



NEWS RELEASE

Chartwell Announces First Quarter 2015 Results

2015-05-07

MISSISSAUGA, ON --(Marketwired - May 07, 2015) - Chartwell Retirement Residences ("Chartwell") (TSX: CSH.UN) announced today its results for the three months ended March 31, 2015.

Q1 2015 Highlights

- Same property net operating income ("NOI") up 1.7%
- Same property occupancy increased 1.3 percentage points to 90.4%
- The U.S. portfolio sale creates opportunities to solidify leadership position in Canada

"Our operating platforms delivered strong results in Q1 2015, despite the headwinds created by higher non-controllable ex

Financial Highlights

	Three Months Ended March 31	
(\$000s, except per unit amounts and number of units)	2015	2014
Adjusted funds from operations ("AFFO") - continuing operations (1)(2)	\$ 23,282	\$ 22,951
AFFO per unit diluted - continuing operations (1)(2)(3)	\$ 0.13	\$ 0.13

Total AFFO (2)	\$ 31,337	\$ 30,019
Total AFFO per unit diluted (2)(3)	\$ 0.17	\$ 0.17
Funds from operations ("FFO") - continuing operations (1)(2)	\$ 25,778	\$ 25,815
FFO per unit diluted - continuing operations (1)(2)(3)	\$ 0.15	\$ 0.15
Total FFO (2)	\$ 34,596	\$ 33,688
Total FFO per unit diluted (2)(3)	\$ 0.19	\$ 0.19
Distributions declared	\$ 24,115	\$ 23,745
Distributions declared per unit	\$ 0.14	\$ 0.14
Distributions declared as a percentage of total AFFO (2)	77.0%	79.1%
Weighted average number of units outstanding, diluted (000s)	189,922	188,466

(1) Excludes results of our U.S. operations under contract to be sold. (2) AFFO, AFFO per unit diluted, FFO, FFO per unit diluted and Distributions declared as a percentage of total AFFO are measures used by management in evaluating operating performance. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release. (3) Includes dilutive effect of convertible debentures.

AFFO from continuing operations in the first quarter of 2015 was \$23.3 million (\$0.13 per unit diluted) compared to \$23.0 million (\$0.13 per unit diluted) in the first quarter of 2014. The change in AFFO is primarily due to the increased contribution from the Canadian same property portfolio, lower general and administrative ("G&A") expenses, higher management fee income and higher interest income on loans receivable, offset by SIFT tax recoveries and the reversal of a previously-recorded provision for impairment of mezzanine loans, recorded in the first quarter of 2014.

Total AFFO in the first quarter of 2015 was \$31.3 million (\$0.17 per unit diluted), an increase of \$1.3 million or 4.4% compared to total AFFO of \$30.0 million (\$0.17 per unit diluted) in the first quarter of 2014, primarily due to favourable foreign exchange rates on the U.S. dollar denominated AFFO.

FFO from continuing operations in the first quarter of 2015 was \$25.8 million (\$0.15 per unit diluted) consistent with the same period of 2014. Total FFO in the first quarter of 2015 was \$34.6 million (\$0.19 per unit diluted), an increase of \$0.9 million or 2.7% compared to total FFO of \$33.7 million (\$0.19 per unit diluted) in the first quarter of 2014. In

addition to the items discussed above, FFO has been impacted by changes in the amortization of financing costs and debt mark-to-market adjustments.

Operating Performance

Three Months Ended March 31			
(\$000s, except occupancy rates and percentage of revenue)	2015	2014	Increase/ (Decrease)
Same property occupancy (1)	90.4%	89.1%	1.3pp
Same property NOI (2)	\$ 47,936	\$ 47,146	\$ 790
G&A expenses	\$ 8,668	\$ 9,935	\$ (1,267)
G&A expenses as a percentage of revenue (1) (2)	4.8%	5.5%	(0.7pp)
Net income/(loss) from continuing operations	\$(11,151)	\$(7,583)	\$(3,568)

(1) pp = percentage points (2) NOI and G&A expenses as a percentage of revenue are measures used by management in evaluating operating performance. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release.

Same property occupancy in the first quarter of 2015 improved by 1.3 percentage points compared to the first quarter of 2014, reflecting strong occupancy improvements in Western Canada, Quebec and Ontario.

Same property NOI increased by \$0.8 million or 1.7% in the first quarter of 2015, compared to the same period of 2014, driven primarily by occupancy and rental rate growth, partially offset by higher staffing, food, marketing, utilities, insurance and property tax expenses.

G&A expenses decreased by \$1.3 million in the first quarter of 2015 compared to the same period of 2014, primarily due to a reduction in legal costs following the settlement of litigation in the U.S. in the third quarter of 2014, lower severance costs and timing of certain other expenses.

In addition to the items discussed above, net loss from continuing operations for the three months ended March 31, 2015 was impacted by depreciation of properties, amortization of limited life intangibles, transaction costs arising on business acquisitions and dispositions and changes in fair value of financial instruments.

Financial Position

At March 31, 2015, cash on hand amounted to \$5.2 million and the available borrowing capacity on our Canadian Credit Facility was \$34.0 million.

At March 31, 2015, the Indebtedness Ratio was 50.7% (55.3% including convertible debentures), compared to 50.4% (55.0% including convertible debentures) at December 31, 2014. The Interest Coverage Ratio for the three months ended March 31, 2015 improved to 2.47 from 2.23 in the same period of 2014. The Net Debt to Adjusted EBITDA ratio at March 31, 2015 was 8.4 compared to 8.9 at March 31, 2014. The contractual weighted average interest rate of Chartwell's mortgage portfolio was 4.48% at March 31, 2015 with the average term to maturity of 8.4 years.

Recent developments

On May 4, 2015, Chartwell completed the acquisition of a 94-suite retirement residence in Ontario for \$22.1 million, before closing costs. The purchase price was settled in cash utilizing Chartwell's Canadian Credit Facility.

Chartwell's financial statements, including its Management's Discussion and Analysis ("MD&A") are available at **www.chartwell.com**. A detailed list of Chartwell's property portfolio can also be obtained under "Supplementary Information" in the "Investor Relations" section of the web site.

Investor Conference Call A conference call hosted by Chartwell's senior management team will be held Friday, May 8, 2015 at 10:00 AM ET. The telephone numbers for the conference call are: Local: (416) 340-2217 or Toll Free: (866) 696-5910. The passcode for the conference call is: 1643935#. The conference call can also be heard over the Internet by accessing the Chartwell website at **www.chartwell.com**, clicking on "Investor Relations" and following the link at the top of the page. A slide presentation to accompany management's comments during the conference call will be available on the website. Please log on at least 15 minutes before the call commences.

The telephone numbers to listen to the call after it is completed (Instant Replay) are: Local: (905) 694-9451 or Toll Free: (800) 408-3053. The Passcode for the Instant Replay is 2840059#. The call, along with the accompanying slides, will also be archived on the Chartwell website at **www.chartwell.com**.

About Chartwell Chartwell is an unincorporated, open-ended trust which indirectly owns and manages a portfolio of seniors housing communities across the complete continuum of care. It is one of the largest participants in the

seniors housing business in North America. 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 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 the MD&A 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, AFFO, AFFO per unit diluted, NOI, Same Property NOI, G&A as a Percentage of Revenue, Interest Coverage Ratio, Indebtedness Ratio, Adjusted EBITDA, Net Debt to Adjusted EBITDA Ratio and Distributions Declared as a Percentage of Total AFFO, 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 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 "Non-GAAP Measures" section of the Q1 2015 MD&A available at sedar.com.

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