retirement Residence	Calgary, AB	100	1.4	384	5.8
Westpoint Retirement Residence	Edmonton, AB	100	2.1	202	3.5
Chartwell Wynfield III Retirement Residence	Oshawa, ON	100	2.0	201	6.0
Chartwell Crescent Gardens Retirement Community	Surrey, BC	100	2.6	184	4.9
Chartwell Domaine des Trembles résidence pour retraités	Gatineau, QC	50	1.5	182	1.3
Chartwell Royalcliffe Retirement Community	London, ON	50	1.8	163	1.1
Chartwell Héritage résidence pour retraités	Ottawa, ON	50	0.6	160	0.6
Chartwell Bowmanville Creek Retirement Residence	Bowmanville, ON	100	1.8	114	4.3
Chartwell Hartford Retirement Residence	Morrisburg, ON	100	1.8	94	-
Chartwell Manoir Pointe-aux-Trembles résidence pour retraités [2]	Montreal, QC	50	4.7	72	-
Chartwell Ste-Marthe résidence pour retraités	Saint-Hyacinthe, QC	100	0.8	70	0.7
Chartwell Notre-Dame Victoriaville résidence pour retraités	Victoriaville, QC	50	1.1	66	0.1
Chartwell Kingsville Retirement Residence	Kingsville, ON	50	1.6	55	0.3
Chartwell Wedgewood Retirement Residence	Brockville,ON	100	0.5	54	0.6
Chartwell Royal Marquis Retirement Residence	Windsor, ON	50	0.6	45	0.3
Chartwell Stillwater Creek Retirement Residence	Nepean, ON	100	0.5	32	0.6
Chartwell Belcourt résidence pour retraités	Ottawa, ON	50	0.2	31	0.3
Total			36.3	3,792	45.0

(1) Numbers of potential suites to be developed are estimates and subject to change based on market conditions and municipal approval processes.
(2) Potential redevelopment of the existing 247-suite residence to a 319-suite residence; acreage is for the entire site.

Long Term Care Operations

Effective March 31, 2022, our Long Term Care Operations segment was reclassified as discontinued operations. Please refer to the "2023 Outlook" section on page 11 of this MD&A for detailed discussion.

Acquisitions

On April 1, 2022, we acquired three recently developed retirement residences in Ontario with 467 suites. The purchase price of $228.0 million includes a deferred payment of $3.0 million to be paid on the earlier of the completion of a 132-suite condominium development at one location, currently in construction, or June 30, 2024. The owners of these condominium units will enjoy access to the amenities of the retirement residence for a monthly fee. In addition, $3.0 million of the purchase price has been allocated to 1.8 acres of excess land at one location where approximately 112 suites could be developed over time.

The purchase price was settled by assumption of in place mortgages on two of the acquired properties with a principal balance of $85.6 million, bearing a weighted average interest rate of 3.7% and maturing in November 2023. The remainder of the purchase price was settled with cash on hand and borrowings on our secured credit facility.

Dispositions

On December 7, 2022, we completed the BC LTC Transaction for a sale price of $112.0 million. The purchaser assumed the existing debt on one of these homes with an estimated balance of $26.1 million and we repaid the remaining mortgage debt related to one of these homes of $15.8 million. The net proceeds after repayment of property specific debt and transaction costs was approximately $65.7 million and were used to partially repay amounts outstanding on our Credit Facilities.

Joint Arrangements

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

The following table summarizes the classification of properties which are owned through our joint arrangements, or which are partially owned as at December 31, 2022:

Joint Arrangements	# of Properties	Suites/Beds	Chartwell Ownership	Joint Arrangement Type	Consolidation Method
Held directly:					
Chartwell-Welltower Landlord ("CWL")	37	7,244	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	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

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

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

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

Consolidated Results of Operations

Net Income/(Loss)

The following table summarizes select financial measures:

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Resident revenue	170,467	159,715	10,752	661,029	627,975	33,054
Direct property operating expense	120,672	112,867	7,805	464,704	423,884	40,820
Net income	47,463	18,732	28,731	49,531	10,132	39,399

For 2022, resident revenue increased $33.1 million or 5.3% primarily due to revenue growth in our same property portfolio and contributions from our acquisitions and development portfolio partially offset by lower revenue in our dispositions and repositioning portfolio as discussed in the "Results of Operations by Reportable Segment" section on page 29 of this MD&A.

For 2022, direct property operating expense increased $40.8 million or 9.6% primarily due to higher expenses in our same property portfolio and our acquisitions and development portfolio, partially offset by lower expenses in our dispositions and repositioning portfolio as discussed in the "Results of Operations by Reportable Segment" section on page 29 of this MD&A.

For 2022, net income was $49.5 million compared to $10.1 million in 2021 primarily due to:

- higher resident revenue,
- higher gain on disposal of assets,
- positive changes in fair values of financial instruments,
- higher net income from LTC Discontinued Operations,
- lower net loss from joint ventures, and
- lower amortization of intangibles,

partially offset by:

- higher direct operating expenses,
- higher deferred tax expense
- higher G&A expenses,
- higher finance costs, and
- higher depreciation of property, plant and equipment ("PP&E")

Fourth Quarter:

For Q4 2022, resident revenue increased $10.8 million or 6.7% primarily due to revenue growth in our same property portfolio and contributions from our acquisitions and development portfolio partially offset by our dispositions and repositioning portfolio as discussed in the "Results of Operations by Reportable Segment" section on page 29 of this MD&A.

For Q4 2022, direct property operating expense increased $7.8 million or 6.9% primarily due to higher expenses in our same property portfolio and our acquisitions and development portfolio partially offset by lower expenses in our dispositions and repositioning portfolio as discussed in the "Results of Operations by Reportable Segment" section on page 29 of this MD&A.

For Q4 2022, net income was $47.5 million compared to $18.7 million in Q4 2021 primarily due to:

- higher resident revenue,
- higher gain on disposal of assets,
- higher net income from LTC Discontinued Operations,
- lower amortization of intangibles,
- lower net loss from joint ventures,
- higher positive changes in fair values of financial instruments, and
- lower G&A expenses,

partially offset by:

- higher deferred tax expense,
- higher direct operating expenses
- higher finance costs, and
- higher depreciation of PP&E.

FFO

FFO, a non-GAAP financial measure, should not be construed as an alternative to net earnings or cash flow from operating activities as determined by GAAP. FFO as presented may not be comparable to similar measures used by other issuers. We present FFO substantially consistent with the definition adopted in the REALPAC Guidance. This definition is included in the "Additional Information on Non-GAAP Measures" section on page 61 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 Measures" section on page 61 of this MD&A for the reconciliation of net income/(loss), the most closely comparable GAAP measure, to FFO and FFO per unit ("FFOPU") amounts.

The following table presents FFO, FFOPU and Weighted average number of units:

($000s, except per unit amounts and number of units)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
FFO [1]						
Continuing operations	27,744	23,856	3,888	102,013	117,882	(15,869)
Total	33,357	28,435	4,922	126,917	132,262	(5,345)
FFOPU [2]						
Continuing operations	0.12	0.10	0.02	0.43	0.53	(0.10)
Total	0.14	0.12	0.02	0.53	0.59	(0.06)
Weighted average number of units [3]	238,831	235,268	3,563	237,402	224,351	13,051

(1) Non-GAAP; refer to the "Additional Information on Non-GAAP Measures – Funds from Operations" section on page 61 of this MD&A for a discussion of the nature of various adjustments made in FFO calculations.

(2) Non-GAAP; refer to the "Additional Information on Non-GAAP Measures" section on page 61 of this MD&A for a discussion of the calculation of the per unit amounts.

(3) Non-GAAP; refer to "Weighted Average Number of Units" section on page 67 of this MD&A.

For 2022, FFO from continuing operations was $102.0 million or $0.43 per unit compared to $117.9 million or $0.53 per unit for 2021. The following items impacted the change in FFO from continuing operations:

- lower adjusted NOI from continuing operations of $9.0 million which is comprised of changes as follows:
  - lower same property adjusted NOI of $15.6 million primarily due to the following items:
    - higher net pandemic expense, staffing agency, utilities, food and supplies expenses, and
    - lower occupancy

    partially offset by:
    - increased revenue from rental and service rate increases
  - lower NOI of $7.4 million from our dispositions and repositioning portfolio, and
  - higher adjusted NOI of $14.0 million from our acquisitions and development portfolio,
- higher G&A expenses of $5.3 million primarily due to lower government subsidies, severance, recruitment, travel and education expenses,
- higher finance costs of $4.1 million, and
- lower management fee revenue of $0.7 million,

partially offset by:

- lower depreciation of PP&E and amortization of intangible assets used for administrative purposes of $3.1 million, and
- other items combined of $0.1 million.

FFO from continuing operations for 2022 includes $4.4 million of Lease-up-Losses and Imputed Cost of Debt related to our development projects (2021– $5.2 million).

Total FFO for 2022 was $126.9 million or $0.53 per unit, compared to $132.3 million or $0.59 per unit in 2021. Effective March 31, 2022, our Long Term Care Operations segment was reclassified as discontinued operations, please refer to the "2023 Outlook" section on page 11 of this MD&A. Total FFO per unit for 2022 includes $0.10 per unit from LTC Discontinued Operations compared to $0.06 per unit in 2021, due to higher adjusted NOI from Long Term Care Operations primarily as a result of government reimbursements for prior years direct operating expenses and higher ancillary, preferred and retirement accommodation revenues.

Fourth Quarter:

For Q4 2022, FFO from continuing operations was $27.7 million or $0.12 per unit compared to $23.9 million or $0.10 per unit for Q4 2021. The following items impacted the change in FFO from continuing operations:

- higher adjusted NOI from continuing operations of $4.1 million which is comprised of changes as follows:
  - higher adjusted NOI of $4.7 million from our acquisitions and development portfolio,
  - higher same property adjusted NOI of $1.0 million due to the following:
    - higher revenue from rental and service rate increases and increased occupancy,

    partially offset by:
    - higher net pandemic expense, agency staffing, food and utilities expenses
  - lower NOI of $1.6 million from our dispositions and repositioning portfolio,
- lower depreciation of PP&E and amortization of intangible assets used for administrative purposes of $2.7 million,
- lower G&A $0.3 million, and
- higher interest income of $0.2 million.

partially offset by:

- higher finance costs of $3.3 million, and
- other items combined of $0.1 million.

FFO from continuing operations for Q4 2022 includes $1.1 million of Lease-up-Losses and Imputed Cost of Debt related to our development projects (Q4 2021 – $1.5 million).

Total FFO for Q4 2022 was $33.4 million or $0.14 per unit, compared to $28.4 million or $0.12 per unit in Q4 2021. Total FFO per unit for Q4 2022 and Q4 2021 includes $0.02 per unit from LTC Discontinued Operations.

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

The tables on the following pages of this section summarize our adjusted resident revenue, adjusted direct property operating expense and adjusted NOI, which are each non-GAAP measures, and also includes supplemental disclosure of our same property portfolio, our acquisitions and development portfolio, and our disposition and repositioning portfolio. The supplemental disclosure of our same property portfolio and our acquisitions and development portfolio, and our dispositions and repositioning portfolio are non-GAAP measures and should not be construed as an alternative to GAAP measures. We use these groupings of properties to evaluate and monitor our financial and operating performance and we believe that this additional disclosure enhances the ability to understand and assess our results of operations and particularly to compare such results from period to period. 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 are provided in the “Business Overview” section on page 5 of this MD&A.

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 NOI to Adjusted NOI from continuing operations and Adjusted NOI and identifies contributions from our same property portfolio, our acquisitions and development portfolio and our disposition and repositioning portfolio:

($000s, except occupancy rates)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Resident revenue	**170,467**	**159,715**	**10,752**	**661,029**	**627,975**	**33,054**
Add:						
Share of resident revenue from joint ventures [1]	30,007	27,910	2,097	115,863	109,933	5,930
Resident revenue from LTC Discontinued Operations [2]	64,165	56,046	8,119	252,614	227,252	25,362
Adjusted resident revenue [3]	**264,639**	**243,671**	**20,968**	**1,029,506**	**965,160**	**64,346**
Comprised of:						
Same property [3]	*162,405*	*156,174*	*6,231*	*634,329*	*613,904*	*20,425*
Acquisitions and development [3]	*21,058*	*11,755*	*9,303*	*72,844*	*42,569*	*30,275*
Dispositions and repositioning [3]	*81,176*	*75,742*	*5,434*	*322,333*	*308,687*	*13,646*
Adjusted resident revenue [3]	*264,639*	*243,671*	*20,968*	*1,029,506*	*965,160*	*64,346*
Direct property operating expense	**120,672**	**112,867**	**7,805**	**464,704**	**423,884**	**40,820**
Add:						
Share of direct property operating expense from joint ventures [4]	21,137	20,232	905	82,534	75,337	7,197
Direct property operating expense from LTC Discontinued Operations [5]	56,884	49,735	7,149	220,729	205,831	14,898
Adjusted direct property operating expense [3]	**198,693**	**182,834**	**15,859**	**767,967**	**705,052**	**62,915**
Comprised of:						
Same property [3]	*112,551*	*107,291*	*5,260*	*437,829*	*401,765*	*36,064*
Acquisitions and development [3]	*12,986*	*8,368*	*4,618*	*45,867*	*29,615*	*16,252*
Dispositions and repositioning [3]	*73,156*	*67,175*	*5,981*	*284,271*	*273,672*	*10,599*
Adjusted direct property operating expense [3]	198,693	182,834	15,859	767,967	705,052	62,915
NOI	49,795	46,848	2,947	196,325	204,091	(7,766)
Add:						
Share of NOI from joint ventures	8,870	7,678	1,192	33,329	34,596	(1,267)
Adjusted NOI from continuing operations	**58,665**	**54,526**	**4,139**	**229,654**	**238,687**	**(9,033)**
Add:						
NOI from LTC Discontinued Operations	7,281	6,311	970	31,885	21,421	10,464
Adjusted NOI [3]	**65,946**	**60,837**	**5,109**	**261,539**	**260,108**	**1,431**
Comprised of:						
Same property [3]	*49,854*	*48,883*	*971*	*196,500*	*212,139*	*(15,639)*
Acquisitions and development [3]	*8,072*	*3,387*	*4,685*	*26,977*	*12,954*	*14,023*
Dispositions and repositioning [3]	*8,020*	*8,567*	*(547)*	*38,062*	*35,015*	*3,047*
Adjusted NOI [3]	65,946	60,837	5,109	261,539	260,108	1,431
Weighted average occupancy rate – same property portfolio	78.4%	77.6%	0.8pp	77.5%	77.8%	(0.3pp)
Weighted average occupancy rate – acquisitions and development portfolio	76.1%	59.7%	16.4pp	72.3%	57.2%	15.1pp
Weighted average occupancy rate – dispositions and repositioning portfolio	85.4%	85.1%	0.3pp	84.5%	81.8%	2.7pp
Weighted average occupancy rate - total portfolio	79.3%	77.7%	1.6pp	78.2%	77.0%	1.2pp

(1) Non-GAAP; Share of resident revenue from joint ventures represents Chartwell's proportionate 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 21 of this MD&A.

(2) Resident revenue reported in LTC Discontinued Operations represents the resident revenue related to LTC Discontinued Operations as described in "2023 Outlook" on page 11 of this MD&A.

(3) Non-GAAP; refer to the preamble to this table and the "Results of Operations by Reportable Segment" section on page 29 of this MD&A for explanations and discussion of the significance of these metrics.

(4) Non- GAAP; Share of direct property operating expense from joint ventures represents Chartwell's proportionate share of the direct property operating expense of our Equity-Accounted JVs as referenced in the notes to our Financial Statements and as described in the "Joint Arrangements" section on page 21 of this MD&A.

(5) Direct property operating expense reported in LTC Discontinued Operations represents the direct property operating expense related to LTC Discontinued Operations as described in "2023 Outlook" section on page 11 of this MD&A.

For 2022, adjusted resident revenue increased 6.7% primarily due to:

- a 3.3% increase in same property adjusted resident revenue primarily from rental and service rate increases,
- contributions from our acquisitions and development portfolio, and
- higher adjusted resident revenue primarily related to government funding for prior year incremental pandemic expenses in our LTC Discontinued Operations,

partially offset by:

- the disposition of properties.

For 2022, adjusted direct property operating expense increased 8.9% primarily due to:

- a 9.0% increase in same property adjusted direct operating expense due to higher net pandemic costs, agency staffing, utilities, food and supplies costs,
- additional expenses in our acquisitions and developments portfolio, and
- higher expenses in our LTC Discontinued Operations and repositioning properties,

partially offset by:

- lower expenses due to the disposition of properties.

For 2022, adjusted NOI increased $1.4 million or 0.6% primarily due to:

- higher adjusted NOI from LTC Discontinued Operations primarily related to government funding for prior year incremental pandemic expenses, and
- higher contributions from our acquisitions and development portfolio,

partially offset by:

- a 7.4% decrease in same property adjusted NOI,
- the disposition of properties, and
- lower adjusted NOI in properties we are repositioning.

For 2022, same property occupancy was lower than 2021 by 0.3 percentage points as discussed in the "Results of Operations by Reportable Segment" section on page 29 of this MD&A.

Fourth Quarter:

For Q4 2022, adjusted resident revenue increased 8.6% primarily due to:

- a 4.0% increase in same property adjusted resident revenue primarily due to rental and service rate increases and higher same property occupancy,
- contributions from our acquisitions and development portfolio, and
- higher revenue in our LTC Discontinued Operations,

partially offset by:

- the disposition of properties and lower occupancy in properties we are repositioning.

For Q4 2022, adjusted direct property operating expense increased 8.7% primarily due to:

- a 4.9% increase in same property adjusted direct operating expense due to higher pandemic, agency staffing, food and utilities costs,
- additional expenses in our acquisitions and developments portfolio, and
- higher expenses in our LTC Discontinued Operations and repositioning properties,

partially offset by:

- lower expenses due to the dispositions of properties.

For Q4 2022, adjusted NOI increased $5.1 million or 8.4% primarily due to:

- higher contributions from our acquisitions and development portfolio, and
- higher same property adjusted NOI of $1.0 million or 2.0%,

partially offset by:

- lower adjusted NOI from our dispositions and repositioning portfolio.

For Q4 2022, same property occupancy was higher than Q4 2021 by 0.8 percentage points as discussed in the "Results of Operations by Reportable Segment" section on page 29 of this MD&A.

Results of Operations by Reportable Segment

We monitor and operate our retirement and long term care properties separately. 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. Our Retirement Operations segment includes 160 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 is comprised of 20 homes in Ontario, including 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.

On March 31, 2022, we entered into a definitive agreement to sell our Long Term Care Operations segment with the exception of two long term care homes for which we will retain ownership and transition management to the purchaser of the platform and consequently have classified this segment as LTC Discontinued Operations effective March 31, 2022. The two Ontario long term care homes for which we retain ownership are not significant to our overall operations. These two homes are classified as dispositions and repositioning portfolio in our Long Term Care Operations segment in this MD&A. Upon completion of the sale, we will no longer manage these two homes and they will be monitored and reported with our retirement residences as part of our Retirement Operations segment which also includes two retirement residences with 167 long term care beds in British Columbia.

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 adjusted resident revenue less adjusted direct property operating expense. Adjusted resident revenue is resident revenue plus Chartwell's proportionate share of its joint ventures' resident revenue. Adjusted direct property operating expense is direct property operating expense plus Chartwell's proportionate share of its joint ventures' direct property operating expense).

Retirement Operations

The following table summarizes the composition of our Retirement Operations as at December 31, 2022**:**

		Composition of Suites						
	Properties	**IL**	**ISLA**	**ISLS**	**AL**	**LTC**	**Total**	**Total at Chartwell's Share of Ownership**
Same Property								
100% Owned	97	662	2,953	7,674	970	201	12,460	12,460
Partially Owned [1]	44	590	4,285	3,006	462	-	8,343	4,293
Total same property owned	141	1,252	7,238	10,680	1,432	201	20,803	16,753
Acquisitions and development								
100% Owned – operating	10	136	306	831	167	-	1,440	1,440
Partially Owned – operating [2]	5	-	885	255	93	-	1,233	574
Total acquisitions and development	15	136	1,191	1,086	260	-	2,673	2,014
Dispositions and repositioning								
100% Owned – operating	4	-	172	315	101	-	588	588
Partially Owned – operating	-	-	-	-	-	-	-	-
Total disposition and repositioning	4	-	172	315	101	-	588	588
Total	160	1,388	8,601	12,081	1,793	201	24,064	19,355

(1) We own an 85% interest in three properties, a 50% interest in 40 properties, and a 42.5% interest in one property.
(2) We own a 60% interest in one property, a 50% interest in one property, a 45% interest in one property, and a 42.5% interest in two properties.

The following table presents the results of our Retirement Operations as at December 31, 2022**:**

($000s, except occupancy rates)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Adjusted resident revenue[1]	**191,135**	**179,690**	11,445	**743,045**	**705,905**	37,140
Comprised of:						
Same property [2]	*162,405*	*156,174*	*6,231*	*634,329*	*613,904*	*20,425*
Acquisitions and development [2]	*21,058*	*11,755*	*9,303*	*72,844*	*42,569*	*30,275*
Dispositions and repositioning [2]	*7,672*	*11,761*	*(4,089)*	*35,872*	*49,432*	*(13,560)*
Adjusted direct property operating expense[1]	**133,090**	**125,598**	7,492	**515,423**	**469,226**	46,197
Comprised of:						
Same property [2]	*112,551*	*107,291*	*5,260*	*437,829*	*401,765*	*36,064*
Acquisitions and development [2]	*12,986*	*8,368*	*4,618*	*45,867*	*29,615*	*16,252*
Dispositions and repositioning [2]	*7,553*	*9,939*	*(2,386)*	*31,727*	*37,846*	*(6,119)*
Adjusted NOI[1]	**58,045**	**54,092**	3,953	**227,622**	**236,679**	(9,057)
Comprised of:						
Same property [2]	*49,854*	*48,883*	*971*	*196,500*	*212,139*	*(15,639)*
Acquisitions and development [2]	*8,072*	*3,387*	*4,685*	*26,977*	*12,954*	*14,023*
Dispositions and repositioning [2]	*119*	*1,822*	*(1,703)*	*4,145*	*11,586*	*(7,441)*
Weighted average occupancy rate -same property portfolio	78.4%	77.6%	0.8pp	77.5%	77.8%	(0.3pp)
Weighted average occupancy rate – acquisitions and development	76.1%	59.7%	16.4pp	72.3%	57.2%	15.1pp
Weighted average occupancy rate – dispositions and repositioning	66.7%	72.7%	(6.0pp)	66.2%	73.6%	(7.4pp)
Weighted average occupancy rate -total portfolio	77.6%	75.9%	1.7pp	76.5%	75.8%	0.7pp

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI" section on page 26 of this MD&A for explanations of 'Adjusted resident revenue', 'Adjusted direct property operating expense', 'Adjusted NOI' and the significance of these metrics.
(2) Non-GAAP; refer to the " Portfolio Groupings" section on page 26 of this MD&A for explanations of 'Same property', 'Acquisitions and development', 'Dispositions and repositioning' and the significance of these metrics.

For 2022, adjusted resident revenue increased 5.3% primarily due to:

- a 3.3% increase in same property adjusted resident revenue primarily due to increased revenue from rental and service rate increases partially offset by lower occupancy, and
- contributions from our acquisitions and developments,

partially offset by:

- lower revenue from the disposition of properties and lower occupancy in properties we are repositioning.

For 2022, adjusted direct property operating expense increased 9.8% primarily due to:

- higher same property adjusted direct operating expenses of 9.0% from:
  - higher net pandemic expense of $20.7 million due to lower government subsidies and higher expenses in 2022. In 2022, net pandemic expenses were $16.9 million compared to net pandemic expense recovery in 2021 of $3.8 million,
  - agency staffing costs,
  - utilities, and
  - food,
- additional expenses from acquisitions and developments, and
- higher expenses in our repositioning properties,

partially offset by:

- lower expenses as a result of the disposition of properties.

For 2022, adjusted NOI decreased $9.1 million or 3.8% as follows:

- lower same property adjusted NOI of $15.6 million or 7.4% due to higher direct property operating expenses partially offset by increased revenue from rental and service rate increases.
- lower NOI from the disposition of properties and properties that we are repositioning, and
- higher NOI contributions from acquisitions and developments.

For 2022, the following identifies same property adjusted NOI trends by platform where they differ from the segment overall, if any, and provides net pandemic expense and recovery by platform:

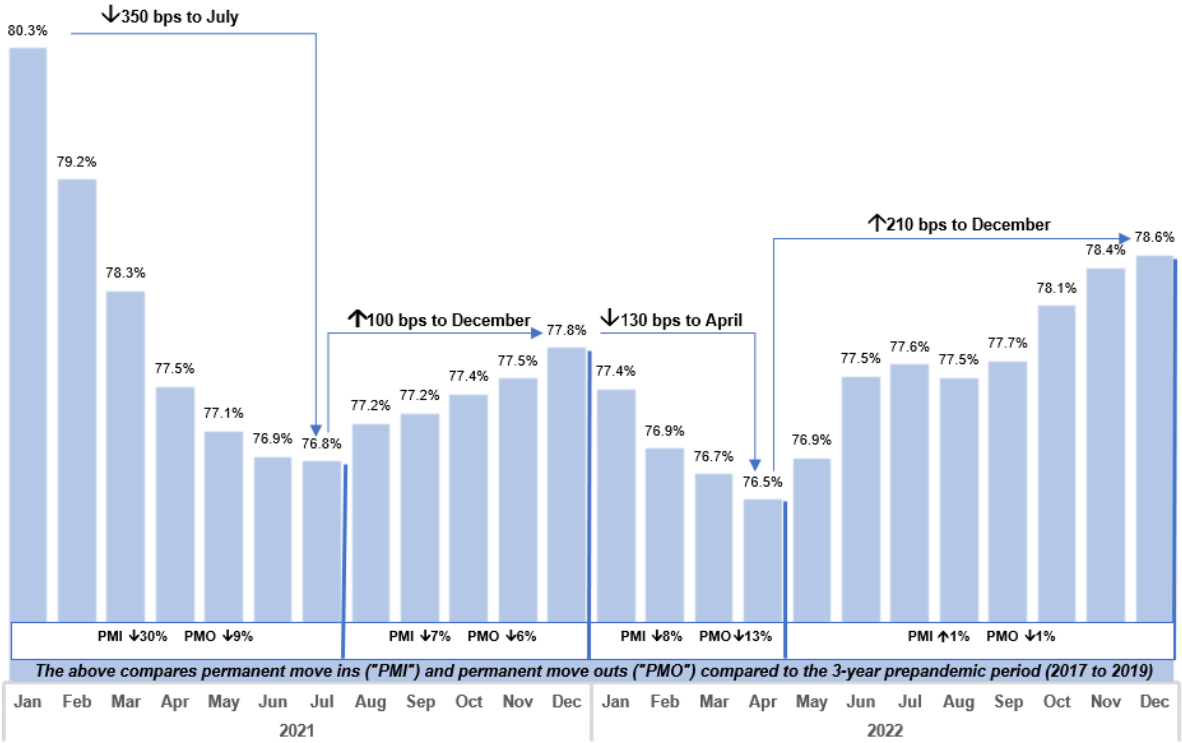
- Our Western Canada platform same property adjusted NOI increased $2.6 million or 4.9% from higher occupancy. Our Western Canada platform has not experienced agency staffing cost pressures. Net pandemic expense recoveries were $1.2 million in 2022 and $3.5 million in 2021.
- Our Ontario platform same property adjusted NOI decreased $10.7 million or 9.2%. Net pandemic expenses were $11.6 million, of which $8.0 million relates to increased staffing agency utilization, compared to net pandemic expenses of $0.4 million in 2021.
- Our Quebec platform same property adjusted NOI decreased $7.5 million or 18.0% on lower revenues, as rental and service rate increases only partially offset lower occupancy. Net pandemic expenses were $6.5 million, of which $5.0 million relates to increased staffing agency utilization, compared to net pandemic expense recoveries of $0.7 million in 2021.

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

	2022	2021	Change
Western Canada	85.1%	81.9%	3.2pp
Ontario	75.0%	74.9%	0.1pp
Quebec	76.7%	79.1%	(2.4pp)
Same Property Retirement	77.5%	77.8%	(0.3pp)

In 2022, weighted average occupancy in our retirement same property portfolio was 77.5%, a 0.3 percentage point decrease from 2021, primarily due the continued impact of the pandemic.

The following graph shows our monthly same property occupancy from January 2021 to December 2022:



From April 2022, which was our lowest occupancy in 2022, to December 2022, our same property occupancy increased 2.1 percentage points with the majority of our markets recovering occupancy. In our top 15 markets, four markets (Calgary, Durham, Ottawa and Quebec City) are highly competitive, and these markets are taking longer to recover. In Q4 2022, occupancy in Quebec City began to increase, Calgary and Ottawa occupancy stabilized, and Durham continues to be challenged with occupancy continuing to decline in this market. Overall, occupancy trends were positive through 2022, including increasing monthly move in activity through the year, higher move ins in aggregate for 2022 compared to 2021 and lower move out activity in aggregate for 2022 compared to 2021.

Fourth Quarter:

For Q4 2022, adjusted resident revenue increased 6.4% primarily due to:

- a 4.0% increase in same property adjusted resident revenue from rental and service rate increases and higher occupancy, and
- higher revenue from acquisitions and developments,

partially offset by:

- lower revenue from the disposition of properties and lower occupancy in properties we are repositioning.

For Q4 2022, adjusted direct property operating expense increased 6.0% primarily due to:

- higher same property adjusted direct operating expenses of 4.9% from:
  - In Q4 2022, net pandemic expenses were $4.9 million, compared to $1.8 million in Q4 2021,
  - food, and
  - utilities,
- additional expenses for acquisitions and developments,
- higher expenses in our repositioning properties,

partially offset by:

- lower expenses as a result of the disposition of properties.

For Q4 2022, adjusted NOI increased $4.0 million or 7.3% comprised as follows:

- higher NOI contributions from acquisitions and developments,
- higher same property adjusted NOI due to:
  - increased revenue from rental and service rate increases and higher occupancy.

  partially offset by:
  - higher direct property operating expenses
- lower NOI from the disposition of properties and properties we are repositioning.

For Q4 2022, the following identifies same property adjusted NOI trends by platform where they differ from the segment overall, if any, and provides net pandemic expense and / or recovery by platform:

- Our Western Canada platform same property adjusted NOI increased $0.8 million or 5.3%. Revenue growth from rental and service rate increases and strong growth in occupancy offset increased direct operating expenses. Our Western Canada platform has not experienced agency staffing cost pressures. Net pandemic expenses were fully funded in Q4 2022 and in Q4 2021 we had net pandemic expense recoveries of $0.3 million.
- Our Ontario platform same property adjusted NOI increased $0.6 million or 2.7%. Our Ontario platform adjusted NOI was affected by factors consistent with the segment overall. Net pandemic expenses were $3.3 million, compared to net pandemic expense of $1.9 million in Q4 2021.
- Our Quebec platform same property adjusted NOI decreased $0.4 million or 5.0% as our occupancy and rental and service rate growth is not yet sufficient to mitigate cost pressures, primarily agency staffing. Net pandemic expenses were $1.6 million, compared to net pandemic recoveries of $0.2 million in Q4 2021.

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

	Q4 2022	Q4 2021	Change	Q3 2022	Change
Western Canada	86.7%	84.3%	2.4pp	85.6%	1.1pp
Ontario	75.6%	75.1%	0.5pp	75.0%	0.6pp
Quebec	77.5%	77.1%	0.4pp	76.6%	0.9pp
Same Property Retirement	78.4%	77.6%	0.8pp	77.6%	0.8pp

In Q4 2022, weighted average occupancy in our Retirement Operations same property portfolio was 78.4%, compared to 77.6 % in Q4 2021 an increase of 0.8 percentage points. All platforms experienced occupancy gains in Q4 2022 compared to Q4 2021 and Q3 2022. In addition, in Q4 2022, trends for move in and out activity were consistent with pre-pandemic levels.

Long Term Care Operations - LTC Discontinued Operations

The following table summarizes the composition of our Long Term Care Operations as at December 31, 2022:

		Composition of Suites/Beds					
		IL	**ISLA**				**Total Chartwell's Share of Ownership**
	Properties			**ISLS**	**AL**	**LTC**	
Same property	-	-	-	-	-	-	-
Acquisitions and development	-	-	-	-	-	-	-
Dispositions and repositioning [(1)]	20	-	-	75	-	2,701	2,776
Total	20	-	-	75	-	2,701	2,776

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

The following table presents the results of our Long Term Care Operations as at December 31, 2022**:**

($000s, except occupancy rates)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Adjusted resident revenue	**73,504**	**63,981**	9,523	**286,461**	**259,255**	27,206
Comprised of:						
Dispositions and repositioning (1)	*73,504*	*63,981*	*9,523*	*286,461*	*259,255*	*27,206*
Adjusted direct property operating expense	**65,603**	**57,236**	8,367	**252,544**	**235,826**	16,718
Comprised of:						
Dispositions and repositioning (1)	*65,603*	*57,236*	*8,367*	*252,544*	*235,826*	*16,718*
Adjusted NOI	**7,901**	**6,745**	1,156	**33,917**	**23,429**	10,488
Comprised of:						
Dispositions and repositioning (1)	*7,901*	*6,745*	*1,156*	*33,917*	*23,429*	*10,488*
Weighted average occupancy rate – Dispositions and repositioning portfolio	91.3%	90.5%	0.8pp	90.3%	85.3%	5.0pp
Weighted average occupancy rate -total portfolio	91.3%	90.5%	0.8pp	90.3%	85.3%	5.0pp

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI" section on page 26 of this MD&A for explanations of 'Same property' and 'Acquisitions and development', 'Dispositions and repositioning' and the significance of these metrics.

For 2022, adjusted NOI increased $10.5 million primarily due to recoveries of prior year incremental pandemic expenses of $6.2 million, rebates of workers compensation costs for previous periods, lower net pandemic expenses, higher ancillary and pharmacy fee revenues and higher preferred and retirement accommodation revenues.

For Q4 2022, adjusted NOI increased $1.2 million due to higher retirement accommodation and ancillary and pharmacy fee revenues partially offset by lower preferred accommodation revenue and timing of flow through funding envelope expenditures.

Weighted average occupancy in our total LTC portfolio for 2022 was 90.3%, a 5.0 percentage point increase from 2021 and 91.3% in Q4 2022, a 0.8 percentage point increase from Q4 2021. Excluding the beds that are not available due to capacity restrictions, weighted average occupancy in our total LTC portfolio was 96.4% in 2022 and 97.4% in Q4 2022, with all but one home achieving the occupancy threshold to attain maximum funding.

In March 2020, the Ontario government implemented directives to facilitate reducing capacity in rooms with shared accommodation for three or four occupants to a maximum of two occupants which, in our portfolio, reduced availability by 134 beds, of which 57 beds relate to the two properties we will retain post closing of the LTC Transactions. In addition, beds were also set aside to allow for isolation and cohorting of residents. The volume of beds set aside to allow for isolation and cohorting has been significantly reduced and these beds are returning to normal capacity**.** The directives limiting occupancy to a maximum of two occupants will remain in place and in September 2022, the Ontario government announced the gradual phasing out of level of care funding for these beds beginning January 2023, the implementation of which was subsequently deferred until at least April 2023.

Management and Other Fees

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Welltower	1,372	1,638	(266)	5,930	7,621	(1,691)
Long Term Care Homes [1]	394	363	31	1,586	1,447	139
Other	270	83	187	2,848	1,954	894
Total management and other fees	2,036	2,084	(48)	10,364	11,022	(658)

(1) Includes management fees relating to four third-party owned long term care homes.

In 2022, management and other fees decreased $0.7 million primarily due to lower performance-based fees. Effective March 31, 2022, our Long Term Care Operations segment was reclassified as discontinued operations. Please refer to the "2023 Outlook" section on page 11 of this MD&A. With the transition of our LTC Discontinued Operations, the transition of the management of the four third-party owned long term care homes that we currently manage, subject to required approvals, is expected in late Q2 or early Q3 2023.

Interest Income

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Interest income on loans receivable	202	202	-	801	913	(112)
Other interest income	142	82	60	390	466	(76)
Total interest income	344	284	60	1,191	1,379	(188)

Interest income on loans receivable decreased $0.1 million in 2022 primarily due to lower loan balances outstanding. Interest income on loans receivable was the same in Q4 2022 as loan balances outstanding were the same.

Other interest income fluctuates period to period based on cash balances. Interest income decreased in 2022 primarily due to lower cash balances. Interest income increased in Q4 2022, primarily due to higher interest rates.

General, Administrative and Trust Expenses

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
G&A expenses	9,334	9,669	(335)	49,641	44,364	5,277

In 2022 G&A expenses increased $5.3 million primarily due to lower government subsidies and higher cloud-based information technology system implementations, severance, travel, recruitment and education expenses partially offset by lower performance based compensation expense.

In Q4 2022 G&A expenses decreased $0.3 million primarily due to lower performance based compensation expense, partially offset by higher severance, recruitment, travel and education expenses.

Finance Costs

The following table applies to continuing operations:

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Contractual interest expense on mortgages	13,853	13,541	312	55,031	55,356	(325)
Comprised of:						
Same property [1]	11,062	11,652	(590)	44,929	47,832	(2,903)
Acquisitions and development [1]	2,456	1,406	1,050	8,472	5,504	2,968
Dispositions and repositioning [1]	335	483	(148)	1,630	2,020	(390)
Interest expense on Debentures [2]	3,501	3,501	-	13,888	13,888	-
Interest expense on Credit Facilities	3,295	422	2,873	7,731	1,635	6,096
Interest expense on Term Loans[3]	1,319	1,174	145	4,992	7,363	(2,371)
	21,968	18,638	3,330	81,642	78,242	3,400
Amortization of finance costs and mark-to-market adjustments on assumed mortgages	1,197	1,329	(132)	4,788	5,220	(432)
	23,165	19,967	3,198	86,430	83,462	2,968
Interest capitalized to properties under development	(529)	(715)	186	(2,276)	(3,468)	1,192
Distributions on Class B Units recorded as interest expense	234	234	-	937	937	-
Total finance costs, continuing operations	22,870	19,486	3,384	85,091	80,931	4,160

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI" section on page 26 of this MD&A for explanations of 'Same property' and 'Acquisitions and development', 'Dispositions and repositioning 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 44 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 44 of this MD&A for details.

Contractual interest expense on mortgages decreased $0.3 million in 2022 primarily due to lower mortgage balances in our same property portfolio partially offset by acquisition financings. Contractual interest expense on mortgages increased $0.3 million in Q4 2022 due to acquisition financings partially offset by lower mortgage balances in our same property portfolio. Contractual interest expense in our dispositions and repositioning portfolio decreased $0.4 million in 2022 and $0.1 million Q4 2022 due to lower mortgage balances.

Interest expense on Credit Facilities increased in 2022 and Q4 2022 due to higher balances outstanding and higher interest rates.

Interest expense on Term Loans decreased in 2022 primarily due to lower loans outstanding as a result of repayment of the $50.0 million secured term loan and the $100.0 million unsecured term loan in Q3 2021 partially offset by interest on the $13.6 million secured term loan drawn in Q2 2022. In Q4 2022, interest expense on Term Loans increased due to $13.6 million secured term loan drawn in Q2 2022.

Interest capitalized to properties under development decreased in 2022 and Q4 2022 due to lower investments in development.

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

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Contractual interest expense on mortgages	425	463	(38)	1,761	1,816	(55)
Comprised of:						
Same property [(1)]	224	266	(42)	972	1,128	(156)
Acquisitions and development [(1)]	201	197	4	789	688	101
Dispositions and *repositioning* [(1)]	-	-	-	-	-	
Amortization of finance costs	14	25	(11)	57	68	(11)
Total finance costs	439	488	(49)	1,818	1,884	(66)

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI" section on page 26 of this MD&A for explanations of 'Same property' and 'Acquisitions and development' 'Dispositions and repositioning' and the significance of these metrics.

The following table provides supplemental information related to finance costs for our LTC Discontinued Operations:

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Contractual interest expense on mortgages	1,988	2,188	(200)	8,254	9,032	(778)
Comprised of:						
Same property [(1)]	-	-	-	-	-	-
Acquisitions and development [(1)]	-	-	-	-	-	-
Dispositions and repositioning [(1)]	*1,988*	*2,188*	*(200)*	*8,254*	*9,032*	*(778)*
	1,988	2,188	(200)	8,254	9,032	(778)
Amortization of finance costs and mark-to-market adjustments on assumed mortgages	(51)	(113)	62	(106)	(508)	402
Total finance costs, LTC Discontinued Operations	1,937	2,075	(138)	8,148	8,524	(376)

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI" section on page 26 of this MD&A for explanations of Same property' and 'Acquisitions and development' 'Dispositions and repositioning' and the significance of these metrics .

Other Income/(Expense)

The following table applies to our continuing operations:

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Transaction costs arising on dispositions	(1,792)	(858)	(934)	(1,992)	(1,374)	(618)
Impairment losses	-	(850)	850	-	(850)	850
Gain on sale of assets	70,125	37,857	32,268	71,751	44,840	26,911
Other income	123	177	(54)	864	737	127
Total other income/(expense)	68,456	36,326	32,130	70,623	43,353	27,270

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

Impairment losses of $0.8 million recorded in Q4 2021 and 2021 relate to the write down in the carrying value of one retirement residence. The impairment loss resulted from a decline in the operating performance of this property due to competitive pressures.

Gain on sale of assets in 2022 primarily relates to the sale of two long term cares homes in British Columbia as described in the "Significant Events - Dispositions" section on page 21 of this MD&A. For 2021, the gain on sale of assets relates to the sale of four non-core retirement residences in Ontario and sale of 50% of our 85% interest in Chartwell Le Teasdale I in Q2 2021. Refer to "Joint Arrangements" section on page 21 of this MD&A.

Other Items

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Depreciation of PP&E and amortization of intangible assets	(40,255)	(42,916)	2,661	(156,136)	(157,861)	1,725
Change in fair value of financial instruments and foreign exchange gain/(loss)	2,929	2,248	681	21,785	1,295	20,490
Deferred income tax benefit/(expense)	(16,849)	(4,346)	(12,503)	(14,131)	(984)	(13,147)

For 2022, depreciation of PP&E and amortization of intangibles decreased $1.7 million primarily due to lower depreciation on resident contracts, lower derecognition of internally developed software related intangible assets and a decrease in the property portfolio due to dispositions, partially offset by acquisitions and development. Depreciation of PP&E and amortization of intangibles decreased $2.7 million in Q4 2022 primarily due to lower PP&E balances due to decreases in the property portfolio due to dispositions and transfers to assets held for sale, lower derecognition of internally developed software related intangible assets, partially offset by increases in PP&E balances due to additions, acquisitions and developments.

Change in fair value of financial instruments and foreign exchange gain/(loss) is primarily resulting from changes in the market value of the underlying financial instruments. These amounts are expected to fluctuate from period to period due to changes in financial markets.

Deferred income tax expense increased in 2022 and Q4 2022 primarily due to higher utilization of non-capital loss carryforwards against taxable capital gains on dispositions, partially offset by higher non-taxable portion of capital gains on dispositions and changes in fair value adjustments.

The following table provides Other Items related to our LTC Discontinued Operations:

($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Other expense	(54)	-	(54)	(743)	-	(743)
Depreciation of PP&E	-	(2,417)	2,417	(1,816)	(9,255)	7,439
Amortization of intangible assets	-	(348)	348	(202)	(975)	773

Other expense in 2022 and Q4 2022 is primarily related to transaction costs for the LTC Transactions.

Depreciation of PP&E in 2022 and Q4 2022 decreased $7.4 million and $2.4 million, respectively primarily due to reclassification of the LTC Discontinued Operations to discontinued operations resulting in cessation of depreciation and amortization of related assets effective March 31, 2022.

Cash Flow Analysis

The following table summarizes the significant changes in our operating, financing and investing cash flows between 2022 and 2021 using our consolidated statements of cash flows:

Cash Provided by (Used in):	**Increase (Decrease)** ($millions)	**Explanation**
Operating activities	(18.6)	Changes in cash flows from operating activities is primarily due to lower adjusted NOI from continuing operations, changes in working capital and higher interest paid partially offset by higher adjusted NOI from LTC Discontinued Operations.
Financing activities	55.4	Change in cash flows from financing activities is due to: • higher draws on our Credit Facilities • repayment of term loans in 2021 for which there is not a comparable amount 2022, • higher proceeds from mortgage financing, and • lower distributions paid in cash as a result of the reinstatement of our "DRIP" (Distribution Reinvestment Plan), partially offset by higher distributions as a result of the increased units outstanding from the offering of our Trust units in 2021, and partially offset by • proceeds from the offering of our Trust Units in 2021 for which there is not a comparable amount in 2022, • higher finance costs.
Investing activities	(129.1)	Change in cash flows from investing activities is primarily due to higher acquisition of assets and higher contributions to joint ventures partially offset by higher proceeds from the disposition of PP&E and lower additions to PPE & intangible assets.

The following table summarizes the significant changes in our operating, financing and investing cash flows between Q4 2022 and Q4 2021 using our consolidated statements of cash flows:

(Used in):	**Increase (Decrease)** ($millions)	**Explanation**
Operating activities	(9.4)	Change in cash flows from operating activities is primarily due to changes in working capital, higher interest paid partially offset by higher adjusted NOI.
Financing activities	(20.3)	Change in cash flows from financing activities is due to higher mortgage repayments, lower proceeds from mortgage financing activities, repayment on our credit facilities partially offset by lower finance cost.
Investing activities	15.0	Change in cash flows from investing activities is primarily due to higher proceeds from the disposition of assets 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 2022 and 2021 using our statements of cash flows for our LTC Discontinued Operations:

Cash Provided by (Used in):	**Increase (Decrease)** ($millions)	**Explanation**
Operating activities	10.4	Change in cash flows from operating activities is primarily due to higher adjusted NOI and lower interest paid.
Financing activities	4.7	Change in cash flows from financing activities is due to lower mortgage repayments.
Investing activities	(1.3)	Change in cash flows from investing activities is primarily due to higher additions to PP&E and intangible assets.

The following table summarizes the significant changes in our operating, financing and investing cash flows between Q4 2022 and Q4 2021 using our statements of cash flows for our LTC Discontinued Operations:

Cash Provided by (Used in):	**Increase (Decrease)** ($millions)	**Explanation**
Operating activities	1.2	Change in cash flows from operating activities is primarily due to higher adjusted NOI and lower interest paid.
Financing activities	(0.1)	Change in cash flows from financing activities is due to higher mortgage repayments.
Investing activities	0.7	Change in cash flows from investing activities is primarily due to lower additions to 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 December 31, 2022, our liquidity was $164.9 million as presented in the following table:

($000s)	**December 31, 2022**	December 31, 2021
Cash and cash equivalents	28,469	95,486
Available under Credit Facilities [(1)]	136,425	343,449
Total	164,894	438,935

(1) Refer to the "Liquidity and Capital Resources - Credit Facilities" section on page 43 of this MD&A for the determination and calculation of this amount.

In addition, at December 31, 2022, our share of cash and cash equivalents held in our Equity-Accounted JVs was $8.2 million.

As at December 31, 2022, our current liabilities were $744.6 million, exceeding our current assets of $280.4 million, resulting in a working capital deficiency of $464.2 million. Current liabilities include an amount of $191.4 million of current mortgages payable, comprised of $121.5 million related to maturing balances, and $69.9 million related to principal amortization and unamortized mark-to-market adjustments net of unamortized finance costs. We expect to refinance maturing mortgages in the normal course. In addition, as at December 31, 2022, current liabilities included $199.8 million of senior unsecured debentures maturing in December 2023. We expect to refinance the maturing debentures with new senior unsecured debentures, other unsecured or secured debt instruments or equity financing, subject to market conditions. These and our contractual obligations and contingencies, including those related to agreements with Batimo are discussed in the “Commitments and Contingencies” section on page 57 of this MD&A.

The net proceeds of the LTC Transactions which are expected to close in 2023, please refer to the “2023 Outlook – Long Term Care Operations” section on page 15, estimated at $268.2 million in total, are expected to be used, subject to market conditions, to pay down our Credit Facilities. On closing of the LTC Transactions, our unencumbered asset pool will decline by approximately $49.9 million and certain of the sold properties will be removed from the borrowing base collateral for the secured credit facility

which will result in a reduction in availability on the secured credit facilities of approximately $26.9 million. 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.

Subject to market conditions, we also may continue to dispose of certain non-core assets and seek to raise funds through new equity financing.

Debt

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

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

The following table summarizes the components of the principal balance of our debt at December 31, 2022 and December 31, 2021 for our continuing operations:

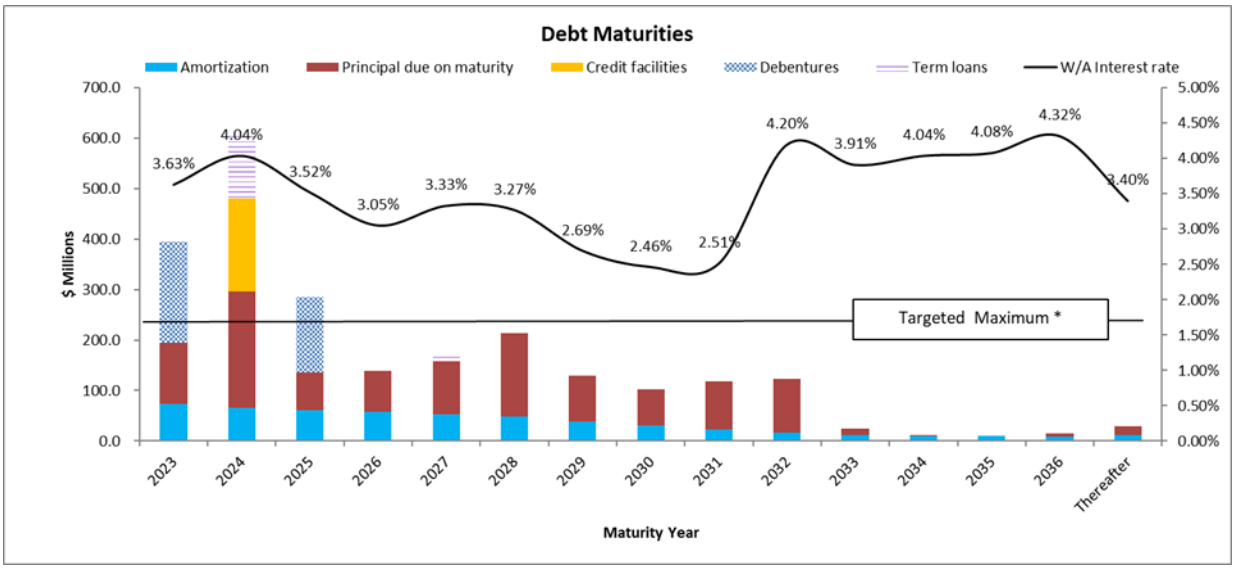
($000s)	**December 31, 2022**	December 31, 2021
Mortgages payable	1,701,668	1,904,057
Credit Facilities	184,000	-
Term Loans		
Unsecured term loans	125,000	125,000
Secured term loan	13,600	-
Debentures		
Series A Debentures	200,000	200,000
Series B Debentures	150,000	150,000
Total	2,374,268	2,379,057

The following table summarizes the scheduled principal maturity and weighted average interest rates for our debt portfolio at December 31, 2022 for our continuing operations:

($000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Mortgages	Weighted Average Interest Rate [1]	Term Loans	Weighted Average Interest Rate	Credit Facilities	Weighted Average Interest Rate [1]	Debentures	Weighted Average Interest Rate	**Total**	Consolidated Weighted Average Interest Rate
2023	73,472	121,531	195,003	3.48%	-	-	-	-	200,000	3.79%	395,003	3.63%
2024	66,539	229,862	296,401	3.40%	125,000	3.95%	184,000	5.12%	-	-	605,401	4.04%
2025	60,307	75,284	135,591	2.75%	-	-	-	-	150,000	4.21%	285,591	3.52%
2026	57,340	81,845	139,185	3.05%	-	-	-	-	-	-	139,185	3.05%
2027	52,899	105,410	158,309	3.23%	13,600	4.44%	-	-	-	-	171,909	3.33%
2028	47,793	166,161	213,954	3.27%	-	-	-	-	-	-	213,954	3.27%
2029	38,543	90,382	128,925	2.69%	-	-	-	-	-	-	128,925	2.69%
2030	30,921	70,721	101,642	2.46%	-	-	-	-	-	-	101,642	2.46%
2031	23,093	94,588	117,681	2.51%	-	-	-	-	-	-	117,681	2.51%
2032	16,770	106,375	123,145	4.20%	-	-	-	-	-	-	123,145	4.20%
2033	12,077	13,078	25,155	3.91%	-	-	-	-	-	-	25,155	3.91%
2034	10,157	1,621	11,778	4.04%	-	-	-	-	-	-	11,778	4.04%
2035	9,755	-	9,755	4.08%	-	-	-	-	-	-	9,755	4.08%
2036	9,044	6,173	15,217	4.32%							15,217	4.32%
Thereafter	11,122	18,805	29,927	3.40%	-	-	-	-	-	-	29,927	3.40%
Total	519,832	1,181,836	1,701,668	3.21%	138,600	4.00%	184,000	5.12%	350,000	3.97%	2,374,268	3.51%

(1) For variable rate instruments the weighted average interest rate in 2024 is based on the 2023 weighted average interest rate.

The following chart provides a breakdown of our debt maturities at December 31, 2022 for our continuing operations:



** 10% of total debt = $237.4 million*

Mortgage Debt

We generally have access to low-cost mortgage financing insured by CMHC. As of December 31, 2022, approximately 87% of our mortgage debt for our continuing operations was CMHC insured. We intend to continue financing our properties through this program including, for those properties operating at high occupancy levels, converting conventional mortgages to CMHC debt and placing mortgages on certain currently unencumbered properties.

The following table summarizes the changes in the principal balance of our mortgage portfolio in 2022 for our continuing operations:

	Balance ($000s)	Weighted Average Term to Maturity (Years)	Weighted Average Interest Rate	% CMHC Insured
Principal balance at December 31, 2021	1,904,057	6.3	3.27%	77%
Payouts and matured in the period	(164,244)	-	3.81%	10%
Assumed mortgages	85,635	1.3	3.56%	-
New mortgage financings	147,160	7.8	4.08%	97%
Amortizing principal repayments	(86,997)	N/A	N/A	N/A
Repayments and assumptions related to dispositions	(41,867)	-	3.20%	100%
Mortgages transferred to assets and liabilities held for sale and discontinued operations	(142,076)	-	-	8%
Principal balance at December 31, 2022	1,701,668	6.1	3.21%	87%
Mark-to-market adjustments on assumed mortgages	2,265			
Finance costs	(46,552)			
Mortgages payable at December 31, 2022	1,657,381			

New mortgage financings include three CMHC-insured mortgages totaling $143.3 million with a weighted average interest rate of 4.08% and a weighted average term to maturity of 7.8 years and variable rate construction financing draws for one property under development of $3.8 million.

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

	At December 31, 2022			At December 31, 2021
	Fixed Rate	Variable Rate	Total	Total
Principal amount ($000s)	1,668,444	33,224	1,701,668	1,904,057
Weighted average interest rate	3.16%	5.68%	3.21%	3.27%
Average term to maturity (years)	6.2	1.0	6.1	6.3

The following tables are supplemental information and summarize the components of our debt at December 31, 2022 and December 31, 2021 for our Equity-Accounted JVs**:**

($000s)	**December 31, 2022**	December 31, 2021
Principal balance of mortgages payable	52,276	52,549
Finance costs	(153)	(198)
Mortgages payable	52,123	52,351

($000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Principal Balance of Mortgages Payable	Weighted Average Interest Rate
2023	285	-	285	3.98%
2024	297	26,430	26,727	2.95%
2025	308	-	308	3.98%
2026	267	24,689	24,956	3.71%
Total	1,157	51,119	52,276	3.32%

The following tables are supplemental information and summarize the components of our debt at December 31, 2022 and December 31, 2021 for our LTC Discontinued Operations:

($000s)	**December 31, 2022**	December 31, 2021
Principal balance of mortgages payable	142,076	153,739
Mark to market adjustment on assumed mortgages	3,206	3,411
Finance costs	(879)	(969)
Mortgages payable	144,403	156,181

($000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Principal Balance of Mortgages Payable	Weighted Average Interest Rate
2023	10,429	5,477	15,906	6.69%
2024	5,874	36,348	42,222	5.55%
2025	4,233	3,947	8,180	5.98%
2026	4,381	-	4,381	6.64%
Thereafter	36,428	34,959	71,387	5.10%
Total	61,345	80,731	142,076	5.51%

Credit Facilities

The following table summarizes the available borrowing capacity and borrowings on our Credit Facilities at December 31, 2022:

($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	226,698	6,273	220,425	184,000	36,425	May 29, 2024
Unsecured credit facility [(2)(3)]	100,000	100,000	-	100,000	-	100,000	May 29, 2024
Total Credit Facilities	400,000	326,698	6,273	320,425	184,000	136,425	

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

The cost of our Credit Facilities is based on Chartwell's credit rating. At the current BBB(low) rating by DBRS, amounts borrowed under the secured credit facility bear interest at the banks' prime rate ("Prime") plus 115 basis points ("bps") or the Banker' Acceptance rate ("BA") plus 215 bps, and amounts borrowed under the unsecured credit facility bear interest at Prime plus 120 bps or BA plus 220 bps. Should Chartwell's credit rating be revised below BBB(low), amounts borrowed under the Credit Facilities would bear higher interest by an incremental 40 bps. The secured credit facility is secured by second-ranked charges on specific properties.

Our Credit Facilities are subject to various financial covenants including among others, debt service coverage ratio, secured indebtedness percentage ratio, minimum equity requirements and limitations on entering into certain investments and on the amount of cash distributions that can be paid to unitholders. In addition, the unsecured credit facility is subject to the minimum unencumbered asset ratio covenant. We were in compliance with these financial covenants as at December 31, 2022. Please refer to the "Financial Covenants" section on page 45 of this MD&A for calculations of these covenants.

Term Loans

On December 10, 2019**,** we entered into 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 3.95%.

On May 19, 2022, we entered into a $13.6 million secured term loan agreement with a Canadian chartered bank. The loan matures on May 19, 2027, and through an interest rate swap bears interest at a fixed rate of 4.44%.

The Term Loans are subject to covenants that are generally consistent with the covenants on our Credit Facilities. Chartwell was in compliance with these covenants as at December 31, 2022. Please refer to the "Financial Covenants" section on page 45 of this MD&A for calculations of these covenants.

The following table summarizes the Term Loans outstanding as at December 31, 2022 and December 31, 2021:

December 31, 2022	Outstanding Principal	Financing costs, net	Carrying Value	Interest rate	Maturity date
Unsecured term loan	125,000	(286)	124,714	3.95%	May 31, 2024
Secured term loan	13,600	(79)	13,521	4.44%	May 19, 2027
Total	138,600	(365)	138,235		

December 31, 2021	Outstanding Principal	Financing costs, net	Carrying Value	Interest rate	Maturity date
Unsecured term loan	125,000	(291)	124,709	3.70%	May 31, 2024

Debentures

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

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

The following table summarizes the balance of our Debentures:

($000s)	**As at December 31, 2022**	As at December 31, 2021
Series A Debentures outstanding	200,000	200,000
Series B Debentures outstanding	150,000	150,000
Unamortized finance costs	(546)	(933)
Carrying value	349,454	349,067

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 financial covenants as at December 31, 2022. Please refer to the "Financial Covenants" section on page 45 of this MD&A for calculations of these covenants.

Credit Rating

On April 11, 2022, 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 discussion provides 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 and our credit agreements for the Term Loans (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 52 of this MD&A.

($000s, except debt service coverage ratio)	**12 months December 31, 2022**	12 months December 31, 2021
Consolidated EBITDA for Credit Facilities and Term Loans[(1)]	253,415	237,205
Consolidated interest expense for Credit Facilities and Term Loans[(2)]	91,657	89,091
Consolidated regularly scheduled debt principal payments for Credit Facilities and Term Loans[(3)]	87,271	84,533
Consolidated debt service payments for Credit Facilities and Term Loans	178,928	173,624
Debt service coverage ratio for Credit Facilities and Term Loans	1.42	1.37

(1) Refer to the "Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures" section on page 49 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 49 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 50 of this MD&A for the calculation of consolidated regularly scheduled debt principal payments for Credit Facilities and Term Loans.

2. Total Leverage Ratio for Credit Facilities and Term Loans

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

($000s, except total leverage ratio)	**As at December 31, 2022**	As at December 31, 2021
Consolidated indebtedness for Credit Facilities and Term Loans[1]	2,588,463	2,452,018
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans[2]	5,164,122	4,978,588
Total leverage ratio for Credit Facilities and Term Loans	50.1%	49.3%

(1) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures "section on page 50 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 50 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 $1.0 billion plus 75% of the net proceeds raised by further issuance of units after June 30, 2016.

At December 31, 2022, the minimum adjusted consolidated unitholders' equity requirement was $1,338 million.

($000s)	**As at December 31, 2022**	As at December 31, 2021
Unitholders' equity per Financial Statements[1]	769,802	826,111
Adjustment for accumulated depreciation and amortization for Credit Facilities and Term Loans[2][3]	1,400,176	1,293,608
Class B Units	12,916	18,089
Deferred Trust Units ("DTUs")	10,525	12,939
Adjusted consolidated unitholders' equity for Credit Facilities and Term Loans	2,193,419	2,150,747

(1) On August 25, 2021, we completed a Public Offering of 15,490,500 Trust Units at $13.00 per Trust Unit.

(2) Includes accumulated depreciation of PP&E and amortization of intangible assets for Equity-Accounted JVs of $31.3 million at December 31, 2022 ($28.6 million at December 31, 2021) and fully amortized assets of $279.9 million at December 31, 2022 ($270.6 million at December 31, 2021).

(3) Includes accumulated depreciation of PP&E and amortization of intangible assets for LTC Discontinued Operations of $72.7 million at December 31, 2022 ($71.1 million at December 31, 2021) and fully amortized assets of $1.6 million at December 31, 2022 ($1.6 million at December 31, 2021).

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

For the period ended December 31, 2022 and December 31, 2021, our Credit Facilities require that our cash distributions do not exceed 100% of our AFFO for Credit Facilities.

($000s, except percentage of AFFO)	**12 Months December 31, 2022**	12 Months December 31, 2021
Distributions declared on Trust Units	143,548	136,227
Distributions on Class B Units	937	937
Distributions on DTUs	704	626
Total distributions for Credit Facilities and Term Loans	145,189	137,790
Less:		
Non-cash distributions settled by DRIP[1]	34,967	19,430
Non-cash distributions applied to Executive Unit Purchase Plan ("EUPP")	1,150	1,120
Non-cash distributions applied to DTUs	704	626
Cash distributions for Credit Facilities and Term Loans	108,368	116,614
AFFO for Credit Facilities and Term Loans[2]	134,826	122,168
Cash distributions as a percentage of AFFO for Credit Facilities	80.4%	95.5%

(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 51 of this MD&A for the calculation of AFFO for Credit Facilities and Term Loans.

5. Investment Restrictions for Credit Facilities and Term Loans

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

($000s)	Threshold as of December 31, 2022	**As at December 31, 2022**	As at December 31, 2021
Non-qualifying joint ventures and investments [1]	258,206	-	-
Loans receivable [2]	774,618	8,009	8,009
Investments in property held for development/construction as defined in the Credit Facilities and Term Loans[2]	774,618	119,480	85,864
Combined [3]	1,291,031	127,489	93,873

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

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

6. Secured Indebtedness Ratio for the unsecured credit facility and Term Loans

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

($000s, except secured indebtedness ratio)	**As at December 31, 2022**	As at December 31, 2021
Secured indebtedness for the unsecured credit facility and Term Loans [1]	2,093,620	1,956,606
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans[2]	5,164,122	4,978,588
Secured indebtedness ratio for the unsecured credit facility and Term Loans	40.5%	39.3%

(1) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 50 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 50 of this MD&A for the calculation of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.

7. Unencumbered Property Asset Ratio for the unsecured credit facility and Term Loans

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

($000s, except unencumbered property asset ratio)	**As at December 31, 2022**	As at December 31, 2021
Unencumbered property asset value for the unsecured credit facility and Term Loans [1]	1,120,500	997,750
Unsecured indebtedness for the unsecured credit facility and Term Loans [2]	494,843	495,412
Unencumbered property asset ratio for the unsecured credit facility and Term Loans	2.3	2.0

(1) Includes 39 properties valued at $1,120.5 million of which four properties valued at $49.9 million relate to our LTC Discontinued Operations as of December 31, 2022 (36 properties valued at $997.8 million as of December 31, 2021). The property values are 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 50 of this MD&A for the calculation of unsecured indebtedness for the Credit Facilities and Term Loans.

Debentures

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

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

($000s, except Interest Coverage Ratio)	**12 months December 31, 2022**	12 months December 31, 2021
Consolidated EBITDA for Debentures [1]	229,632	232,898
Consolidated interest expense for Debentures [2]	91,321	84,330
Interest Coverage Ratio for Debentures	2.5	2.8

(1) Refer to the "Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures" section on page 49 of this MD&A for the calculation of consolidated EBITDA for Debentures.
(2) Refer to the "Supporting Covenant Calculations – 2. Consolidated Interest Expense for Credit Facilities, Terms Loans, and Debentures" section on page 49 of this MD&A for the calculation of consolidated interest expense for Debentures.

2. Indebtedness Percentage for Debentures

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

($000s, except indebtedness percentage)	**December 31, 2022**	December 31, 2021
Consolidated indebtedness for Debentures [1]	2,544,665	2,343,757
Aggregate adjusted assets for Debentures [2]	5,127,478	4,877,979
Indebtedness percentage for Debentures	49.6%	48.0%

(1) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 50 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 50 of this MD&A for the calculation of aggregate adjusted assets for Debentures.

3. Coverage Ratio for Debentures

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

($000s, except ratio)	**December 31, 2022**	December 31, 2021
Unencumbered aggregate adjusted assets for Debentures [1]	1,120,500	997,750
Unsecured indebtedness for Debentures [2]	487,689	487,760
Coverage ratio for Debentures	2.3	2.0

(1) Includes 39 properties valued at $1,120.5 million as of December 31, 2022 of which four properties valued at $49.9 million relate to our LTC Discontinued Operations (36 properties valued at $997.8 million as of December 31, 2021). The property values are 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 50 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, 2022**	12 months December 31, 2021
Net income	49,531	10,132
Gain on disposal of assets [1]	(71,767)	(44,893)
Transaction costs[1]	2,727	1,374
Impairment losses	-	850
Non-cash change in fair value of financial instruments and foreign exchange loss/(gain) [1]	(24,816)	(1,937)
Consolidated net income/(loss) for Credit Facilities and Term Loans	(44,325)	(34,474)
Consolidated finance costs [1]	95,057	91,339
Consolidated depreciation of PP&E and amortization of intangible assets [1]	160,962	172,721
Consolidated income tax expense/(benefit)	14,131	984
Principal portion of capital funding	6,746	6,635
Net pandemic expenses [2]	20,844	-
Consolidated EBITDA for Credit Facilities and Term Loans	**253,415**	**237,205**
Proforma adjustments [3]	(2,939)	(4,307)
Less: Net pandemic expenses [2]	(20,844)	-
Consolidated EBITDA for Debentures	**229,632**	**232,898**

(1) Non-GAAP; includes Chartwell's proportionate share of Equity-Accounted JVs and LTC Discontinued Operations.
(2) Amended to exclude incremental direct operating expenses from January 1, 2022, to March 31, 2023 and net reimbursement of such expenses (if any) from the definition of EBIDTA for the purpose of the calculation of our debt service coverage for the periods ending at the earlier of December 31, 2023 and the maturity of the applicable credit agreement and as such excludes $9.7 million of prior period reimbursement recognized in 2022.
(3) 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, 2022**	12 months December 31, 2021
Interest on mortgages [1]	65,046	66,204
Interest on Debentures	13,888	13,888
Interest on Credit Facilities	7,731	1,636
Interest on Term Loans	4,992	7,363
Consolidated interest expense for Credit Facilities and Term Loans	**91,657**	**89,091**
Proforma adjustments [2]	(336)	(4,761)
Consolidated interest expense for Debentures	**91,321**	**84,330**

(1) Non-GAAP; includes Chartwell's proportionate share of Equity-Accounted JVs and LTC Discontinued Operations.
(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, 2022**	12 months December 31, 2021
Regularly scheduled debt principal payments per Financial Statements	86,997	84,017
Regularly scheduled debt principal payments for equity-accounted entities	274	516
Regularly scheduled debt principal payments for LTC Discontinued Operations	3,612	2,050
Regularly scheduled debt principal payments for Credit Facilities and Term Loans	**87,271**	**84,533**

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

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

($000s)	**December 31, 2022**	December 31, 2021
Principal balance of mortgages payable	1,701,668	1,904,057
Principal balance of mortgages payable related to Equity-Accounted JVs	52,276	52,549
Principal balance of mortgages payable related to LTC Discontinued Operations	142,076	-
Outstanding amount on secured credit facility	184,000	-
Outstanding amount on secured Term Loan	13,600	-
Secured indebtedness for the unsecured credit facility and Term Loans	**2,093,620**	**1,956,606**
Principal balance of Debentures	350,000	350,000
Unsecured term loans	125,000	125,000
Capital lease obligations [(1)]	12,689	12,760
Unsecured indebtedness for Debentures	**487,689**	**487,760**
Outstanding letters of credit	6,273	6,466
Third-party guarantees	881	1,186
Unsecured indebtedness for Credit Facilities and Term Loans	**494,843**	**495,412**
Consolidated indebtedness for Credit Facilities and Term Loans	2,588,463	2,452,018
Add (Subtract):		
Outstanding letters of credit	(6,273)	(6,466)
Third-party guarantees	(881)	(1,186)
Cash and cash equivalents	(28,469)	(95,486)
Cash and cash equivalents of Equity-Accounted JVs	(8,175)	(5,123)
Cash and cash equivalents of LTC Discontinued Operations	-	-
Consolidated indebtedness for Debentures	2,544,665	2,343,757

(1) Includes capital lease obligations related to LTC Discontinued Operations of $4.2 million at December 31, 2022 ($4.3 million at December 31, 2021) and capital lease obligations related to joint ventures of $0.4 million at December 31, 2022 ($0.2 million at December 31, 2021).

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 Term Loans and the aggregate adjusted assets for Debentures.

($000s)	**December 31, 2022**	December 31, 2021
Book value of assets [1]	3,565,802	3,472,033
Gross book value adjustment on IFRS transition [2]	198,144	212,947
Adjustment for accumulated depreciation and amortization for Credit Facilities and Term Loans [3][4]	1,400,176	1,293,608
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans	**5,164,122**	**4,978,588**
Add (Subtract):		
Cash and cash equivalents	(28,469)	(95,486)
Cash and cash equivalents of Equity-Accounted JVs	(8,175)	(5,123)
Cash and cash equivalents of LTC Discontinued Operations	-	-
Aggregate adjusted assets for Debentures	**5,127,478**	**4,877,979**

(1) Non-GAAP; includes Chartwell's proportionate share of Equity-Accounted JVs and LTC Discontinued Operations.
(2) Includes gross book value adjustment on IFRS transition for LTC discontinued operations of $57.4 million at December 31, 2022 ($72.2 million at December 31, 2021)
(3) Includes accumulated depreciation of PP&E and amortization of intangible assets for Equity-Accounted JVs of $31.3 million at December 31, 2022 ($28.6 million at December 31, 2021) and fully amortized assets of $279.9 million at December 31, 2022 ($270.6 million at December 31, 2021).
(4) Includes accumulated depreciation of PP&E and amortization of intangible assets for LTC Discontinued Operations of $72.7 million at December 31, 2022 ($71.1 million at December 31, 2021) and fully amortized assets of $1.6 million at December 31, 2022 ($1.6 million at December 31, 2021).

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 and LTC Discontinued Operations:

Principal portion of capital funding receivable: This item represents the principal portion of the cash flow stream provided in the respective period by the Ontario Ministry of Long Term Care to long term care homes which meet certain design criteria.

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

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

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

Net Pandemic Expense: Amendment to exclude incremental direct operating expenses directly related to the COVID-19 pandemic for the period from January 1, 2022 to March 31, 2023 and net reimbursement of such expenses (if any) for the periods ending at the earlier of December 31, 2023 and the maturity of the applicable credit agreement.

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)	**2022**	2021
FFO [1]	126,917	132,262
Add (Subtract) amounts as defined in the Credit Agreements:		
Principal portion of capital funding receivable	6,746	6,635
Income guarantees [2]	-	2,033
Amortization of finance costs and fair value adjustments on assumed mortgages [3]	2,695	2,440
Finance cost reserve	(1,786)	(1,899)
Net Pandemic Expense [4]	20,844	-
AFFO for Credit Facilities and Term Loans before capital maintenance reserve		
Capital maintenance reserve - 2% of property revenue	(20,590)	(19,303)
AFFO for Credit Facilities and Term Loans	134,826	122,168

(1) Non-GAAP; refer to the "Additional Information on Non-GAAP Financial Measures – Funds from Operations" section on page 24 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; 2022 excludes $2.0 million of amortization of finance costs incurred in respect of renewal of our Credit Facilities and Debentures (2021 - $2.3 million).
(4) Incremental direct operating expenses directly related to the COVID-19 pandemic for the period from January 1, 2022 to March 31, 2023 and net reimbursement of such expenses (if any) and as such excludes $9.7 million of prior period reimbursements recognized in 2022.

Amendments to Covenants

Due to the uncertainty caused by the pandemic as described in the "2023 Outlook" section on page 11 of this MD&A, we amended our debt service coverage and AFFO payout ratios in various credit agreements.

Credit Facilities and Term Loan

During 2021, the debt service coverage ratio was reduced from 1.4 to 1.2 for the period ending December 31, 2023 for our Credit Facilities and our unsecured term loan. During 2022, these amendments were extended for the periods ending before May 29, 2024 for our Credit Facilities and May 31, 2024 for the unsecured term loan, the maturity dates of these loans.

During 2022, we also entered into additional amending agreements to exclude incremental direct operating expenses related to the COVID-19 pandemic from January 1, 2022 to March 31, 2023 and net reimbursement of such expenses (if any) from the definition of EBIDTA or AFFO for the purpose of the calculation of our debt service coverage and AFFO payout ratios for the periods ending on or before December 31, 2023.

In addition, during 2022, we entered into agreements amending the AFFO payout ratios for the periods January 1, 2023, to December 31, 2023 to allow for the payment of cash distributions up to 115% of AFFO plus $20.0 million from 100% of AFFO previously.

Mortgages

During 2021, the debt service coverage ratio covenant was reduced from 1.4 to 1.2 for the period ending at the earlier of December 31, 2023, and the maturity date of the applicable mortgages. During 2022, these amendments were extended for one property level mortgage until January 31, 2024 and our head office mortgage until December 31, 2024.

During 2022, we entered into additional amending agreements for the one property level mortgage and our head office mortgage to exclude incremental direct operating expenses related to the COVID-19 pandemic from January 1, 2022 to March 31, 2023 and net reimbursement of such expenses (if any) from the definition of EBIDTA or AFFO for the purpose of the calculation of our debt service coverage and AFFO payout ratios for the periods ending on or before December 31, 2023.

In 2022, we also entered into agreements amending the AFFO payout ratios for the periods January 1, 2023, to December 31, 2023 to allow the payment of cash distributions up to 115% of AFFO plus $20.0 million from 100% of AFFO previously.

Large Borrower Agreement ("LBA") with CMHC

The debt service coverage ratio was reduced from 1.37 to 1.2 for the period ending at the earlier of December 31, 2023, and the maturity date of the applicable credit agreement. In Q1 2023, these amendments were extended for periods ending on or before June 30, 2024.

During 2022, we entered into additional amending agreements to exclude incremental direct operating expenses related to the COVID-19 pandemic from January 1, 2022 to March 31, 2023 and net reimbursement of such expenses (if any) from the definition of EBIDTA or AFFO for the purpose of the calculation of our debt service coverage and AFFO payout ratios for the periods ending on or before December 31, 2023.

In Q1 2023, we also entered into agreements amending the AFFO payout ratios for the periods January 1, 2023, to December 31, 2023, to allow the payment of cash distributions up to 115% of AFFO plus $20.0 million from 100% of AFFO previously. This amendment is effective for periods ending on or before June 30, 2024.

Total Equity

The following table summarizes changes in the number of outstanding units during 2022:

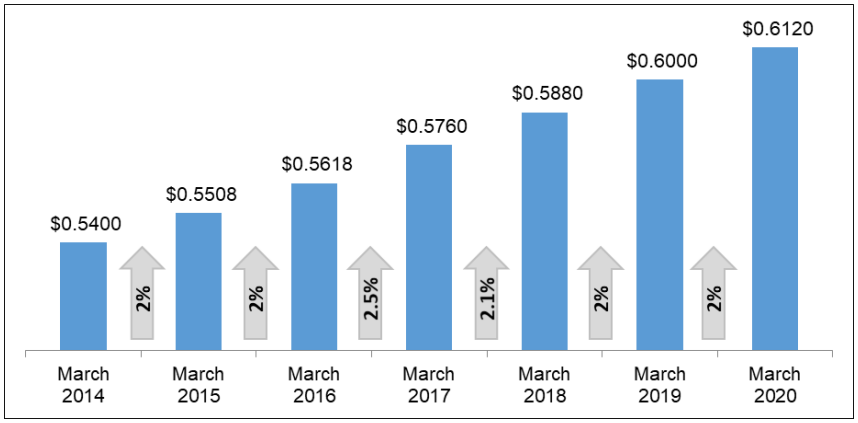
	Trust Units	Trust Units under EUPP	Class B Units	DTUs	Total Equity [1]
Balance December 31, 2021	231,226,547	1,845,284	1,530,360	1,094,679	235,696,870
Trust Units issued pursuant to DRIP	3,388,122	-	-	-	3,388,122
Trust Units issued under EUPP	-	180,789	-	-	180,789
Trust Units released on settlement of EUPP receivable	137,940	(137,940)	-	-	-
DTUs issued	-	-	-	86,043	86,043
Distributions on DTUs	-	-	-	66,487	66,487
Balance December 31, 2022	234,752,609	1,888,133	1,530,360	1,247,209	239,418,311

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

As of March 2, 2023, the Trust has 237,340,906 trust units outstanding and Chartwell Master Care LP has 1,530,360 Class B Units outstanding which are exchangeable for 1,530,360 trust units.

Distributions

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



The following table summarizes distributions declared on Trust Units in Q4 2022, 2022, 2021 and 2020 in relation to cash flows from operating activities and net income/(loss):

($000s)	**Q4 2022**	**2022**	2021	2020
Cash flows from operating activities	40,962	137,709	156,323	184,286
Net income	47,463	49,531	10,132	14,879
Finance costs included in cash flow from financing activities	(745)	(8,944)	(8,434)	(7,751)
Distributions declared on Trust Units	36,102	143,548	136,227	131,259
Excess/(deficit) of cash flows from operating activities over distributions declared on Trust Units	4,860	(5,839)	20,096	53,027
Excess/(deficit) of cash flows from operating activities less finance costs included in cash flow from financing activities over distributions declared on Trust Units	4,115	(14,783)	11,662	45,276
Excess/ (Deficit) of net income over distributions declared on Trust Units	11,361	(94,017)	(126,095)	(116,380)

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 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 setting the distribution rate. The 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.

The pandemic introduced significant uncertainties as discussed in the "2023 Outlook" section on page 11 of this MD&A. The Trustees continue to monitor the impact of the pandemic, including expected timing and pace of occupancy recovery and expense stabilization on Chartwell's business and will exercise their discretion with respect to setting the distribution rate accordingly.

The excess of distributions over cash flows from operating activities in 2022 and the excess of distributions over cash flows from operating activities less finance costs included in cash flow from financing activities in 2022 are primarily due to the impact of the pandemic on our operations and timing in working capital changes which have been financed utilizing our Credit Facilities.

Throughout the pandemic we prioritized the needs of our residents and support for our employees, while balancing interests of our stakeholders, including unitholders, and we chose to maintain our distributions. The impact of the pandemic on our occupancies, NOI, FFO and cash flows has been significant. As a result, our current cash flow from operating activities does not fully cover our finance costs, capital investments and distributions.

We believe that the operational, sales, marketing, and portfolio optimization strategies we have put in place will result in improvements in our occupancies and cash flows in 2023 and beyond. We believe that with the available capacity on our Credit Facilities, access to CMHC insured mortgages and other financing sources, and the expected proceeds from previously announced asset sales, we will have sufficient liquidity to finance our planned business activities and distributions.

In response to market disruptions caused by the pandemic, on March 16, 2020, we announced a temporary suspension of our DRIP, effective with the April 2020 distributions paid on May 15, 2020. Effective with the May 2021 distribution paid on June 15, 2021, our DRIP was reinstated. The DRIP allows unitholders to reinvest their distributions into new units of Chartwell, including a 3% bonus distribution with no commissions. This facilitates unitholders' ability to realize the benefits of compound growth in their investment. Unitholders can enroll in our DRIP by contacting their investment advisor. In 2022, our average DRIP participation was 24.8% compared to 23.8% participation in 2021 since reinstatement.

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.

The following table summarizes our capital investments in 2022 and 2021 for our continuing operations:

($000s)	**2022** (1)	2021 (2)
Building improvements	31,193	34,706
Mechanical and electrical ("M&E")	12,567	11,494
Suite improvements and upgrades	17,795	11,858
Interior improvements and upgrades	5,019	3,345
Furniture, fixtures and equipment	6,437	4,799
Communications and information systems	2,471	5,503
	75,482	71,705
Properties under development	32,048	46,069
Land under development	192	-
Total capital investments	107,722	117,774

(1) Includes 160 properties (19,355 suites) at Chartwell's share of ownership.
(2) Includes 159 properties (19,202 suites) at Chartwell's share of ownership.

The following table is supplemental information and summarizes capital investments in our Equity-Accounted JVs in 2022 and 2021 not included in the table above:

($000s)	**2022**	2021
Capital investments in Equity-Accounted JVs	1,535	1,599

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 2022, we completed 121 major building improvement projects valued over $50,000 each, totaling $29.8 million (2021 – 100 projects totaling $30.8 million). In addition, included in this category are the acquisitions of four condominium suites at two of our properties in British Columbia totaling $1.7 million (2021 – seven condominium suites for $2.4 million).

Mechanical and Electrical

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

In 2022, we completed 81 major M&E projects valued over $50,000 each, totaling $10.5 million (2021 – 80 projects totaling $9.7 million).

Suite Improvements and Upgrades

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

In 2022, we invested in strategic suite upgrade programs in 59 properties (2021 – 58 properties).

Interior Improvements and Upgrades

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

In 2022, we invested in strategic common area upgrade programs in 31 properties (2021 – 25 properties).

Furniture, Fixtures and Equipment

This category primarily includes investments in resident common 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.

LTC Discontinued Operations

The following table is supplemental information and summarizes capital investments in our LTC Discontinued Operations in 2022 and 2021 not included in the table above and related discussion:

($000s)	**2022 (1)**	2021 (1)
Capital Investments	5,924	4,027
Properties under development	278	-
Total capital investments	6,202	4,027

(1) Includes 17 properties (2,418 suites) at Chartwell's share of ownership.

Balance Sheet Analysis

The following table summarizes the significant changes in assets, liabilities and equity for December 31, 2022 compared to December 31, 2021 including those in our LTC Discontinued Operations.

	Increase (Decrease) ($millions)	**Explanation**
Total assets	93.1	Total assets increased primarily due increases in PP&E, capital investments in our properties, investment in joint ventures, other assets and trade and other receivables, partially offset by dispositions and decreases in cash.
Total liabilities	149.4	Total liabilities increased primarily due to debt used to finance investing activities.
Equity	(56.3)	The decrease in equity is primarily due to distributions partially offset by net income for the period and issuance of trust units under the DRIP.

Commitments and Contingencies

Contractual Obligations and Guarantees

The following table summarizes the maturities on major financial liabilities as at December 31, 2022, excluding future interest payments:

($000s)	**Contractual Value**	**2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**
Mortgages payable	1,701,668	228,227	263,176	135,591	139,185	158,309	777,180
Term loans	138,600	-	125,000	-	-	13,600	-
Senior unsecured debentures	350,000	200,000	-	150,000	-	-	-
Accounts payable and accrued liabilities	177,101	177,101	-	-	-	-	-
Resident deposits	4,651	4,651	-	-	-	-	-
Distributions payable	12,147	12,147	-	-	-	-	-
Credit facilities	181,234	-	181,234	-	-	-	-
Lease obligations	8,316	868	819	148	128	-	6,353
Total maturities	2,573,717	622,994	570,229	285,739	139,313	171,909	783,533

The following table summarizes the maturities on major financial liabilities as at December 31, 2022 excluding future interest payments for our liabilities held for sale:

($000s)	Contractual Value	2023	2024	2025	2026	2027	Thereafter
Mortgages payable	142,076	15,906	42,222	8,180	4,381	4,844	66,543
Lease obligations	4,192	199	182	116	121	125	3,449
Total maturities	146,268	16,105	42,404	8,296	4,502	4,969	69,992

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

We have entered into various construction contracts related to our development projects. As at December 31, 2022, the remaining commitments under these contracts amounted to approximately $23.8 million (2021 - $48.0 million).

Guarantees

We remain a guarantor of the mortgage on one property sold in 2014 with the outstanding balance as of December 31, 2022 of $0.9 million. The purchasers of this property have indemnified us with respect to these guarantees.

As of December 31, 2022, together with our partners we have jointly and severally guaranteed loans on certain joint arrangements to an aggregate maximum amount of $565.4 million. As at December 31, 2022, outstanding balances on these loans were $457.4 million.

Other Contracts

Upon achievement of certain conditions, Batimo may require us to acquire an 85% interest in their development properties which we manage and, in some cases, have provided mezzanine loans for.

As of December 31, 2022, there were seven projects with 2,417 suites that were subject to these arrangements. Two of the Batimo projects, Chartwell Trait-Carré and Chartwell Le Montcalm achieved the occupancy threshold giving effect to the Batimo put rights. We estimate the current FMV of these two properties at 100% ownership is $130 million. A summary and status of Batimo Projects is provided under "Significant Events – Projects by Batimo" on page 19 of this MD&A.

Letters of Credit

As at December 31,2022 we were contingently liable for letters of credit in the amount of $6.3 million.

Litigation, Claims and Contingencies

In 2020, Chartwell was named in three proposed class action lawsuits related to our handing of the COVID-19 pandemic in our Ontario Long Term Care homes which were subsequently consolidated into one proceeding (the "Consolidated Claim"). The Consolidated Claim has not been certified. The Certification Motion for the Consolidated Claim is expected to take place in 2023. 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, which applies retroactively to March 17, 2020, 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. If the proposed class action is not dismissed in accordance with the Recovery Act, Chartwell intends, through its insurer, to defend itself against the claim. Chartwell did not record a provision with respect to the Consolidated Claims as at December 31, 2022.

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

On October 14, 2021, the application for leave to appeal from the judgment of the Court of Appeal for Ontario in Attorney General of Ontario et al. v. Ontario Nurses' Association, et al. was dismissed by the Supreme Court of Canada, thus upholding the appellate decision. The Court of Appeal decision held that LTC homes that used proxy comparators to develop pay equity plans have not met their maintenance requirements. Chartwell continues to work with the unions, the other participating LTC homes and the Ontario Government to reach a pay equity maintenance framework appropriate for the sector.

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

Summary of Select Financial Information

Annual Financial Information

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

($000s, except per unit amounts)	2022	2021	2020
Resident revenue	661,029	627,975	653,885
Total revenues	707,992	677,734	706,597
Direct property operating expense	464,704	423,884	426,219
Net income	49,531	10,132	14,879
Total assets	3,510,342	3,417,253	3,489,308
Total non-current liabilities	1,995,906	2,081,722	2,362,344
Total liabilities	2,740,540	2,591,142	2,755,331
Distributions declared per unit	0.6120	0.6120	0.6100

Our annual results for the past three years have been primarily affected by acquisitions, developments, and dispositions. For all three years, our results have been impacted by the pandemic. Refer to the "2023 Outlook" section on page 11 of this MD&A.

Quarterly Financial Information

The following table summarizes our quarterly unaudited financial information for:

($000s, except per unit amounts and number of units)	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	181,699	180,516	175,873	169,904	170,934	167,806	167,649	171,345
Direct property operating expense	(120,672)	(117,811)	(112,434)	(113,787)	(112,867)	(107,374)	(102,432)	(101,211)
Depreciation and amortization	(40,255)	(39,767)	(38,749)	(37,365)	(42,916)	(37,828)	(38,652)	(38,465)
Share of net income/(loss) from joint ventures	(1,200)	(1,015)	(933)	(161)	(3,309)	(1,293)	(1,463)	(2,311)
G&A expenses	(9,334)	(11,215)	(15,264)	(13,828)	(9,669)	(9,652)	(12,251)	(12,792)
Other income/(expense)	68,456	718	774	675	36,326	(55)	6,612	470
Finance costs	(22,870)	(21,978)	(20,943)	(19,300)	(19,486)	(20,441)	(20,541)	(20,464)
Changes in fair value of financial instruments and foreign exchange gain/(loss)	2,929	9,054	7,161	2,641	2,248	4,274	(4,792)	(435)
Deferred income tax benefit/(expense)	(16,849)	2,248	1,111	(641)	(4,346)	2,724	(550)	1,188
Net income(loss) from continuing operations	41,904	750	(3,404)	(11,862)	16,915	(1,839)	(6,420)	(2,675)
Net income/(loss) from LTC Discontinued Operations	5,559	3,528	4,510	8,546	1,817	2,756	1,836	(2,258)
Net income/(loss) for the period	47,463	4,278	1,106	(3,316)	18,732	917	(4,584)	(4,933)
FFO (1)								
Continuing operations	27,744	28,290	25,719	20,259	23,856	28,829	30,737	34,461
Total	33,357	31,880	30,355	31,324	28,435	33,937	34,756	35,134
FFOPU (1)								
Continuing operations	0.12	0.12	0.11	0.09	0.10	0.13	0.14	0.16
Total	0.14	0.13	0.13	0.13	0.12	0.15	0.16	0.16
IFFO (1)								
Continuing operations	28,877	29,535	26,785	21,279	25,347	30,412	32,743	36,607
Total	34,490	33,125	31,421	32,344	29,926	35,520	36,762	37,280
IFFOPU (1)								
Continuing operations	0.12	0.13	0.11	0.09	0.11	0.14	0.15	0.17
Total	0.14	0.14	0.13	0.14	0.13	0.16	0.17	0.17
Weighted Average number of units (2)	238,831	237,837	236,859	236,048	235,268	225,074	218,541	218,331

(1) Non-GAAP; refer to the "Additional Information on Non-GAAP Measures" section on page 61 of this MD&A.
(2) Non-GAAP; refer to the "Weighted Average Number of Units" section on page 67 of this MD&A.

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

- developments, acquisitions, and dispositions of properties as described in the "Significant Events" section on page 18 and the " 2023 Outlook" section on page 11 of this MD&A and in our 2021 MD&A
- pandemic impacts as described in the "2023 Outlook" section on page 11 of this MD&A including pandemic costs and related levels of government recoveries
- changes in fair value of financial instruments
- impairment losses
- deferred income taxes, and
- the issuance of 15.5 million additional Trust Units in Q3 2021.

The effect of seasonal factors on our quarterly results is primarily related to outbreaks and weather patterns which both of which affect both direct operating expenses, primarily utilities, staffing and maintenance costs and revenue due to changes in occupancy due to new resident move-in trends.

Additional Information on Non-GAAP Measures

Throughout this MD&A, there are references to certain Non-GAAP measures. As described in the relevant sections of this MD&A, where a Non-GAAP 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 Measure. Non-GAAP Measures do not have any standardized meaning prescribed by GAAP and therefore, are unlikely to be comparable to similar financial measures used by other issuers. The following provides detailed definitions and reconciliations to the most closely comparable GAAP measure for any Non-GAAP 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 for continuing operations and IFFO for continuing operations:

	($000s, except per unit amounts and number of units)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
	Net income/(loss)	41,904	16,915	24,989	27,388	5,982	21,406
	Add (Subtract):						
B	Depreciation of PP&E	39,482	38,649	833	152,988	151,127	1,861
D	Amortization of limited life intangible assets	773	4,267	(3,494)	3,148	6,734	(3,586)
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	(1,181)	(3,848)	2,667	(4,791)	(7,907)	3,116
E	Loss/(gain) on disposal of assets	(70,125)	(37,854)	(32,271)	(71,751)	(44,840)	(26,911)
J	Transaction costs arising on dispositions	1,792	858	934	1,992	1,374	618
H	Impairment losses	-	850	(850)	-	850	(850)
G	Deferred income tax	16,849	4,346	12,503	14,131	984	13,147
O	Distributions on Class B Units recorded as interest expense	234	235	(1)	937	937	-
M	Changes in fair value of financial instruments and foreign exchange loss/(gain)	(2,929)	(2,248)	(681)	(21,785)	(1,295)	(20,490)
Q	FFO adjustments for Equity-Accounted JVs [1]	945	1,686	(741)	(244)	3,936	(4,180)
	FFO [2]	27,744	23,856	3,888	102,013	117,882	(15,869)
	Add (Subtract):						
	Lease-up-Losses and Imputed Cost of Debt [3]	1,133	1,491	(358)	4,464	5,193	(729)
	Income guarantees [4]	-	-	-	-	2,033	(2,033)
	IFFO [5]	28,877	25,347	3,530	106,477	125,108	(18,631)
	Weighted average number of units [6]	238,831	235,268	3,563	237,402	224,351	13,051
	FFOPU [7]	0.12	0.10	0.02	0.43	0.53	(0.10)
	IFFOPU [7]	0.12	0.11	0.01	0.45	0.56	(0.11)

(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 24 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 18 of this MD&A. Includes Chartwell's proportionate share of Equity-Accounted JVs.
(4) Non-GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity-Accounted JVs.
(5) Non-GAAP; refer to the preamble to this table.
(6) Non-GAAP; refer to "Weighted Average Number of Units" section on page 67 of this MD&A.
(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 67 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides supplemental information in respect of the adjustment to FFO for Equity-Accounted JVs:

	($000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
B	Depreciation of PP&E and amortization of intangible assets	957	1,908	(951)	2,808	4,630	(1,822)
E	Loss/(gain) on disposal of assets	(16)	(26)	10	(21)	(52)	31
M	Change in fair value of financial instruments and foreign exchange loss/(gain)	4	(196)	200	(3,031)	(642)	(2,389)
Q	FFO adjustments for Equity-Accounted JVs [(1)]	945	1,686	(741)	(244)	3,936	(4,180)

(1) Non-GAAP; refer to the preamble to this section.

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

	($000s, except per unit amounts and number of units)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
	Net income/(loss)	47,463	18,732	28,731	49,531	10,132	39,399
	Add (Subtract):						
B	Depreciation of PP&E	39,482	41,065	(1,583)	154,804	160,382	(5,578)
D	Amortization of limited life intangible assets	773	4,613	(3,840)	3,350	7,709	(4,359)
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	(1,181)	(3,848)	2,667	(4,791)	(7,907)	3,116
E	Loss/(gain) on disposal of assets	(70,122)	(37,854)	(32,268)	(71,743)	(44,840)	(26,903)
J	Transaction costs arising on dispositions	1,843	858	985	2,727	1,374	1,353
H	Impairment losses	-	850	(850)	-	850	(850)
G	Deferred income tax	16,849	4,346	12,503	14,131	984	13,147
O	Distributions on Class B Units recorded as interest expense	234	235	(1)	937	937	-
M	Changes in fair value of financial instruments and foreign exchange loss/(gain)	(2,929)	(2,248)	(681)	(21,785)	(1,295)	(20,490)
Q	FFO adjustments for Equity-Accounted JVs [(1)]	945	1,686	(741)	(244)	3,936	(4,180)
	FFO [(2)]	33,357	28,435	4,922	126,917	132,262	(5,345)
	Add (Subtract):						
	Lease-up-Losses and Imputed Cost of Debt [(3)]	1,133	1,491	(358)	4,464	5,193	(729)
	Income guarantees [(4)]	-	-	-	-	2,033	(2,033)
	IFFO [(5)]	34,490	29,926	4,564	131,381	139,488	(8,107)
	Weighted average number of units [(6)]	238,831	235,268	3,563	237,402	224,351	13,051
	FFOPU [(7)]	0.14	0.12	0.02	0.53	0.59	(0.06)
	IFFOPU [(7)]	0.14	0.13	0.01	0.55	0.62	(0.07)

(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 24 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 18 of this MD&A. Includes Chartwell's proportionate share of Equity-Accounted JVs.
(4) Non-GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity-Accounted JVs.
(5) Non-GAAP; refer to the preamble to this table.
(6) Non-GAAP; refer to "Weighted Average Number of Units" section on page 67 of this MD&A.
(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 67 of this MD&A for a discussion of the calculation of the per unit amounts.

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

		2022				2021			
	($000s, except per unit amounts and number of units)	**Q4**	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1
	Net income/(loss)	41,904	750	(3,404)	(11,862)	16,915	(1,839)	(6,420)	(2,675)
	Add (Subtract):								
B	Depreciation of PP&E	39,482	38,958	37,927	36,621	38,649	36,966	37,833	37,679
D	Amortization of limited life intangible assets	773	809	822	744	4,267	862	819	786
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	(1,181)	(1,186)	(1,203)	(1,222)	(3,848)	(1,416)	(1,380)	(1,264)
E	Loss/(gain) on disposal of assets	(70,125)	(656)	(425)	(545)	(37,854)	(149)	(6,471)	(361)
J	Transaction costs arising on dispositions	1,792	122	23	55	858	420	32	64
H	Impairment losses	-	-	-	-	850	-	-	-
G	Deferred income tax	16,849	(2,248)	(1,111)	641	4,346	(2,724)	550	(1,188)
O	Distributions on Class B Units recorded as interest expense	234	234	234	234	235	234	234	233
M	Changes in fair value of financial instruments and foreign exchange loss/(gain)	(2,929)	(9,054)	(7,161)	(2,641)	(2,248)	(4,274)	4,792	435
Q	FFO adjustments for Equity-Accounted JVs [1]	945	561	17	(1,766)	1,686	750	748	752
	FFO [2]	27,744	28,290	25,719	20,259	23,856	28,830	30,737	34,461
	Add (Subtract):								
	Lease-up-Losses and Imputed Cost of Debt [3]	1,133	1,245	1,066	1,020	1,491	1,493	1,241	968
	Income guarantees [4]	-	-	-	-	-	90	765	1,178
	IFFO [5]	28,877	29,535	26,785	21,279	25,347	30,413	32,743	36,607
	Weighted average number of units [6]	238,831	237,837	236,859	236,048	235,268	225,074	218,541	218,331
	FFOPU [7]	0.12	0.12	0.11	0.09	0.10	0.13	0.14	0.16
	IFFOPU [7]	0.12	0.13	0.11	0.09	0.11	0.14	0.15	0.17

(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 24 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 18 of this MD&A. Includes Chartwell's proportionate share of Equity-Accounted JVs.
(4) Non-GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity-Accounted JVs.
(5) Non-GAAP; refer to the preamble to this table.
(6) Non-GAAP; refer to "Weighted Average Number of Units" section on page 67 of this MD&A.
(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 67 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides a quarterly reconciliation of net income/(loss) to Total FFO for total operations and Total IFFO for total operations:

		2022				2021			
	($000s, except per unit amounts and number of units)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Net income/(loss)	47,463	4,278	1,106	(3,316)	18,732	917	(4,584)	(4,933)
	Add (Subtract):								
B	Depreciation of PP&E	39,482	38,958	37,927	38,437	41,065	39,109	39,806	40,401
D	Amortization of limited life intangible assets	773	809	822	946	4,613	1,072	1,029	995
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	(1,181)	(1,186)	(1,203)	(1,222)	(3,848)	(1,416)	(1,380)	(1,264)
E	Loss/(gain) on disposal of assets	(70,122)	(655)	(423)	(545)	(37,854)	(151)	(6,471)	(361)
J	Transaction costs arising on dispositions	1,843	183	147	556	858	420	32	64
H	Impairment losses	-	-	-	-	850	-	-	-
G	Deferred income tax	16,849	(2,248)	(1,111)	641	4,346	(2,724)	550	(1,188)
O	Distributions on Class B Units recorded as interest expense	234	234	234	234	235	234	234	233
M	Changes in fair value of financial instruments and foreign exchange loss/(gain)	(2,929)	(9,054)	(7,161)	(2,641)	(2,248)	(4,274)	4,792	435
Q	FFO adjustments for Equity-Accounted JVs [1]	945	561	17	(1,766)	1,686	750	748	752
	FFO [2]	33,357	31,880	30,355	31,324	28,435	33,937	34,756	35,134
	Add (Subtract):								
	Lease-up-Losses and Imputed Cost of Debt [3]	1,133	1,245	1,066	1,020	1,491	1,493	1,241	968
	Income guarantees [4]	-	-	-	-	-	90	765	1,178
	IFFO [5]	34,490	33,125	31,421	32,344	29,926	35,520	36,762	37,280
	Weighted average number of units [6]	238,831	237,837	236,859	236,048	235,268	225,074	218,541	218,331
	FFOPU [7]	0.14	0.13	0.13	0.13	0.12	0.15	0.16	0.16
	IFFOPU [7]	0.14	0.14	0.13	0.14	0.13	0.16	0.17	0.17

(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 24 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 18 of this MD&A. Includes Chartwell's proportionate share of Equity-Accounted JVs.
(4) Non-GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity-Accounted JVs.
(5) Non-GAAP; refer to the preamble to this table.
(6) Non-GAAP; refer to "Weighted Average Number of Units" section on page 67 of this MD&A.
(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 67 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides the reconciliation net income/(loss) of FFO from LTC Discontinued Operations and IFFO from LTC Discontinued Operations:

($000s, except per unit amounts and number of units)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Net income/(loss) for the period	5,559	1,817	3,742	22,143	4,150	17,993
Add (Subtract):						
Depreciation of PP&E [1]	-	2,416	(2,416)	1,816	9,255	(7,439)
Amortization of limited life intangible assets [1]	-	346	(346)	202	975	(773)
Loss / (gain) on disposal of assets [1]	3	-	3	8	-	8
Transaction costs arising on dispositions [1]	51	-	51	735	-	735
FFO [1][2]	5,613	4,579	1,034	24,904	14,380	10,524
IFFO [4]	5,613	4,579	1,034	24,904	14,380	10,524
Weighted average number of units [5]	238,831	235,268	3,563	237,402	224,351	13,051
FFOPU [6]	0.02	0.02	-	0.10	0.06	0.04
IFFOPU [6]	0.02	0.02	-	0.10	0.06	0.04

(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 24 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 18 of this MD&A.
(4) Non-GAAP; refer to the preamble to this table.
(5) Non-GAAP; refer to "Weighted Average Number of Units" section on page 67 of this MD&A.
(6) Non-GAAP; refer to the "Per Unit Amounts" section on page 67 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides the quarterly reconciliation of net income/(loss) to FFO from LTC Discontinued Operations and IFFO from LTC Discontinued Operations:

($000s, except per unit amounts and number of units)	**2022**				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income/(loss) for the period	5,559	3,528	4,510	8,546	1,817	2,756	1,836	(2,258)
Add (Subtract):								
Depreciation of PP&E [1]	-	-	-	1,816	2,416	2,143	1,973	2,722
Amortization of limited life intangible assets [1]	-	-	-	202	346	210	210	209
Loss /(gain) on disposal of assets [1]	3	1	2	-	-	(2)	-	-
Transaction costs arising on dispositions [1]	51	61	124	501	-	-	-	-
FFO [1][2]	5,613	3,590	4,636	11,065	4,579	5,107	4,019	673
IFFO [4]	5,613	3,590	4,636	11,065	4,579	5,107	4,019	673
Weighted average number of units [5]	238,831	237,837	236,859	236,048	235,268	225,074	218,541	218,331
FFOPU [6]	0.02	0.01	0.02	0.04	0.02	0.02	0.02	0.00
IFFOPU [6]	0.02	0.01	0.02	0.04	0.02	0.02	0.02	0.00

(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 2424 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 18 of this MD&A.
(4) Non-GAAP; refer to the preamble to this table.
(5) Non-GAAP; refer to "Weighted Average Number of Units" section on page 67 of this MD&A.
(6) Non-GAAP; refer to the "Per Unit Amounts" section on page 67 of this MD&A for a discussion of the calculation of the per unit amounts.

Per Unit Amounts

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

Weighted Average Number of Units

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

(000s)	**Q4 2022**	Q4 2021	Change	**2022**	2021	Change
Weighted average number of units [1]	238,831	235,268	3,563	237,402	224,351	13,051

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

Net Debt to Adjusted EBITDA

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

The following table summarizes our Net Debt to Adjusted EBITDA ratio at December 31, 2022, and December 31, 2021:

($000s, except Net Debt to Adjusted EBITDA ratio)	**December 31, 2022**	December 31, 2021
Consolidated Indebtedness for Debentures [1]	2,544,665	2,343,757
Consolidated EBITDA for Debentures [2]	229,632	232,898
Net Debt to Adjusted EBITDA ratio	11.1	10.1

(1) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 50 of this MD&A for the calculation of this amount.
(2) Refer to the "Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures" section on page 49 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 and higher direct property operating expense primarily as a result of the pandemic as discussed in the "2023 Outlook" section on page 11 of this MD&A.

As discussed in the "Acquisitions and Development Portfolio" section of this MD&A, as at December 31, 2022, our Retirement Operations acquisitions and development portfolio included 15 acquired and newly developed retirement residences that contributed $27.9 million adjusted NOI in 2022. If we achieve the expected stabilized average occupancy of 95%, these projects would be estimated to generate annualized adjusted NOI of $52.2 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 $24.3 million as though stabilized would be 10.0.

Critical Accounting Policies and Estimates

Critical Accounting Judgments, Estimates and Assumptions in Applying Accounting Policies

Our significant accounting policies for the year ended December 31, 2022 are referred to in note 3 of our Financial Statements. Under IFRS, it is necessary to make estimates when preparing the financial statements and then to re-evaluate the original estimates used on an ongoing basis. Our estimates are based on past experience and other factors that we believe are reasonable under the circumstances. As this involves varying degrees of judgement and uncertainty, the amounts currently reported in the financial statements could, in the future, prove to be inaccurate.

Valuation of PP&E and Intangibles

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

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

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

PP&E and intangible assets represent more than 90% of our assets.

At each reporting date we assess whether there is an indication, based on internal or external sources of information, that an asset or a Cash Generating Unit ("CGU") in PP&E may be impaired. When indicators of impairment exist, we evaluate whether the recoverable amount of a CGU exceeds its carrying amount. Factors which could indicate that impairment exists include significant underperformance relative to historical or projected operating results, significant changes in the manner or use of the assets, significant negative industry or economic trends, or a change in the strategy for our overall business.

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

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

expectations of market participants. Estimates and assumptions used in the determination of the recoverable amounts were based upon information that was known at the time, along with the future outlook. Actual results can, and often do, differ from these estimates, and can have either a positive or negative impact on the estimate and whether an impairment situation exists. In addition, when impairment tests are performed, the estimated useful lives of the properties are reassessed, with any change accounted for prospectively. Intangible assets that have indefinite useful lives are tested for impairment annually, or more frequently, if events or circumstances indicate that the assets might be impaired. Goodwill is tested for impairment at least annually or whenever indicators of impairment of the CGU to which the goodwill relates have occurred. Intangible assets with finite useful lives are tested for impairment if events or changes in circumstances, assessed at each reporting date, indicate the carrying amount may not be recoverable.

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

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

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

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

Changes in Accounting Estimates and Changes in Accounting Policies

Our significant accounting policies are described in Note 3 of our 2022 Financial Statements. Note 3(o) outlines future accounting policy changes. There were no significant changes to our accounting policies in 2022 or following the date of our 2022 Financial Statements.

Related Party Transactions

In the normal course of operations, Chartwell enters into various transactions with related parties. A summary of related party transactions can be found in Note 12 Joint Arrangements in our 2022 Annual Financial Statements.

Controls and Procedures

We are committed to maintaining effective disclosure controls and procedures and internal controls over financial reporting. We continue to invest in improvements to our information systems and financial processes to further strengthen our internal controls. A control system, no matter how well conceived and operated, can provide only reasonable, and not absolute, assurance that its objectives are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; and (ii) the impact of isolated errors. Additionally, controls may be circumvented by the unauthorized acts of individuals, by the collusion of two or more people or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

Disclosure Controls and Procedures

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

An evaluation was carried out, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of Chartwell's disclosure controls and procedures as defined under National Instrument 52-109. In making this assessment, the Chief Executive Officer and the Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the Internal Control – Integrated Framework – 2013 (COSO Internal Control Framework – 2013). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of Chartwell's disclosure controls and procedures were effective as at December 31, 2022.

Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer assessed, or caused an assessment under their direct supervision of the design and operating effectiveness of our internal controls over financial reporting as at December 31, 2022, and based on that assessment determined that our internal controls over financial reporting were appropriately designed and were operating effectively in accordance with the COSO Internal Control Framework – 2013.

There were no material changes in our internal controls over financial reporting that occurred during the year ended December 31, 2022 that have significantly affected or are reasonably likely to significantly affect our internal control over financial reporting.

Risks and Uncertainties and Forward-Looking Information

Risk and Uncertainties

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Please refer to the "2023 Outlook" section on page 11 of this MD&A for a discussion of risks related to COVID-19.

- **General Business Risks**: We are subject to general business risks and to risks inherent in the seniors housing industry and in the ownership of real property. These risks include general economic conditions, health-related risks, disease outbreaks (for example, COVID-19) and control risks, fluctuations in occupancy levels, the inability to achieve economic residency fees (including anticipated increases in such fees), rent control regulations, increases in labour costs, and other operating costs including the costs of utilities, possible future changes in labour relations, reduction in personnel below acceptable levels (e.g. due to events such as a pandemic or disease outbreak), competition from or the oversupply of other similar properties, changes in neighbourhood or location conditions and, the imposition of increased taxes or new taxes, capital expenditure requirements, changes in interest rates, and changes in the availability and cost of money for long term financing which may render refinancing of mortgages difficult or unattractive. Moreover, there is no assurance that expected demographic trends will continue or that the occupancy levels achieved to date at the Properties and expected in the future will continue or be achieved. Any one of, or a combination of, these factors may adversely affect our cash available to, or the financial position of Chartwell.

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

- **Occupancy, Business Volumes, and Competition:** Revenue and operating results depend significantly on the occupancy levels at our residences. Numerous other developers, managers and owners of seniors housing residences compete with us in seeking residents. The existence of competing developers, managers and owners and competition for our residents may adversely affect our ability to find residents for our seniors housing residences and on the level of rents or rental rate which may be charged, and could adversely affect our revenues and, consequently, our ability to meet debt obligations. An increased supply of suites in the regions in which we operate may have an impact on the demand for suites in such residences. Our ability to compete successfully depends on a number of factors, including the number of competitors in the local market, the types of services available, our reputation in the local area, cost of services and the location, physical condition and age of the residences. In addition, events in a local community such as community spread of COVID-19 may result in decreases in occupancy levels due to recommended preventative measures, negative perceptions of congregate living or government directives limiting sales and move-in activities. The pandemic has had a negative effect on seniors' perceptions of retirement living, reducing demand. This perception has been exacerbated by negative and often inaccurate media coverage. Further, public health and government orders, directives and regulations related to the pandemic continue to evolve and at various times have placed restrictions on visitors, in-person tours, resident absences and outings, social gatherings, recreation activities, communal dining and resident move-ins, depending on the locations of the residences, which have negatively impacted demand and occupancy levels.

- **Human Capital:** We compete in local markets with other health care providers with respect to attracting and retaining qualified personnel. We are also dependent upon the available labour pool of employees. A shortage of qualified personnel may require us to enhance our wage and benefits packages in order to compete. No assurance can be given that labour costs will not

increase, or if they do increase, they can be matched by corresponding increases in rental or management revenue. The health care industry continues to face shortages of qualified personnel, including but not limited to nurses and personal support workers, particularly in non-urban settings. This staffing shortage has been exacerbated by the COVID-19 pandemic. Continuation of such shortages could impact the delivery of services to residents in increased competition for staff and increased labour costs. This shortage, along with general inflationary pressures, may require us to enhance our pay and benefits package to effectively compete for qualified personnel. We may not be able to recover such added costs through increased government funding or increased rates charged to residents. The inability to retain and/or attract qualified personnel may result in: a reduction in occupancy levels or services provided; use of staffing agencies at added cost; and an increased risk of deficiencies in operations which could potentially result in fines or penalties. An increase in personnel costs or a failure to attract, train and retain qualified and skilled personnel could adversely affect our business, results of operations and financial condition.

- **Labour Relations**: We, directly or indirectly employ 15,928 people in Canada, of which 4,833 are employed in our LTC Discontinued Operations portfolio. Excluding managers approximately 90% of the employees working in the residences are represented by labour unions or employee associations. Labour relations with the unions are governed by collective bargaining agreements with many different unions. There can be no assurance that we will not at any time, whether in connection with the renegotiation process or otherwise, experience strikes, labour stoppages or any other type of conflict with unions or employees which could have a material adverse effect on our business, operating results and financial condition. However, most seniors housing residences in the Province of Ontario are governed by the Hospital Labour Disputes Arbitration Act which prohibits strikes and lockouts in the seniors housing sector. Therefore collective bargaining disputes are more likely to be resolved through compulsory third-party arbitration in Ontario.

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

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

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

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

- **Pandemic, Epidemic or Outbreak of Disease:** The occurrence of a pandemic, epidemic, or other outbreak of an infectious disease, such as COVID-19, or other public health crisis in areas in which we operate could have a material adverse effect on our business, results of operations, liquidity, borrowing capacity and financial condition. Federal, provincial or local health agencies may, or we may choose to, restrict, limit or suspend in-person tours by or on behalf of prospective residents and/or admissions to our residences as a precautionary measure in a crisis to avoid the spread of a contagious illness or other public health crisis, resulting in decreased occupancy. Even in the absence of any such restriction, limit or suspension, prospective residents may delay or defer moving into a residence due to negative perceptions of congregate living and/or in an attempt to avoid possible exposure to infectious diseases. Enhanced procedures, protocols and care put in place to assist in reducing the likelihood of exposure to infectious diseases or to address actual outbreaks in our residences (for example, enhanced screening, personal protective equipment, increased disinfection, mandatory vaccination policies, rapid testing and other health and safety measures) would result in increased costs. A pandemic, epidemic or other outbreak may also adversely affect operations by causing staffing and supply shortages. Although government funding or assistance may mitigate some of these impacts, there is no certainty of the extent to which that will be the case. There is uncertainty regarding the implementation and impact of any government funding, pandemic-related legislation and any other future COVID-19 relief measures. In addition, outbreaks, such as COVID-19, cause our staff and our management team to spend considerable time planning for and addressing such events, which diverts their attention from other business concerns. Further, a pandemic, epidemic or contagious disease outbreak may impact the overall economy so that credit markets are adversely affected, which may make it more difficult for us to access the credit markets or, if able to do so, at a higher cost or less advantageous terms, potentially impacting, among other things refinancings and our development plans and timelines. A pandemic, epidemic, or other outbreak of an infectious disease may result in an increased risk that we may be subject to litigation related to our handling of the pandemic, epidemic or other outbreak of infectious disease at its residences, which, even if not meritorious, and even if covered by our insurance, could result in increased operating costs to defend. See the "2023 Outlook" section on page 11 of this MD&A.

- **Access to Capital, Interest Rate Risk and Other Debt and Financing Risk:** We have and will continue to have substantial outstanding consolidated indebtedness comprised primarily of the mortgages, term loans, debentures and indebtedness under our credit facilities. Our level of indebtedness could adversely affect its business and results of operations, including: limiting its ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general business purposes; restricting Chartwell's flexibility and discretion to operate its business; limiting our ability to make Distributions; having to dedicate a portion of cash flows from operations to the payment of interest on our existing indebtedness and not having such cash flows available for other purposes; exposing our business to increased debt capital market risks, including interest rate risk and refinancing risk at maturity; exposing us to increased interest expense on borrowings at variable rates; limiting our ability to adjust to changing market conditions; and making us vulnerable in a downturn in general economic conditions.

We intends to finance its growth strategy, including acquisitions and developments, through a combination of its working capital and its cash flow from operations, additional indebtedness and public or private sales of equity or debt securities. In the event that we require additional equity or debt financing for any reason, there can be no assurance that such financing will be available when required or on commercially favourable terms or on terms that are otherwise satisfactory to us. We are also subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of such refinancing may not be as favourable as the terms of its existing indebtedness. This may be due to factors including our financial condition, results of operations and cash flows, the terms of our existing indebtedness, general economic conditions and volatility, disruption and other unfavourable trends in the North American capital and credit markets. In particular, we currently have access to the government-backed mortgage insurance program through the National Housing Act, which is administered by CMHC. We entered into the LBA with CMHC in December 2015. There can be no guarantee that the provisions of the mortgage insurance program will not be changed in the future so as to make costs of obtaining mortgage insurance prohibitive or so as to restrict access to the insurance program in the future. To the extent that any financing requiring CMHC consent or approval is not obtained or that such consent or approval is only available on unfavourable terms, We may be required to use a conventional mortgage or other financing alternatives which may be less favourable to us than a CMHC-insured mortgage. No assurance can be given that we will be successful in obtaining additional financing, or refinancing existing indebtedness, on acceptable terms, at reasonable cost and at the required times, or at all. If we cannot obtain financing on acceptable terms, at reasonable cost and at the required times, our operations, liquidity and financial condition may be materially adversely affected and we may have to forgo, delay, or abandon some or all of its planned capital expenditures or any development, investment, or acquisition opportunities that we identify, which could adversely affect our revenues and results of operations.

Increases in market interest rates could significantly increase our debt servicing costs, which could have a material adverse effect on our business and results of operations. A portion of our cash flow is devoted to servicing its debt, and there can be no assurance that we will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If we are unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing.

If we fail to comply with the covenants, restrictions and requirements of any of its debt obligations, it could be in default under the relevant agreement which could have a material adverse effect on our liquidity, financial condition and results of operations. A default under one debt financing arrangement could cause cross-defaults under other financing arrangements, including our mortgages, term loans, debentures and our credit facilities. For example, because the terms of our debt contain cross-default provisions, a default by us related to one debt instrument could affect a significant number of our other properties and corresponding mortgages, term loans, debentures and credit facilities. In the event of any such default, if we failed to obtain replacement financing or amendments to or waivers under the applicable financing arrangement, its lenders could cease making further advances, declare our debt to be immediately due and payable, impose significant restrictions and requirements on our operations, institute foreclosure procedures against their collateral, or impose significant fees and transaction costs. If debt acceleration occurs, economic conditions may make it difficult or expensive to refinance the accelerated debt or we may have to issue equity, which would have dilutive effects on unitholders. Even if new financing is made available to us, credit may not be available to us on acceptable or reasonable terms. In addition, the terms of our indebtedness generally contain customary provisions that, upon an event of default, restrict the Distributions that may be made by us and our subsidiaries. Upon an event of default under such indebtedness, our ability to make Distributions will be adversely affected.

- **Economic and Financial Conditions:** Adverse changes to the economic and financial conditions in Canada, the United States and globally could impact our ability to execute upon our operating, investing and financing strategies which, in turn, could have a material adverse impact on our business, sales, profitability and financial position. In addition to labour costs, supply expenses make up a substantial portion of our cost of services. Those expenses can be subject to increases in periods of rising inflation. Although historically we have generally been able to implement cost control measures, proactive procurement practices and/or obtain increases in government funding sufficient to substantially offset increases in these expenses, there can be no assurance that we will be able to anticipate fully or otherwise respond to any inflationary pressures or receive such increased funding, which may have a material adverse effect on the business, results of operations and our financial condition. Similarly, such inflationary pressures, as well as strengthening competition for materials and services, may result in significant increases in redevelopment costs such that, in the absence of increased funding, redevelopment projects may no longer be economically viable or, if viable, provide a return on investment lower than initially anticipated.

- **Joint-Venture Interests**: We have entered into joint-venture arrangements in respect of certain of our seniors housing operations. These joint-venture arrangements have the benefit of sharing the risks associated with ownership and management of such seniors housing residences including those risks described above and provide us with access to properties and development sites we would otherwise have. However, we may be exposed to adverse developments, including a possible change in control, in the business and affairs of our joint-venture partners which could have a significant impact on, or termination of, our interests in our joint ventures and could affect the value of the joint ventures to us and/or cause us to incur additional costs if we were to solely undertake the operations of the joint venture. In addition, there are risks which arise from the joint-venture arrangements themselves, including: the risk that the other joint-venturer may exercise buy-sell, put or other sale or purchase rights which could obligate us to sell our interest or buy the other joint-venturer's interest at a price which may not be favourable to us or at a time which may not be advantageous to us, the effect of which could be materially adverse to our financial position or resources.

- **Management Contracts:** We receive management fees from non-owned residences that we manage for others and earns management fees from co-owned properties. We will not receive this revenue if the management agreements with the residences' owners are terminated or not renewed upon their expiry. Such contracts are generally terminable upon 90 days' notice, with the exception of Management Agreements on the Welltower Properties and management agreements on properties with secured mezzanine loans advanced by us and LTC management agreements that can generally only be terminated upon an event of default.

- **Privacy and Cyber Security**: As a custodian of a large amount of personal information and personal health information relating to our employees and our residents, we are exposed to the legal and reputational risk of the loss, misuse or theft of any such information. We mitigate this risk by deploying appropriate technology and training for preventing unauthorized access or theft for our employees relating to the safeguarding of such information and we maintain cybersecurity insurance in amounts and with such coverage as deemed appropriate based on the nature and risks of the business.

  Cyber security has become an increasingly problematic issue for issuers and businesses in Canada and around the world, including for us and the seniors housing industry. Cyber-attacks against large organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. Such an attack could compromise our confidential information as well as that of our residents, employees, and third parties with whom we interact and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage. In particular, in connection with our business we maintain a large amount of personal health information about our residents. If we were to experience a security breach

resulting in unauthorized access to our use or disclosure of such information, we could be exposed to complaints, investigations or litigation and our reputation may be negatively affected. As a result, while we continually monitor for malicious threats and adapt accordingly in an effort to ensure we maintain high privacy and security standards, invest in cyber defense technologies to support our business model and to protect our systems, residents and employees, employing industry best practices, there can be no assurance that these measures will prevent loss, misuse or theft of any such information.

- **Government Regulation**: Health care in general is an area subject to extensive regulation and frequent regulatory change. In Canada, a number of provinces are promoting regionally managed and regulated health care systems. These changes favour larger operators having the resources to provide more cost-effective management services and well developed staff training programs on a regional basis. There can be no assurance that future regulatory changes in health care, particularly those changes affecting the seniors housing industry will not adversely affect us.

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

  The licence terms for our five Class B and C LTC homes (641 beds) in Ontario are set to expire in 2025 unless these homes are redeveloped to the new design standards. Three of the five homes are being sold as part of the LTC Transaction. We are evaluating the options with respect to the remaining two homes, which will be managed by AgeCare upon the closing of the LTC Transactions. In September 2020 the Ministry of Long Term Care published a new Long Term Care Home Capital Development Funding Policy to incentivize the development and re-development of long term care homes. With the introduction of this new policy, we were able to announce the construction of a new 224-bed long term care home in Ajax to replace our current 100 bed Class B homes. In 2021, Chartwell received conditional approval from the Ministry of Long Term Care for four LTC developments, including the redevelopment of three older residences. The bed award includes 467 new beds for a total of 896 beds.

  Class B and C long term care homes in Ontario have three- or four-bed ward-style rooms. As a result of COVID-19, the Ministry of Long Term Care has limited admissions to no more than two residents per room, adversely impacting occupancy in these homes, however they have been providing occupancy protection funding. This restriction is currently in place until at least March 31,2023 and it is unknown whether the restriction or the funding will continue beyond that date.

  The provincial regulation of LTC homes includes the control of long term care fees and the subsidization of LTC residents. There can be no assurance that the current level of such fees and subsidies will be continued or that such fees will increase commensurate with expenses. A reduction of such fees or subsidies could have an impact upon the value of the Properties and our net income. It may also be the case that individual provinces enact new minimum standards for the senior housing sector in response to the COVID-19 outbreaks and increased scrutiny that arose during the pandemic. As the scope of any new proposed regulations is still unknown, we cannot be certain that once enacted, we will not incur additional costs to comply with any such new regulations.

  While certain provinces have introduced legislation to provide limited civil liability protection to organizations from COVID-19 related claims, there can be no assurance that any such legislation

will apply to or protect Chartwell from any COVID-19 related liability. Such legislation includes British Columbia's COVID-19 Related Measures Act and the COVID-19 (Limit on Actions and Proceedings) Regulation which provides civil liability protection for businesses and non-profits for damages related to COVID-19 pandemic and resulting, directly or indirectly, from an individual being or likely being infected with or exposed to COVID-19. The Ontario government has also enacted the Supporting Ontario's Recovery Act (the "Recovery Act") which provides civil liability protection to organizations that made a good faith effort to follow public health guidance and COVID-19 related laws and did not act with gross negligence, with exceptions for certain types of claims. The Recovery Act also deems certain existing civil proceedings related to COVID-19 exposure to be dismissed without costs and will bar certain future proceedings from being brought, if the defendant acted in good faith and not with gross negligence. Throughout the COVID-19 pandemic, public health as well as provincial and municipal governments have issued and continue to issue various orders, directives, regulations and guidance specific to the senior housing sector. Such measures include establishing operational standards, outbreak standards, and infection prevention and control protocols applicable to LTC homes and AL/IL residences. It may be the case that there will be further regulatory changes in the seniors housing industry in response to COVID-19 or any other pandemic, epidemic or outbreak of infectious diseases.

- **Workplace Health and Safety:** We recognize that ensuring a healthy and safe workplace reduces work-related injury, illness and disability, improves productivity, lowers absenteeism and helps minimize any liability or penalties which could be incurred in connection with workplace injuries or illness. Chartwell has occupational health and safety programs in place and has established policies, procedures and training aimed at ensuring compliance with applicable legislative requirements. Failure to comply with workplace health and safety policies and procedures or applicable legislative requirements could result in increased work-related injury or illness, fines and/or penalties and damage to our reputation and thus have a material adverse effect on the business, results of operations and financial condition of Chartwell.

- **Liability and Insurance**: The businesses, which are carried on, directly or indirectly, by us, entail an inherent risk of liability. We expect that from time to time we may be subject to such lawsuits as a result of the nature of its businesses. In addition, attempts to advance class action lawsuits have become prevalent in senior care. There can be no assurance that we will not face risks of this nature. We maintain business and property insurance policies in amounts and with such coverage and deductibles as deemed appropriate, based on the nature and risks of the businesses, historical experience and industry standards. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms or that coverage for certain risks such as infectious diseases will continue to be available at all. A successful claim against us not covered by, or in excess of, our insurance could have a material adverse effect on our business, operating results and financial condition. Claims against us, regardless of their merit or eventual outcome, also may have a material adverse effect on our ability to attract residents or expand our businesses and will require management to devote time to these matters rather than to the operation of the business.

- **Growth:** The ability to grow may require the issuance of additional Units and the ability to do so may not always be a viable capital-raising option. Furthermore, timing differences may occur between the issuance of additional units and the time the proceeds may be used to invest in acquiring or developing new properties. Depending on the duration of this timing difference, this may be dilutive. We expect that we will have opportunities to acquire properties which will be accretive and enable us to increase cash flow through improved management, but there can be no assurance that will be the case.

- **Acquisitions, Disposition and Development**: Agreements to acquire, sell and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on our operations and financial results.

Representations and warranties given by such third parties to us may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties.

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

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

We are pursuing several development activities. These activities create development-specific risks, including the risk of subcontractors placing liens on projects, constructions delays, increasing costs, labour disputes, delays in obtaining municipal and regional approvals and disputes with development partners.

- **Maintenance of Assets**: We are committed to keeping our communities in a good state of repair. We fundamentally believe that investing back into communities increases resident and staff satisfaction, which ultimately makes the business more profitable. In 2022, we invested $75.6 million of capital back into our property portfolio. In addition to recurring capital maintenance projects, these investments include large, often multi-phased, renovation projects and projects undertaken to comply with the requirements of various regulatory or government authorities, projects that improve the revenue-generating potential of our properties and projects identified during acquisition due diligence. The amount of these investments varies from time to time based on the volume of specific projects in progress. We take into account the capital maintenance requirements of our residences when determining future cash flows available for Distributions. A significant increase in capital maintenance requirements could adversely impact our cash availability.

- **Real Property Ownership and Lack of Diversity**: Real property equity investments are relatively illiquid. This illiquidity will tend to limit our ability to respond to changing economic or investment conditions. By specializing in a particular type of real estate, we are exposed to adverse effects on that segment of the real estate market and do not benefit from a diversification of our portfolio by property type.

- **Geographic Concentration**: Our business and operations are conducted within Canada primarily in Ontario and Quebec. A geographic concentration of our owned and leased suites, at our percentage share of ownership or leasehold interest, is described under the "Business Overview" section on page 3 of this MD&A. The market value of these properties and the income generated from them could be negatively affected by changes in local, regional or national economic conditions or legislative/regulatory changes in the respective jurisdictions.

- **Conflicts of Interest**: The Chartwell Trustees, CSH Trustees and, Directors will, from time to time, in their individual capacities deal with parties with whom we may be dealing or may be seeking investments similar to those desired by us. The relevant constating documents of Chartwell, CSH Trust and Master LP contain conflict of interest provisions requiring our Chartwell Trustees, CSH Trustees and Directors to disclose material interests in material contracts and transactions and to refrain from voting thereon.

- **Loans Receivable:** Our loans receivable are generally secured by subordinated charges of the borrowers' interests in real estate and rank behind senior financing. Similarly, the vendor take back mortgages provided by Master LP are secured by subordinate charges on properties. If our

borrowers face financial difficulty and are not able to meet their commitments to their lenders, including us, we could suffer a loss of either interest or principal or both on the loans we have advanced, since other lenders will rank ahead of us in any recovery. Additionally, we may not, at the applicable time, have the financial capacity to acquire all properties that we are entitled or required to acquire from borrowers. There is a risk, if property values deteriorate or the financial capacity of the borrowers deteriorates, that we could suffer losses on such loans.

- **Environmental Liabilities**: Environmental legislation and policies have become increasingly important in recent years. Under various environmental laws and regulations, we, as either owner or manager, could become liable for the costs of removal or remediation of certain hazardous, toxic or regulated substances released on or in our properties or disposed of at other locations in some cases regardless of whether or not we knew of or was responsible for their presence. The failure to remove, remediate or otherwise address such substances, if any, may adversely affect an owner's ability to sell such properties or to borrow using such properties as collateral and could potentially result in claims against the owner by private plaintiffs. It is our operating policy to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring or financing any property. Where Phase I environmental site assessments identify sufficient environmental concerns or recommend further assessments, Phase II or Phase III environmental site assessments are conducted. They are intrusive investigations that involve soil, groundwater or other sampling to confirm the absence or presence and extent of an environmental concern.

  Environmental laws and regulations may change and we may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on our business, financial condition or results of operation and distributions.

- **Climate Change Risk:** We are exposed to climate change risk from natural disasters and severe weather, such as floods, ice storms, windstorms, earthquakes, wildfires or other severe weather that may result in damage or loss to our investment properties. These adverse weather and natural events could cause substantial damage and/or revenue losses as well as cost increases. There can be no assurance that damages or losses caused by these adverse weather and natural events will not exceed ours or our residents' property insurance coverage. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable.

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

- **Distributions:** Our distributions are made at the discretion of the Trustees based on forward-looking cash flow information, including forecasts and budgets, results of operations, requirements for capital expenditures and working capital, future financial prospects, debt covenants and obligations, and any other factors considered relevant by them in setting the distribution rate. Items such as principal repayments, capital expenditures, variances in operating results and redemption of units, if any, or the failure of CSH Trust or Master LP to make distributions to Chartwell Retirement Residences may affect Distributions. We may be required to decrease our distributions in order to accommodate any such items.

- **Redemption Right:** It is anticipated that the redemption right will not be the primary mechanism for holders of Units to liquidate their investments (see "Chartwell, CSH Trust and Master LP – Redemption Right"). Cash redemptions are subject to limitations. Securities which may be distributed *in specie* to Unitholders in connection with a redemption will not be listed on any stock exchange and may not be qualified investments under the Tax Act for Plans. No established market is expected to develop in such notes and they may be subject to resale under applicable securities laws.

- **Dilution:** We may, in our sole discretion, issue additional Units from time to time, and the interests of the Unitholders may be diluted thereby.

- **Nature of Units:** The Units are not traditional equity investments. The Units represent an undivided ownership interest in Chartwell. Our primary assets are CSH Trust Units. The Units do not represent a direct investment in the business of Master LP and should not be viewed by investors as direct securities of Master LP or its subsidiaries. As holders of Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions or rights to dissent from fundamental transactions undertaken by a corporation and to apply to court to be paid "fair value" for their securities. As well, Chartwell may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada) and thus the treatment of Unitholders upon an insolvency is uncertain.

  The Units are not debt instruments and are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Further, cash Distributions are not guaranteed amounts and may fluctuate with the performance of the entities in which we invests. The trading price of the Units will be greatly affected by such performance and the anticipated Distributions of Chartwell. The market value of the Units may deteriorate if we are unable to maintain its cash Distribution levels in the future and that deterioration may be significant.

- **Unitholder Liability:** The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with a holding of Units. However, in jurisdictions outside the Provinces of Ontario, Québec, Alberta and British Columbia (and in those jurisdictions in certain circumstances), there remains a minimal risk, which is considered by usto be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Declaration of Trust, for our obligations to the extent that claims are not satisfied out of the our assets. Our affairs are conducted to seek to minimize such risk wherever possible.

- **Market for Units and Unit Price:** The Units are listed on the TSX. There can be no assurance that an active public market for Units will be sustained. One of the factors that may influence the market price of the Units is the annualized yield on the Unit price from Distributions. Accordingly, an increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which could adversely affect the market price of the Units. The market price of the Units does not necessarily reflect our net asset value. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors outside of our control which may cause the market price of Units to change in a manner which is different from the change in value of the underlying real estate assets.

- **Taxation**:

  The SIFT Rules
  The SIFT Rules, which relate to the federal income taxation of certain publicly-traded trusts and certain other publicly-traded flow-through entities, were enacted on June 22, 2007. Generally, under the SIFT Rules, certain distributions from a "SIFT trust" (as defined in the Tax Act) will not be deductible in computing the trust's taxable income, and the trust will be subject to tax on such

distributions at a rate that is comparable to the general tax rate applicable to a Canadian corporation. To the extent that a distribution attracts this tax, it will be taxed in the hands of the receiving Unitholder (whether received in cash, additional Units or otherwise) as a taxable dividend from a taxable Canadian corporation, which dividend will be eligible for the enhanced dividend tax credit (an "eligible dividend").

The SIFT Rules are not applicable to certain real estate investment trusts that meet certain conditions (as provided in the Tax Act) relating to the nature of their revenues and investments (the "REIT Conditions"). As currently structured, we do not meet the REIT Conditions. Chartwell has been a SIFT trust since 2007 and, unless we change our structure and the nature of our operations, we expect to be a SIFT trust for 2023 and future years.

In 2022, 84.2% of our distributions were classified as return of capital and 15.8% of our distributions were classified as eligible dividends. The BC LTC Transaction is expected to generate taxable income that will be offset with non-capital loss carry forwards. We do not expect to have tax payable under the SIFT Rules for the 2022 taxation year.

The LTC Transaction is expected to result in tax payable under the SIFT Rules of $34.0 million for the 2023 taxation year. As a result of this sale, the majority of our 2023 distributions are expected to be classified as eligible dividends. Based on our current forecasts, we do not expect any other tax to be payable by us under the SIFT Rules in 2023.

Tax Status

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

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

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

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

Master LP has acquired many properties on a rollover basis with the result that the cost base for tax purposes in such properties was less than their fair market value at the time of acquisition.

Master LP may acquire properties on a rollover basis in the future, with a similar result in their cost base. On a future sale of such properties for a sale price in excess of such cost base, income and capital gain will be realized which may result in tax being payable, under the SIFT Rules.

Forward-Looking Information

This MD&A contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. The words “plans”, “expects”, “scheduled”, “estimates”, “intends”, “anticipates”, “projects”, “believes” or variations of such words and phrases or statements to the effect that certain actions, events or results “may”, “will”, “could”, “would”, “might” occur and other similar expressions, identify forward-looking statements.

Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. These assumptions include, but are not limited to, expected growth, results of operations, performance and business prospects and opportunities. In addition, certain specific assumptions were made in preparing forward looking information including the expected closing of the LTC Transactions in late Q2 or early Q3 2023, growth in revenue and service fees, growth in occupancy rates due to industry demand, continued growth in labour costs as a result of labour shortages and market conditions, COVID-19 Restrictions will not be reimposed and affect our ability to operate our business, continued access to CMHC mortgages at competitive rates; continued access to capital markets which will continue to provide Chartwell with access to equity and/or debt at reasonable rates to meet financial and operating needs, no unforeseen changes to tax laws and our ability to maintain status as a mutual fund trust.

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, including targets, and the expected results of such strategies,
- statements regarding our occupancy, employee engagement, resident satisfaction, and liquidity,
- our predictions and expectations with respect to the COVID-19 pandemic, related restrictions and the potential impact on Chartwell, including statements regarding the reintroduction of COVID-19 restrictions or similar measures, recovery of occupancy levels and allocation of resources in response to the pandemic, including expectations regarding agency staffing, operating and recruitment costs,
- our predictions and expectations with respect to industry trends including growth in the senior population, a deficit of long-term care beds and the slowdown of new construction starts, including statements regarding recovery of occupancy levels, growth and achievement of occupancy targets,
- our predictions and expectations with respect to economic trends, including trends in the housing market and the related impact on affordability of retirement services to prospective residents,
- our expectations regarding changes to operating and development costs and general, administrative and trust expenses,
- our expectations with respect to ongoing recruitment and retention challenges,
- 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 and projected earnings generated therefrom,
- our estimates of the number of suites that could potentially be built on our owned lands,
- our estimates and expectations with respect to rental and service fee rate growth,

- information related to the expected completion dates of properties under development,
- the expected closings and closing dates of, proceeds and expected use of proceeds from, acquisitions and dispositions, including the LTC Transactions,
- our expectations with respect to the LTC Transactions and the impact of such transactions on the availability of our secured credit facilities,
- our expectations with respect to the balance and associated interest rate of certain mortgage debt,
- our ability to realize expected unlevered yields on our development projects,
- our ability to renew maturing debt and to obtain new financings in due course,
- our expectations regarding repayment of debt and the impact of such repayment on our unencumbered asset pool,
- our ability to access low-cost mortgage financing insured by CMHC,
- the sustainability of our current distributions and plans to maintain the current level of distributions,
- our expectations regarding future development and acquisition opportunities, including but not limited to those with Batimo,
- our expectations with respect to the treatment of suites at residences closed to new admissions and future disposition and repositioning opportunities,
- statements regarding our ability to compete with new entrants,
- statements regarding the impact of certain litigation,
- our expectations regarding the tax classification of distributions,
- our expectations regarding taxes that are expected to be payable in future years under the SIFT rules, including our expectations with respect to deductions and losses which we expect to carry forward to offset taxes under the SIFT rules, and
- our expectations regarding future demand for retirement suites and services in the provinces in which we operate.

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

Supplemental Information

Significant Future Demand

Based on the current ratios of existing retirement suites to the population of people over the age of 75 (the "penetration rate"), by 2042 the demand for retirement suites is expected to grow by approximately 233,000 suites to 517,000 suites in the four provinces in which we operate (British Columbia, Alberta, Ontario and Quebec).

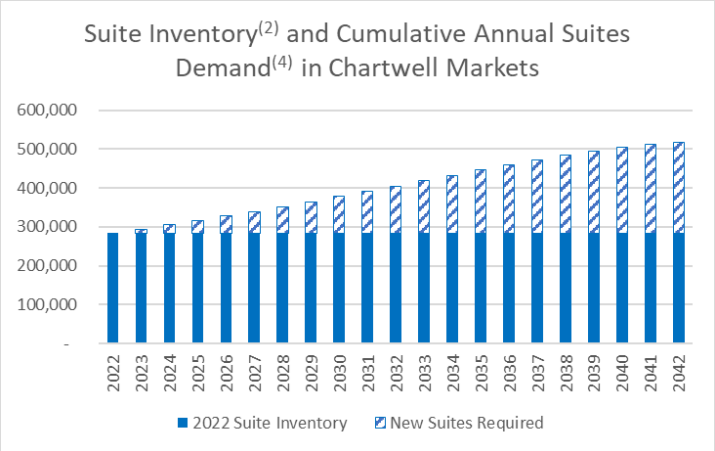
It is possible that the actual demand may exceed this estimate for the following reasons:

- The above estimate does not account for the demand growth for government-funded long term care spaces. If governments are unable to fully address such demand growth, there may be additional demand for retirement suites. There are approximately 35,000 people on the wait list for LTC accommodation in Ontario alone.
- The existing inventory of 283,642[(1)] retirement suites includes a number of older properties which may become obsolete over time, further increasing demand for newer suites.
- We believe that there is pent-up demand for retirement accommodation and services, that built up through the pandemic, driven by the increased ageing population and disruptions of community-based support services for seniors during the pandemic, combined with a recovery of customer sentiment to pre-pandemic levels as shown by the results of our annual brand awareness and customer sentiment survey.
- The acceptance of retirement living is significantly higher in Quebec, with a penetration rate [(2)] of 17.0% compared to penetration rates of 5.0% in Ontario, 5.3% in Alberta and 7.6% in British Columbia. We believe the introduction of more flexible service offering and pricing options, including a la carte services, across the country, may further increase consumer interest in retirement living and drive higher demand.

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

Combined

Year	Population of 75+[(2)]	Demand Growth	Total Suites	Required New Suites[(3)]
2022	2,726,800		283,642[(1)]	
2023	2,854,600	4.5%	294,530	10,888
2024	2,980,500	4.3%	305,417	10,887
2025	3,109,800	4.2%	316,552	11,135
2026	3,242,200	4.2%	328,022	11,469
2027	3,376,200	4.0%	339,512	11,490
2028	3,517,300	4.0%	351,489	11,977
2029	3,668,000	4.1%	364,319	12,830
2030	3,826,900	4.2%	377,813	13,494
2031	3,985,600	3.9%	391,120	13,307
2032	4,148,900	3.9%	404,932	13,812
2033	4,314,300	3.8%	418,875	13,943
2034	4,477,800	3.6%	432,539	13,663
2035	4,642,400	3.4%	446,052	13,513
2036	4,805,100	3.3%	459,292	13,240
2037	4,957,600	2.9%	471,473	12,182
2038	5,112,700	2.8%	483,726	12,253
2039	5,257,700	2.6%	495,064	11,338
2040	5,383,600	2.2%	504,845	9,781
2041	5,478,400	1.5%	511,882	7,037
2042	5,548,200	1.0%	516,683	4,802
				233,041



(1) Source: Cushman & Wakefield, includes funded suites, life leases and seniors apartments.
(2) Sources: Statistics Canada and Cushman & Wakefield.
(3) Required new suites = Population of 75+ multiplied by penetration rate, as of January 2021, CMHC data (5.0% for Ontario; 17.0% for Quebec; 5.3% for Alberta; 7.6% for British Columbia).
(4) Estimated demand for retirement suites in Ontario, Quebec, British Columbia and Alberta.

Ontario

Year	Population of 75+ [1]	Demand Growth	Total Suites	Required New Suites[2]
2022	1,219,900		79,318[3]	
2023	1,277,100	4.7%	82,178	2,860
2024	1,331,600	4.3%	84,903	2,725
2025	1,386,700	4.1%	87,658	2,755
2026	1,442,900	4.1%	90,468	2,810
2027	1,500,200	4.0%	93,333	2,865
2028	1,561,100	4.1%	96,378	3,045
2029	1,625,500	4.1%	99,598	3,220
2030	1,693,800	4.2%	103,013	3,415
2031	1,762,300	4.0%	106,438	3,425
2032	1,833,600	4.0%	110,003	3,565
2033	1,905,900	3.9%	113,618	3,615
2034	1,978,800	3.8%	117,263	3,645
2035	2,054,200	3.8%	121,033	3,770
2036	2,130,200	3.7%	124,833	3,800
2037	2,203,500	3.4%	128,498	3,665
2038	2,278,700	3.4%	132,258	3,760
2039	2,350,300	3.1%	135,838	3,580
2040	2,413,900	2.7%	139,018	3,180
2041	2,463,400	2.1%	141,493	2,475
2042	2,500,800	1.5%	143,363	1,870
		Required New Suites to 2042		64,045

Quebec

Year	Population of 75+ [1]	Demand Growth	Total Suites	Required New Suites [2]
2022	788,000		143,725[3]	-
2023	819,800	4.0%	149,131	5,406
2024	852,500	4.0%	154,690	5,559
2025	885,500	3.9%	160,300	5,610
2026	920,100	3.9%	166,182	5,882
2027	954,100	3.7%	171,962	5,780
2028	989,000	3.7%	177,895	5,933
2029	1,026,700	3.8%	184,304	6,409
2030	1,066,200	3.8%	191,019	6,715
2031	1,104,200	3.6%	197,479	6,460
2032	1,144,600	3.7%	204,347	6,868
2033	1,185,100	3.5%	211,232	6,885
2034	1,224,300	3.3%	217,896	6,664
2035	1,261,800	3.1%	224,271	6,375
2036	1,298,000	2.9%	230,425	6,154
2037	1,330,100	2.5%	235,882	5,457
2038	1,361,400	2.4%	241,203	5,321
2039	1,389,800	2.1%	246,031	4,828
2040	1,414,200	1.8%	250,179	4,148
2041	1,429,800	1.1%	252,831	2,652
2042	1,438,000	0.6%	254,225	1,394
		Required New Suites to 2042		110,500

Alberta

Year	Population of 75+ [1]	Demand Growth	Total Suites	Required New Suites[2]
2022	266,800		29,476[3]	
2023	281,000	5.3%	30,229	753
2024	295,700	5.2%	31,008	779
2025	311,400	5.3%	31,840	832
2026	328,100	5.4%	32,725	885
2027	345,500	5.3%	33,647	922
2028	364,800	5.6%	34,670	1,023
2029	386,200	5.9%	35,804	1,134
2030	408,800	5.9%	37,002	1,198
2031	432,500	5.8%	38,258	1,256
2032	456,100	5.5%	39,509	1,251
2033	480,200	5.3%	40,786	1,277
2034	504,200	5.0%	42,058	1,272
2035	528,600	4.8%	43,351	1,293
2036	552,600	4.5%	44,623	1,272
2037	575,200	4.1%	45,821	1,198
2038	597,900	3.9%	47,024	1,203
2039	619,200	3.6%	48,153	1,129
2040	637,800	3.0%	49,139	986
2041	652,900	2.4%	49,939	800
2042	666,000	2.0%	50,634	694
		Required New Suites to 2042		21,158

British Columbia

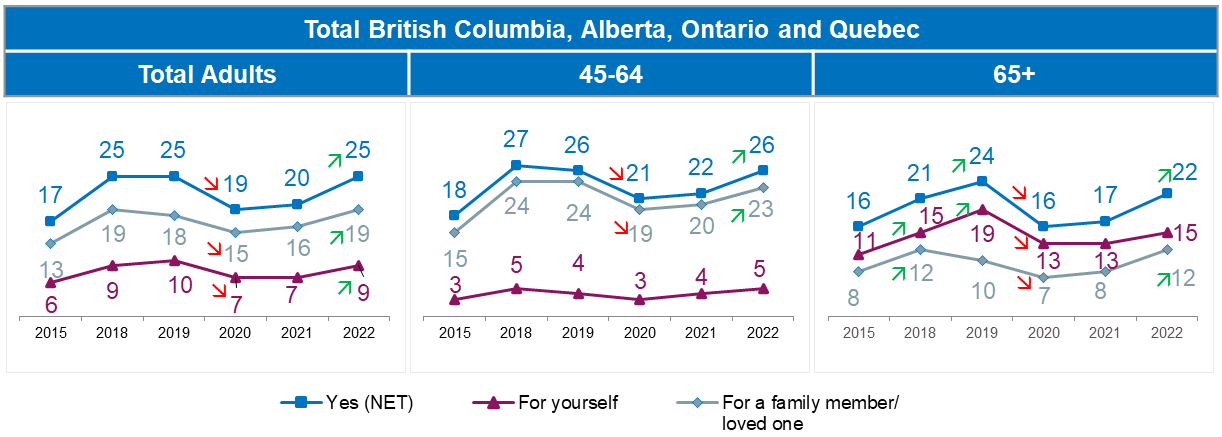
Year	Population of 75+ [1]	Demand Growth	Total Suites	Required New Suites [2]
2022	452,100		31,123[3]	
2023	476,700	5.4%	32,993	1,870
2024	500,700	5.0%	34,817	1,824
2025	526,200	5.1%	36,755	1,938
2026	551,100	4.7%	38,647	1,892
2027	576,400	4.6%	40,570	1,923
2028	602,400	4.5%	42,546	1,976
2029	629,600	4.5%	44,613	2,067
2030	658,100	4.5%	46,779	2,166
2031	686,600	4.3%	48,945	2,166
2032	714,600	4.1%	51,073	2,128
2033	743,100	4.0%	53,239	2,166
2034	770,500	3.7%	55,321	2,082
2035	797,800	3.5%	57,396	2,075
2036	824,300	3.3%	59,410	2,014
2037	848,800	3.0%	61,272	1,862
2038	874,700	3.1%	63,241	1,968
2039	898,400	2.7%	65,042	1,801
2040	917,700	2.1%	66,509	1,467
2041	932,300	1.6%	67,618	1,110
2042	943,400	1.2%	68,462	844
		Required New Suites to 2042		37,339

(1) Sources: Statistics Canada and Cushman & Wakefield.
(2) Required new suites = Population of 75+ multiplied by penetration rate, as of January 2021, CMHC data (5.0% for Ontario; 17.0% for Quebec; 5.3% for Alberta; 7.6% for British Columbia).
(3) Source: Cushman & Wakefield, includes funded suites, life leases and seniors apartments.

The following infographics show the results of our annual brand awareness and consumer sentiment surveys conducted by a third party expert in research and public opinion polling ("IPSOS 2022").

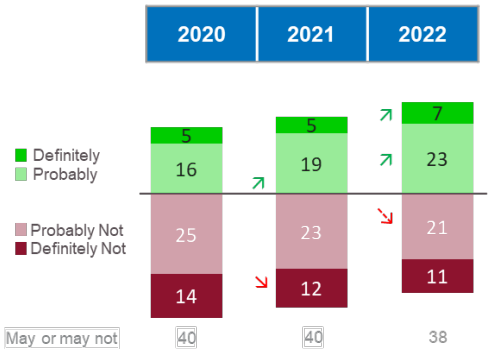
Consumer Sentiment: Interest in exploring retirement residences rebounds to pre-pandemic levels.

Expect to be exploring retirement residence options in next 2 years?



Consumer Sentiment: Positive Intention to make the move is at a new high.

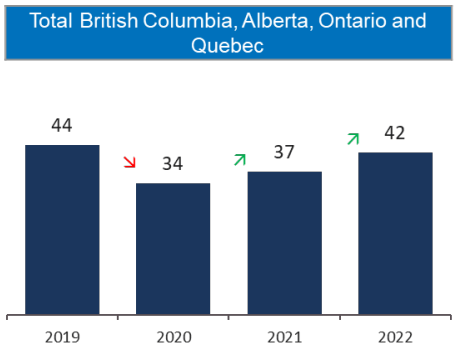
Likely to move into a retirement residence…



QDG3C How likely are you, or someone you know, to move into a retirement residence?

Consumer Sentiment: Willingness to consider Chartwell close to pre-pandemic levels.

Would consider Chartwell (%)…



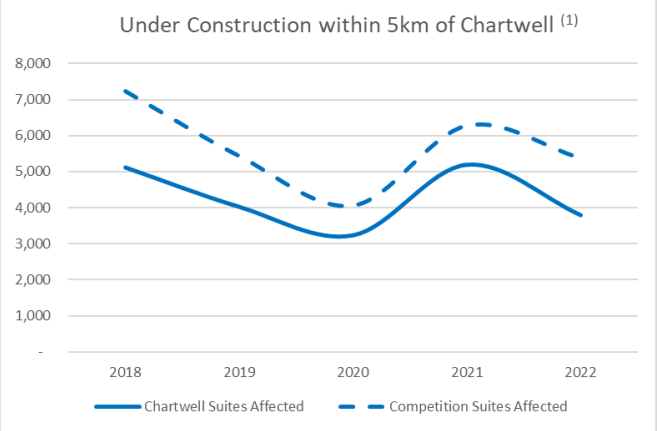
DG3B. If you, a family member, or a loved one had a need, how likely would you be to consider each of the following retirement residences?

Significantly higher/lower than previous year at 95%

Significantly higher/lower than previous year at 90%

Chartwell Top 15 Markets – Supply and Demand Data

Supply



(1) Competing properties under construction within 5 kms from Chartwell's properties in its top 15 markets, by concentration of suites. As of December 31, of each year. Refer to our MD&A for years ended December 31, 2018, December 31, 2019, December 31, 2020, and December 31, 2021 for details.

	Chartwell Portfolio (1)			Existing Inventory (2)		Immediate Competition Impact (3)				
	Total			Total		Chartwell Exposure			New Construction opening within 5km of a Chartwell Property	
Location (4)	**# of Properties**	**# of Suites**	**2022 Adjusted NOI at Share ($Millions)**	**# of Properties**	**# of Suites**	**# of Properties**	**# of Suites**	**2022 Adjusted NOI at Share ($Millions)**	**# of Properties**	**# of Suites**
Greater Montreal Area	16	3,796	16.3	377	62,543	1	343	0.3	1	476
Gatineau	9	1,735	11.0	30	4,420	0	0	0.0	0	0
Greater Vancouver Area	13	1,590	23.5	152	16,267	3	379	5.6	3	282
Quebec City	5	1,540	2.6	141	19,581	0	0	0.0	0	0
Greater Ottawa Area	12	1,453	6.3	87	10,069	7	841	5.8	7	1,837
Edmonton	6	1,200	21.8	57	7,722	0	0	0.0	0	0
Toronto	7	1,218	11.1	64	7,673	2	432	0.8	1	147
Kitchener/Waterloo/Cambridge/Guelph	13	1,488	24.0	61	5,524	0	0	0.0	0	0
Ontario North	9	850	14.8	38	3,108	2	167	4.1	2	259
York	8	859	11.3	35	4,318	4	425	5.3	4	424
Calgary	5	641	9.0	55	7,558	4	525	6.9	3	574
Durham	4	450	5.6	32	4,506	2	226	2.8	4	717
Windsor/Essex County	6	603	7.5	26	2,441	0	0	0.0	0	0
Halton	5	562	8.0	31	3,856	1	131	3.4	2	416
Peel	3	517	5.6	31	3,994	1	323	2.3	1	246
Subtotal (Top 15 Markets)	**121**	**18,502**	**178.4**	**1,217**	**163,580**	**27**	**3,792**	**37.4**	**28**	**5,378**
Other	39	5,562	43.6							
Grand Total	**160**	**24,064**	**222.0**							

(1) Includes Retirement Operations segment only.
(2) Sources: CMHC Seniors Housing Report 2021 and Cushman & Wakefield.
(3) Summarizes Chartwell's existing properties impacted by competing properties in construction located within a five kilometer radius.
(4) Locations follow CMHC's region and naming convention except for Greater Vancouver Area (CMHC region "Lower Mainland"), Greater Montreal Area (CMHC region "Montreal"), Greater Ottawa Area (CMHC region "Ottawa"), and Kitchener/Waterloo/Cambridge/Guelph (CMHC region "Waterloo/Wellington/Dufferin).

Demand

	Demographic Information[1]				Demographic Data 75+ yrs[1]		
	2022				2022		
Location [4]	**Total Population**	**Median Household Income ($)**	**Avg House Value ($)**	**Unemployment Rate %**	**Total Population**	**10 yr Growth %**	**Penetration Rate[2]**
Greater Montreal Area	4,416,882	77,593	576,588	4.9%	352,659	33.7%	17.9%
Gatineau	357,843	87,199	462,501	4.3%	23,279	62.4%	18.4%
Greater Vancouver Area	3,191,043	92,495	1,232,543	4.7%	243,821	66.0%	6.7%
Quebec City	842,894	81,415	330,263	3.9%	83,647	45.9%	22.6%
Greater Ottawa Area	1,087,639	103,549	767,336	5.2%	79,378	48.1%	10.4%
Edmonton	1,513,567	98,310	422,802	7.3%	87,604	64.0%	6.8%
Toronto	3,014,673	83,478	1,160,971	5.6%	232,292	37.9%	2.9%
Kitchener/Waterloo/Cambridge/Guelph	941,460	92,987	859,527	5.1%	63,866	44.6%	7.8%
Ontario North	810,108	76,871	368,057	8.4%	78,016	34.1%	3.6%
York	1,224,497	113,825	1,256,823	6.2%	91,648	65.8%	4.1%
Calgary	1,588,054	102,418	517,220	8.2%	83,488	78.3%	7.1%
Durham	734,963	104,386	843,056	5.6%	48,193	51.7%	8.0%
Windsor/Essex County	434,313	75,709	568,475	7.7%	36,745	38.8%	6.0%
Halton	636,046	125,205	1,165,409	5.2%	47,378	47.0%	7.5%
Peel	1,593,091	101,137	1,017,219	7.6%	97,077	69.3%	3.4%
Subtotal/Average (Top 15 Markets)	**22,387,073**	**94,444 [3]**	**769,925 [3]**	**6.0% [3]**	**1,649,091**	**52.5% [3]**	**8.9% [3]**

(1) Sources: Cushman & Wakefield utilizing Environics Analytics 2021, and Statistics Canada Table 14-10-0380-01, February 10, 2023.

(2) Penetration Ratio = 2021 Estimated Total CMHC/ Population 75+.

(3) Average.

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