NEWS RELEASE

Chartwell Announces Fourth Quarter & Year End 2019 Results and Increase to Distributions

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MISSISSAUGA, ON, Feb. 27, 2020 /CNW/ - Chartwell Retirement Residences ("Chartwell") (TSX: CSH.UN) announced today its results for the fourth quarter and for the year ended December 31, 2019 and an increase to distributions.

Q4 2019 and 2019 Highlights

- Resident Satisfaction score is up 5 percentage points to 63% Very Satisfied
- Employee Engagement score is up 1 percentage point to 48% Highly Engaged
- Funds from operations ("FFO") (1) up 7.0% in Q4 2019 and up 3.2% in 2019
- Same property adjusted net operating income ("NOI") (1) up 0.3% in Q4 2019 and up 1.4% in 2019
- Distributions increase 2.0% as of March 31, 2020

"In 2019 we have made solid progress toward achieving our 2023 goals, especially in resident satisfaction with our 'very satisfied' resident score increasing to 63%. Our occupancies and operating results continue to be impacted by increased competition in certain of our markets. Our investments in marketing and sales initiatives in 2019 have yielded some strong improvements in our leading indicators in the recent months," commented Brent Binions, President and CEO. "We are optimistic that with the continuing implementation of the Customer Experience Program, our increased focus on employee engagement and recruitment, and our innovative branding, sales and marketing strategies, as well as the increasing contributions from our newly-developed and acquired properties, we will deliver growing earnings and sustainable value to all of our stakeholders over time."

Financial Highlights

($000s, except per unit amounts and number of units)	Three Months Ended December 31 2019	2018	Year Ended December 31 2019	2018
Resident revenue	$ 221,061	$ 212,536	$ 860,595	$ 814,262
Direct property operating expense	$ 152,837	$ 147,714	$ 590,016	$ 557,839
Net income/(loss)	$ (11,485)	$ (13,098)	$ 1,067	$ 18,519
FFO (1)	$ 51,883	$ 48,513	$ 199,729	$ 193,581
FFO per unit (1)	$ 0.24	$ 0.23	$ 0.92	$ 0.90
Weighted average number of units outstanding (000s) (2)	216,950	214,927	216,167	214,320

In Q4 2019, resident revenue and direct property operating expenses increased 4.0% and 3.5%, respectively, due to acquisitions and developments, some of which have not yet achieved stabilized occupancy, and a growing contribution from our existing property portfolio.

In Q4 2019, net loss was $11.5 million compared to $13.1 million in Q4 2018. The decrease in net loss was primarily due to lower deferred tax expenses and higher contributions from property operations partially offset by impairment losses.

In Q4 2019, FFO increased by $3.4 million due to higher adjusted NOI, (1) higher management fee revenue, lower general administrative and Trust ("G&A") expenses, lease and lease termination costs, partially offset by higher finance costs and depreciation and amortization of corporate assets.

In Q4 2019, FFO included $1.8 million of lease-up-losses and imputed cost of debt (1) related to Chartwell's development projects (Q4 2018 - $1.3 million).

For 2019, resident revenue and direct property operating expenses increased 5.7% and 5.8%, respectively, due to the growing contribution from acquisitions and developments, some of which have not yet achieved stabilized occupancy, rental rate increases in line with competitive market conditions and higher staffing costs in our same property portfolio.

For 2019, net income was $1.1 million compared to $18.5 million in 2018. The decrease in net income was primarily due to higher impairment losses, direct property operating expenses and finance costs, partially offset by higher

resident revenue and a remeasurement gain recorded on the acquisition of the remaining ownership interest in two properties.

For 2019, FFO increased $6.1 million primarily due to higher adjusted NOI (1) and higher interest income, lower G&A, lease and lease termination costs, partially offset by higher finance costs and higher depreciation and amortization of corporate assets.

For 2019, FFO included $8.2 million of lease-up-losses and imputed cost of debt (1) related to Chartwell's development projects (2018 – $4.1 million).

In 2019, net income and FFO included a $1.6 million recovery of prior years' property tax expenses and related interest income.

Operating Performance

	Three Months Ended December 31			Year Ended December 31		
($000s, except occupancy)	2019	2018	Change	2019	2018	Change
Same property occupancy (3)	89.9%	91.4%	(1.5pp)	90.0%	91.2%	(1.2pp)
Same property adjusted NOI	$ 71,085	$ 70,883	$ 202	$ 285,686	$ 281,845	$ 3,841
G&A expenses	$ 8,746	$ 9,348	$ (602)	$ 43,148	$ 43,890	$ (742)

In Q4 2019 and 2019, same property occupancy declined by 1.5 and 1.2 percentage points, respectively, primarily due to competitive pressures from new developments in certain markets.

In Q4 2019, same property adjusted NOI increased by $0.2 million or 0.3%, primarily due to regular annual rental rate increases in line with competitive market conditions, partially offset by timing of certain expenses, higher staffing costs as well as lower occupancies as a result of competitive pressures in some of our markets.

For 2019, same property adjusted NOI increased by $3.8 million or 1.4%, primarily due to regular annual rental rate increases in line with competitive market conditions, partially offset by lower occupancies and higher staffing costs.

In Q4 2019 and 2019, G&A expenses decreased by 6.4% and 1.7%, respectively, primarily due to lower legal expenses and administrative cost reimbursements on supplier transition.

Financial Position

At December 31, 2019, liquidity (1) amounted to $414.7 million, which included $22.9 million of cash and cash equivalents and $391.8 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 $5.0 million.

The interest coverage ratio (1) for the year ended December 31, 2019 was 3.1, compared to 3.2 for the year ended December 31, 2018. The net debt to adjusted EBITDA ratio (1) at December 31, 2019 was 8.3 compared to 7.8 at December 31, 2018.

Distributions

Chartwell announced today its sixth consecutive annual increase in monthly distributions. Monthly cash distributions will increase by 2.0% from $0.050 per unit ($0.60 on an annualized basis) to $0.051 per unit ($0.612 on an annualized basis) effective for the March 31, 2020 distribution payable on April 15, 2020.

Chartwell's financial statements, including its MD&A are available at **www.chartwell.com**. A detailed list of Chartwell's property portfolio can also be obtained under "Financial Reports" in the "Investor Relations" section of the website.

Investor Conference Call

A conference call hosted by Chartwell's senior management team will be held Friday, February 28, 2020 at 10:00 AM ET. The telephone numbers for the conference call are: Local: (416) 406-0743 or Toll Free: (800) 806-5484. The passcode for the conference call is: 4010896#. 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 2623332#. These numbers will be available for 90 days following the call. An audio file recording of the call, along with the accompanying slides, will also be archived on the Chartwell website at **www.chartwell.com**.

Footnotes

(1) FFO, FFO per unit, same property adjusted NOI, adjusted NOI, lease-up-losses and imputed cost of debt, liquidity, interest coverage ratio and net debt to adjusted EBITDA ratio are measures used by management in evaluating operating and financial performance. Please refer to the cautionary statements under the heading "Non-GAAP Financial Measures" in this press release.
(2) Includes Trust Units, Class B Units of Chartwell Master Care LP, and Trust Units issued under Executive Unit Purchase Plan and Deferred Trust Unit Plan.
(3) 'pp' means percentage points.

About Chartwell

Chartwell is an unincorporated, open-ended real estate trust which indirectly owns and operates a complete range of seniors housing communities, from independent supportive living through assisted living to long term care. It is the largest operator in the Canadian seniors living sector with over 200 quality retirement communities in four provinces. Chartwell is committed to its vision of Making People's Lives BETTER and to providing a happier, healthier and more fulfilling life experience for its residents. For more information, visit **www.chartwell.com**

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. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are more fully described in the "Risks and Uncertainties" section in Chartwell's 2019 MD&A and in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form.

Non-GAAP Financial 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 operating and financial performance, which are measures not defined in generally accepted accounting principles ("GAAP") under IFRS. The following measures, FFO, FFO per unit, same property adjusted NOI, liquidity, 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 2019 MD&A available on Chartwell's website and at **www.sedar.com**.

SOURCE Chartwell Retirement Residences

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