



NEWS RELEASE

Chartwell Agrees to Acquire Five Retirement Residences in Alberta

2017-11-15

MISSISSAUGA, ONTARIO--(Marketwired - Nov. 15, 2017) - Chartwell Retirement Residences (TSX:CSH.UN) ("Chartwell") announced today that it has entered into a definitive agreement relating to the purchase of five retirement communities comprising 1,031 suites in the Greater Edmonton Area, Alberta (the "Portfolio"). Four of the retirement communities have 775 suites comprising 723 operational suites, plus a 52 suite addition to one community that is under construction and expected to be completed in Q2 2018 (the "Initial Portfolio"). One community has 256 suites currently under development (the "Development Property"). The Initial Portfolio will be acquired for a purchase price of \$298.0 million representing an expected capitalization rate of approximately 6.2%.

The Initial Portfolio comprises 450 independent supportive living, 237 assisted living and 88 memory care suites, with 58% of the suites being private pay and 42% being funded by the Alberta Health Services. The properties feature large suites with full kitchens and modern amenities for its residents. The weighted average age of the Initial Portfolio is 6 years. (See Description of the Portfolio below.)

Chartwell has completed its due diligence and expects the closing of the acquisition of the Initial Portfolio to occur in Q4 2017, subject to customary closing conditions and third party consents ("Acquisition Closing"). Upon completion of the acquisition, all properties will be rebranded Chartwell.

The Development Property, which is currently at the foundation construction stage, is expected to be completed and acquired in Q4 2019. The purchase price for the Development Property is \$120.0 million, representing a stabilized capitalization rate of approximately 6.0%. The Development Property will be constructed pursuant to plans and specifications approved by Chartwell. The vendor will provide \$7.5 million of income support to Chartwell for up to two years after opening.

"We are very pleased to add these high quality properties to our portfolio and increase our presence in the strong Edmonton market," commented Brent Binions, Chartwell's President and CEO. "We are focused on ensuring a smooth transition of the acquired properties and looking forward to welcoming their residents and employees to the Chartwell family," Mr. Binions continued.

Chartwell believes the Portfolio acquisition will bring a number of benefits, including:

- (i) Enhancing geographic diversification of its portfolio through expansion of its Western Canada platform: After the acquisition of the Portfolio, Chartwell will increase its percentage of total seniors housing suites in Western Canada from 13% to 17% and will more than double its ownership in Alberta to 7% from 3%.
- (ii) FFO per unit accretion: The acquisition of the Initial Portfolio is expected to be accretive to Chartwell's Funds From Operations ("FFO") per unit, on a leverage neutral basis.
- (iii) Multiple growth opportunities:
 - a. Organic growth: Chartwell expects strong future organic growth in the Initial Portfolio due to continued lease-up of one property and a number of operating synergies;
 - b. Acquisition of the Development Property: A purchase agreement will be entered into on Acquisition Closing for the purchase of the 256 suite Development Property after its expected completion in Q4 2019;
 - c. Right of First Refusal on four additional residences with 382 suites in Edmonton: Chartwell obtained a right of first refusal to purchase four additional retirement residences in Edmonton currently retained by the vendor of the Portfolio; and
 - d. Potential participation in future development activities by the vendor: Chartwell and the vendor of the Portfolio entered into a three year non-competition agreement, which does not allow the vendor to undertake any further developments in the Greater Edmonton Area unless it offers Chartwell at least a 50% undivided interest, on mutually acceptable terms.
- (iv) High quality seniors housing Portfolio: The Initial Portfolio has an average age of 6 years and consistently enjoys an excellent reputation and strong occupancies, in many cases with long wait lists.

"This acquisition is consistent with our strategy to grow our portfolio with newer, high quality, well located properties in our existing markets and particularly in Western Canada. We are confident that we will be able to build on the existing strong reputation that these properties have in their respective markets and further enhance services offered to their residents," commented Vlad Volodarski, Chartwell's Chief Financial Officer and Chief Investment Officer.

DESCRIPTION OF THE PORTFOLIO

The following table provides a summary description of the Portfolio. Upon the Acquisition Closing, and prior to closing of the Development Property, Chartwell will own and/or manage interests in 198 properties comprising approximately 28,250 suites located across Canada.

		Age	Suite Type(2)		30-Sep-17			
Property	City / Town	(Years)(1)	ISL	AL	MC	Total	Occupancy	
Griesbach (3)	Edmonton	11	137	89	42	268	100%	
St. Albert	St. Albert	5	160	70	-	230	100%	
Aspen House	Morinville	11	-	44	28	72	100%	
Heritage Valley								
(3) (4)	Edmonton	1	153	34	18	205	47%(5)	
Initial Portfolio (excl. Development Property)								
		6	450	237	88	775	100%(6)	
Development Property - Expected to be Acquired in 2019								
Emerald Hills	Sherwood Park	n/a	184	-	72	256	n/a	
Portfolio Total								
		5	634	237	160	1,031	n/a	

Notes:

1. The number of years since the midpoint between the year constructed and the year of the most recent significant expansion or renovation
2. ISL = Independent Supportive Living (private pay), AL = Assisted Living (funded) and MC = Memory Care (funded)
3. Suite types shown pro-forma conversion of 34 funded AL suites into ISL suites, as these funded AL suites are expected to be transferred to Heritage Valley Phase 2 in 2018
4. Includes a 52 suite Phase 2 expansion currently under construction, with expected completion in Q2 2018
5. Occupancy on 153 suite operational Phase 1 only
6. Weighted average occupancy excludes Heritage Valley, which is in lease-up

FINANCIAL ADVISORS

RBC Capital Markets is acting as exclusive financial advisor to Chartwell in connection with the Portfolio acquisition. TD Securities Inc. and Greystone Real Estate Advisors, LLC are acting as financial advisors to the vendor.

ABOUT CHARTWELL

Chartwell is an unincorporated, open-ended trust which indirectly owns and operates a complete range of seniors housing communities from independent supported living through assisted living to long term care. It is the largest owner and operator of seniors residences in Canada. Chartwell's aim is to capitalize on the strong demographic trends present in its markets to maximize the value of its existing portfolio of retirement residences, and prudently avail itself of opportunities to grow internally and through accretive acquisitions.

Chartwell's Distribution Reinvestment Plan ("DRIP") allows unitholders to have their monthly cash distributions used to purchase units without incurring commission or brokerage fees, and receive bonus units equal to 3% of their monthly cash distributions. More information can be obtained at www.chartwell.com.

FORWARD LOOKING INFORMATION

This press release 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", "does not expect", "is expected",

"budget", "scheduled", "estimates", "intends", "anticipates", "does not anticipate", "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", "be achieved" or "continue" and similar expressions identify forward-looking statements. Forward-looking statements in this press release include statements relating to the acquisition of the Portfolio, including, without limitation, expectations regarding the capitalization rate of the Initial Portfolio and the Development Property, the anticipated timing of completion of the acquisition of the Initial Portfolio, the anticipated timing of completion of the acquisition of the Development Property, expectations that the acquisition of the Portfolio will enhance geographic diversity of Chartwell's portfolio, the extent to which the acquisition of the Initial Portfolio is expected to be accretive to FFO per unit, expectations regarding the growth of the Initial Portfolio, and expectations regarding timing of completion of construction and conversion of suites in the Initial Portfolio. 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.

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 press release 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 estimates 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, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See "Risks and Uncertainties" in our management's discussion and analysis of results of operations and financial condition for the year ended December 31, 2016 and in our management's discussion and analysis of results of operations and financial condition for the three and nine months ended September 30, 2017, and 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 Annual Information Form.

NON-GAAP MEASURES

Chartwell's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain financial measures to assess Chartwell's financial performance, which are measures not defined in generally accepted accounting principles ("GAAP") under IFRS. The following measures,

FFO, FFO per unit diluted, Same Property Adjusted NOI, Interest Coverage Ratio, and Net Debt to Adjusted EBITDA Ratio as well as other measures discussed elsewhere in this release, do not have a standardized definition prescribed by IFRS. They are presented because management believes these non-GAAP financial measures are relevant and meaningful measures of Chartwell's performance and as computed may differ from similar computations as reported by other issuers and may not be comparable to similarly titled measures reported by such issuers. For a full definition of these measures, please refer to the Q3 2017 MD&A available on Chartwell's website and at www.sedar.com.

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