NEWS RELEASE

Chartwell Announces Second Quarter 2014 Results

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MISSISSAUGA, ONTARIO--(Marketwired - Aug. 7, 2014) - Chartwell Retirement Residences ("Chartwell") (TSX:CSH.UN) announced today results for the three and six months ended June 30, 2014.

Q2 2014 Highlights

- Adjusted funds from operations ("AFFO") of 18 cents per unit diluted
- Stable balance sheet debt metrics
- Mortgage refinancing program generates interest cost savings and extends maturities

"We are pleased with the progress we continue to make on our key priorities of investing in our information systems, replacing older non-core properties with newer assets in strong markets and refinancing our properties with long-term debt at attractive rates," commented Brent Binions, President and CEO. "Despite challenging operating conditions in some of our markets, we are confident that the improvements that we made in our operating, sales and marketing processes will result in growing occupancies and net operating income for the remainder of 2014 and beyond."

Financial Highlights

	Three Months Ended	Six Months Ended

($000s, except per unit amounts)	June 30 2014	June 30 2013	2014	2013
AFFO (1)	$ 31,899	$ 32,254	$ 61,918	$ 59,879
AFFO per unit diluted (1) (2)	$ 0.18	$ 0.18	$ 0.35	$ 0.34
Funds from operations ("FFO") (1)	$ 35,818	$ 35,302	$ 69,506	$ 66,449
FFO per unit diluted (1) (2)	$ 0.20	$ 0.20	$ 0.39	$ 0.38
Distributions declared	$ 23,893	$ 23,429	$ 47,559	$ 46,862
Distributions declared per unit	$ 0.14	$ 0.14	$ 0.27	$ 0.27
Distributions declared as a percentage of AFFO	74.9%	72.6%	76.8%	78.3%
Weighted average number of units outstanding, diluted (000s)	188,958	186,915	188,785	186,631

(1) AFFO, AFFO per unit diluted, FFO and FFO per unit diluted 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.
(2) Includes dilutive effect of convertible debentures.

AFFO in the second quarter of 2014 was $31.9 million ($0.18 per unit diluted) compared to $32.3 million ($0.18 per unit diluted) in the second quarter of 2013. For the six-month period ended June 30, 2014, AFFO was $61.9 million ($0.35 per unit diluted) compared to $59.9 million ($0.34 per unit diluted) in the same period of 2013. Incremental AFFO from the settlement of litigation net of related legal costs, and certain tax appeals and the positive impact of the foreign exchange rates on our U.S. source income was offset by mortgage defeasance costs incurred as a result of early mortgage re-financings, lower contribution from the property portfolio due to asset sales and lower NOI from the same property portfolio. In addition, AFFO for the six-month period ended June 30, 2014, included the reversal of a previously-recorded provision for impairment of mezzanine loans as well as severance costs related to corporate reorganization to improve services delivered to our operating platforms.

In the second quarter of 2014, FFO was $35.8 million ($0.20 per unit diluted) compared to $35.3 million ($0.20 per unit diluted) in the second quarter of 2013. For the six-month period ended June 30, 2014, FFO was $69.5 million ($0.39 per unit diluted) compared to $66.4 million ($0.38 per unit diluted) in the same period of 2013. In addition to the items discussed above, FFO has also been impacted by changes in the amortization of financing costs and the amortization of debt mark-to-market adjustments.

Operating Performance

($000s, except occupancy rates and percentage of revenue)	Three Months Ended June 30 2014	2013	Increase/ (Decrease)
Same property occupancy (1)	89.3%	89.6%	(0.3pp)
Same property NOI (2) (3)	$ 62,449$	63,296$	(847)
General, administrative and Trust ("G&A") expenses	$ 8,255$	7,793$	462
G&A expenses as a percentage of revenue (1) (2)	3.5%	3.4%	0.1pp
Net income/(loss)	$ (6,975)$	5,783$	(12,758)

($000s, except occupancy rates and percentage of revenue)	Six Months Ended June 30 2014	2013	Increase/ (Decrease)
Same property occupancy (1)	89.3%	89.6%	(0.3pp)
Same property NOI (2) (3)	$ 117,745$	117,161$	584
General, administrative and Trust ("G&A") expenses	$ 18,190$	15,669$	2,521
G&A expenses as a percentage of revenue (1) (2)	3.8%	3.4%	0.4pp
Net income/(loss)	$ (23,845)$	37,985$	(61,830)

(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.
(3) Excludes the effects of foreign exchange on the U.S. dollar.

Same property weighted average occupancy in the three and six months ended June 30, 2014, declined by 0.3

percentage points, compared to the same periods of 2013, as the improvements in our Western Canada platform were more than offset by occupancy declines in our Ontario and U.S. platforms.

Same property NOI decreased by $0.8 million or 1.3% and increased by $0.6 million or 0.5% for the three and six months ended June 30, 2014, respectively, compared to the same periods of 2013 primarily driven by lower NOI in our Ontario and U.S. platforms, partly offset by the positive contributions from our Long Term Care and Western Canada platforms.

G&A expenses increased by $0.5 million and by $2.5 million in the three and six months ended June 30, 2014, respectively, compared to the same periods of 2013. G&A expenses for the three and six months ended June 30, 2014 include $0.4 million and $0.8 million, respectively, of legal costs related to the settled litigation in the U.S. In addition, G&A expenses for the six months ended June 30, 2014 include $1.2 million of severance costs related to corporate reorganization to improve support services provided to our operating platforms.

In addition to the items discussed above, the net loss for the three and six months ended June 30, 2014 was impacted by depreciation of properties, amortization of limited life intangibles, transaction costs arising on business acquisitions and dispositions, gains on sale of assets, changes in fair value of financial instruments, unrealized foreign exchange translation gains and deferred income taxes.

Financial Position

At June 30, 2014, cash on hand amounted to $20.6 million and the available borrowing capacity on Chartwell's credit facilities was $39.0 million.

At June 30, 2014, the Indebtedness Ratio, excluding assets held for sale and related debt, was 52.5% (56.2% including convertible debentures), compared to 53.1% (56.6% including convertible debentures) at December 31, 2013. The Interest Coverage Ratio for the three and six months ended June 30, 2014 was 2.21 and 2.14, respectively, compared to 2.26 and 2.17 in the same periods of 2013. The Net Debt to Adjusted EBITDA ratio at June 30, 2014 was 8.6 compared to 8.5 at June 30, 2013. The contractual weighted average interest rate of Chartwell's mortgage portfolio declined to 4.92% at June 30, 2014 from 5.02% at December 31, 2013 with the average term to maturity of the mortgage portfolio increasing to 7.1 years at June 30, 2014 from 6.7 years at December 31, 2013.

Recent Developments

On July 30, 2014, Chartwell completed the previously-announced sale of the four non-core properties in the United States for U.S.$136.1 million in cash and discharged mortgages of U.S.$86.2 million, related to these properties. The net proceeds from the closing were used by Chartwell to reduce its indebtedness in Canada and in the United

States.

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, August 8, 2014 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: 1635411#. 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 2064986#. 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 not 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 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 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 Q2 2014 MD&A available at **sedar.com**.

FOR FURTHER INFORMATION PLEASE CONTACT:
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