NEWS RELEASE

Chartwell Announces Its Intention to Proceed With $850m of Previously Announced Transactions, Provides Comments on Tax Proposals and Will Postpone the Closing of Its Offering

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MISSISSAUGA, ONTARIO--(CCNMatthews - Nov. 3, 2006) - Chartwell Seniors Housing Real Estate Investment Trust (TSX:CSH.UN) ("Chartwell") announced today that, regardless of recent proposed tax changes, it will proceed with its acquisitions and transactions with a total value of approximately $850 million previously announced in a press release on October 19, 2006.

Once these transactions are complete, which in some cases remains subject to satisfaction of conditions, Chartwell will have interests in approximately 34,000 suites which are either owned, managed and under development or lease-up in 242 facilities in North America, and will become one of North America's largest owners and operators of seniors housing facilities.

Chartwell also announced today that, by mutual agreement with the underwriters led by RBC Dominion Securities Inc., the REIT has postponed the closing of its offering of units and convertible debentures announced on October 19, 2006 and the related final prospectus dated October 31, 2006. Closing was originally scheduled for November 8, 2006.

"With the uncertainty surrounding the Minister of Finance's recent announcement on the taxation of distributions from income trusts, it was prudent to postpone the closing of our offering. We intend, however, to proceed with the various acquisitions and transactions previously announced on October 19," said Stephen Suske, Vice-Chair and President. "Upon completion of these transactions, Chartwell will be Canada's largest owner and operator of

seniors housing facilities, employing over 7,000 persons and caring and serving over 24,000 Canadian seniors. Chartwell will continue to support the development of over 50 new seniors' facilities in Canada through its strategic alliances with Spectrum Seniors Housing Development Corporation, based in Mississauga, Ontario and Melior Developments, located in Montreal, Quebec".

Chartwell also commented today on the proposals to change the taxation of income trusts which were announced by the Minister of Finance (Canada) on October 31, 2006, subsequent to the filing of Chartwell's final prospectus. In particular, Chartwell has reviewed the requirements to qualify as a REIT as set out in the Backgrounder accompanying the Minister's announcement, given that the announcement made it clear that REITs will be excluded from the proposed taxation of income trusts. It should be noted that the proposals set out in the Backgrounder are not legislation and do not define the key terms and specific criteria which will determine whether Chartwell's various categories of income, as currently earned, have the required characteristics and proportions to be within the proposed REIT status rules. However, based on the REIT qualification rules as proposed, Chartwell is of the view that, as it is currently structured and based on its present location of assets and sources of income, it may not qualify as a REIT and may be subject to the proposed income trust tax rules as drafted in the Backgrounder that are expected to become applicable in 2011.

"We note that Chartwell's business model is sound, our asset base is attractive and growing and our growth and operating strategies are generating significant benefits for our Unitholders. We have four years to adjust our structure, if needed, to any proposed changes and, in the interim, our Unitholders will continue to receive the same stable, consistent and growing cash distributions on which they have come to depend since we entered the public capital markets three years ago," Mr. Suske continued.

There is a four-year transition period before the proposals are currently expected to apply to Chartwell. During this transition period, specific legislation will be proposed from which Chartwell will be in a better position to determine its status. To the extent that Chartwell does not then qualify for the REIT exemption under specific legislation as finally enacted, Chartwell would consider alternative measures, if they are in the best interests of its Unitholders, in order to qualify as a REIT under the proposed changes.

The proposals indicate that it is not the Government's intention to change the manner in which distributions that are characterized as return of capital are taxed. Since inception, approximately 85% of Chartwell's distributions have been characterized as return of capital, and management believes it is likely that a high return of capital component would continue going forward. Consequently, Chartwell believes that any impact on its Unitholders of the proposed taxation will be significantly mitigated due to the large proportion of distributions which are a return of capital.

For example, in the event that no measures are taken by Chartwell in order to qualify as a REIT and, such that the

taxation proposals described in the Backgrounder were to currently become applicable to Chartwell's current annual distribution of $1.065 per unit, (i) a taxable investor, who is a resident of Canada, is estimated to have no effective reduction in his net annual after-tax cash position from his current position (assuming the trust tax is effective only when full implementation of the new corporate/trust tax rates and dividend credits has been reached in 2011 and the investor is taxed personally at the top marginal tax rate) and (ii) a non-taxable or a non-resident investor is estimated to have a $0.04 per unit reduction in his net after tax cash position from Chartwell (assuming the tax rates contemplated for 2011 and continuation of the return of capital component of distributions at 85%).

Chartwell will release its financial results for the three and nine months ended September 30, 2006 during the afternoon of Wednesday, November 8, 2006.

This press release contains forward-looking statements that reflect the current expectations of management of Chartwell REIT and Master LP (Master LP together with its general partner and subsidiaries, the "Operator") about the future results, performance, achievements, prospects or opportunities for Chartwell, the Operator and the seniors housing industry. Chartwell REIT has tried to identify these forward-looking statements relating to the general affairs of the REIT as well as for statements concerning the completion of any proposed transaction, intended financing arrangement and the effects on the REIT of such acquisitions and financings as a result thereof by using words such as "may", "will", "expect", "anticipate", "believe", "intend", "plan", "estimate", "potentially" and similar expressions. Such forward-looking statements necessarily involve known and unknown risks and uncertainties that may cause Chartwell REIT or the Operator or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks related to: business risks; real property ownership and lack of diversity; geographic concentration; continued growth; acquisition and development; competition; government regulation; debt financing; mezzanine financing; environmental liabilities; third party liability and insurance; personnel costs; labour relations; conflicts of interest; management contracts; availability of cash flows; redemption right; accounting; dilution; nature of Units; Unitholder liability; market for Units and Unit price; and tax. There can be no assurance that the expectations of management of Chartwell REIT will prove to be correct.

FOR FURTHER INFORMATION PLEASE CONTACT:
Chartwell Seniors Housing Real Estate Investment Trust
Mr. Stephen Suske
Vice Chair and President
(905) 501-4701
Fax: (905) 501-9107 (FAX)
Email: ssuske@chartwellreit.ca

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Contact: Chartwell Seniors Housing Real Estate Investment Trust Mr. Stephen Suske Vice Chair and President (905) 501-4701 Fax: (905) 501-9107 (FAX) Email: ssuske@chartwellreit.ca