NEWS RELEASE

Chartwell Announces Second Quarter 2018 Results

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MISSISSAUGA, ON, Aug. 9, 2018 /CNW/ - Chartwell Retirement Residences ("Chartwell") (TSX: CSH.UN) announced today its results for the second quarter ended June 30, 2018.

Q2 2018 Highlights

- Funds from operations ("FFO") up 16.9%
- Same property adjusted net operating income ("NOI") up 8.2%
- Same property occupancy of 91.2%

"Our teams delivered strong results in the second quarter of 2018, despite continuing headwinds from increased competition in certain markets," commented Brent Binions, President and CEO. "Integration of the acquired residences in Alberta is proceeding well, two newly-developed residences in Ontario and Quebec commenced operations in Q2 2018, and we continue to add new projects to our robust development pipeline as we are building a base for future growth and creating value for our unitholders."

Financial Highlights

($000s, except per unit amounts and number of units)	Three Months Ended June 30 2018	2017	Six Months Ended June 30 2018	2017

Resident revenue	$ 201,675	$ 181,705	$ 395,280	$ 361,984
Direct property operating expense	$ 135,901	$ 126,693	$ 271,248	$ 252,636
Net income	$ 6,968	$ 6,309	$ 22,482	$ 2,142
FFO (1)	$ 48,919	$ 41,856	$ 91,739	$ 83,962
FFO per unit (1)	$ 0.23	$ 0.21	$ 0.43	$ 0.43
Weighted average number of units outstanding (000s) (2)	214,134	194,809	213,905	194,599

(1) FFO and FFO per unit are measures used by management in evaluating operating 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.

In Q2 2018, resident revenue and direct property operating expenses increased 11.0% and 7.3%, respectively, primarily due to the growing contribution from developments and acquisitions, rental rate increases and growth in direct operating expenses in the same property portfolio.

In Q2 2018, net income was $7.0 million compared to $6.3 million in Q2 2017. The increase in net income was primarily due to higher resident revenues and the gain on sale of properties, partially offset by higher direct property operating, general administrative and Trust ("G&A"), depreciation and amortization expenses and finance costs.

In Q2 2018, FFO increased $7.1 million primarily due to higher adjusted NOI, partially offset by higher financing costs and G&A expenses. In Q2 2018, FFO was impacted by $2.4 million (Q2 2017 – $0.6 million) of lease-up-losses and imputed cost of debt related to properties in development.

In 2018 YTD, resident revenue and direct property operating expenses increased 9.2% and 7.4%, respectively, primarily due to the growing contribution from developments and acquisitions and growth in resident revenue, primarily due to rental rate increases, and growth in direct operating expenses in the same property portfolio.

In 2018 YTD, net income was $22.5 million compared to $2.1 million in 2017 YTD. The increase in net income was primarily due to the gain on sale of properties, higher resident revenues and positive changes in fair values of financial instruments, partially offset by higher direct property operating, G&A, depreciation and amortization expenses and finance costs.

In 2018 YTD, FFO increased $7.8 million primarily due to higher adjusted NOI and management fees, partially offset by higher financing costs, G&A expenses, lower interest income and other items. In 2018 YTD, FFO was imapcted by $3.2 million (2017 YTD – $2.1 million) of lease-up-losses related to properties in development.

FFO per unit amounts in Q2 2018 and 2018 YTD were impacted by higher weighted average units outstanding from the public offering of Trust Units completed on November 24, 2017 to finance the acquisition of four properties in Alberta which closed on April 23, 2018.

Operating Performance

($000s, except occupancy)	Three Months Ended June 30 2018	2017	Change	Six Months Ended June 30 2018	2017	Change
Same property occupancy (1)	91.2%	92.0%	(0.8pp)	91.7%	92.3%	(0.6pp)
Same property adjusted NOI (2)	$ 69,908	$ 64,581	$ 5,327	$ 135,779	$ 129,535	$ 6,244
G&A expenses	$ 12,052	$ 10,121	$ 1,931	$ 24,582	$ 20,526	$ 4,056

(1) pp = percentage points
(2) Adjusted NOI is a measure used by management in evaluating operating performance and includes Chartwell's proportionate share of equity-accounted joint ventures. Please refer to the cautionary statements under the heading "Non-GAAP Financial Measures" in this press release.

In Q2 2018 and 2018 YTD, same property occupancy declined by 0.8 and 0.6 percentage points, respectively, due to short-term competitive pressures from new developments in some Quebec and Ontario markets.

In Q2 2018, same property adjusted NOI increased by $5.3 million or 8.2%, driven primarily by regular annual rental rate increases in line with competitive market conditions, higher ancillary revenues, lower utilities and marketing expenses, partially offset by lower occupancies, higher staffing and communication costs.

In 2018 YTD, same property adjusted NOI increased by $6.2 million or 4.8%, driven primarily by regular annual rental rate increases in line with competitive market conditions, higher ancillary revenues and lower utilities expenses, partially offset by lower occupancies, higher staffing and communication costs.

In Q2 2018 and 2018 YTD, G&A expenses increased by $1.9 million and $4.1 million, respectively, primarily due to higher staffing costs incurred to support the growing property portfolio and development activities, including management of Batimo projects as well as higher training and education expenses.

Financial Position

At June 30, 2018, liquidity amounted to $300.4 million, which included $8.6 million of cash and cash equivalents and $291.8 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 $7.0 million.

The Interest Coverage Ratio on the rolling 12-month basis remained strong at 3.4 at June 30, 2018 compared to 3.5 at December 31, 2017. The Net Debt to Adjusted EBITDA ratio at June 30, 2018 was 7.7 compared to 6.9 at December 31, 2017.

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 "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 10, 2018 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: 3262779#. 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 4231798#. 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 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 2017 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 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 2017 MD&A available on Chartwell's website and at **www.sedar.com**.

SOURCE Chartwell Retirement Residences

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