NEWS RELEASE

Chartwell Announces Third Quarter 2015 Results

2015-11-12

MISSISSAUGA, ON --(Marketwired - November 12, 2015) - Chartwell Retirement Residences ("Chartwell") (TSX: CSH.UN) announced today its results for the three and nine months ended September 30, 2015.

Q3 2015 Highlights

- Adjusted funds from operations ("AFFO") from continuing operations up 18.4%
- Same property net operating income ("NOI") up 2.0%
- Same property occupancy increased 1.3 percentage points to 92.0%

"Our ongoing focus on delivering exceptional services and quality care to our residents, as well as our sales and marketing initiatives have resulted in strong growth in occupancy, customer inquiries and personal visits in the quarter, positioning us well for continuing success in the remainder of 2015 and in 2016," commented Brent Binions, President and CEO. "With the completion of our most recent portfolio acquisition, we have invested $587.3 million in well-located and well-built properties in our core Canadian markets, substantially replacing cash flows from our U.S. portfolio, which was sold on June 30, 2015. We are confident that these acquisitions and our ongoing development program will provide a significant contribution to our earnings for many years to come."

Financial Highlights

($000s, except per unit amounts and number of units)	Three Months Ended September 30 2015	2014	Nine Months Ended September 30 2015	2014
AFFO - continuing operations (1) (2)	$ 33,047	$ 27,920	$ 82,237	$ 72,136
AFFO per unit diluted - continuing operations (1) (2) (3)	$ 0.18	$ 0.16	$ 0.46	$ 0.41
Total AFFO (2)	$ 33,047	$ 33,885	$ 98,535	$ 95,799
Total AFFO per unit diluted (2) (3)	$ 0.18	$ 0.19	$ 0.55	$ 0.54
Funds from operations ("FFO") - continuing operations (1) (2)	$ 35,559	$ 30,617	$ 89,819	$ 80,696
FFO per unit diluted - continuing operations (1) (2) (3)	$ 0.20	$ 0.17	$ 0.50	$ 0.46
Total FFO (2)	$ 35,559	$ 37,364	$ 107,833	$ 106,865
Total FFO per unit diluted (2) (3)	$ 0.20	$ 0.21	$ 0.60	$ 0.60
Distributions declared	$ 24,567	$ 23,859	$ 73,182	$ 71,418
Distributions declared per unit	$ 0.14	$ 0.14	$ 0.41	$ 0.41
Distributions declared as a percentage of total AFFO (2)	74.3%	70.4%	74.3%	74.5%
Weighted average number of units outstanding, diluted (000s)	190,846	189,271	190,383	188,914

(1) Excludes results of Chartwell's U.S. operations.
(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 third quarter of 2015 was $33.0 million ($0.18 per unit diluted), an increase of $5.1 million or 18.4% compared to $27.9 million ($0.16 per unit diluted) in the third quarter of 2014. For the nine-month period ended September 30, 2015, AFFO from continuing operations was $82.2 million ($0.46 per unit diluted), an increase of $10.1 million or 14.0% compared to $72.1 million ($0.41 per unit diluted) in the same period of 2014. The change in AFFO from continuing operations is primarily due to the increased NOI contribution from its Canadian same property and acquisition portfolios and lower interest expense, partially offset by higher General Administrative and Trust expenses ("G&A expenses"). In addition, AFFO from continuing operations for the nine months ended September 30, 2014, included several items for which there were no equivalents in 2015 such as SIFT and commodity tax recoveries, the reversal of a previously-recorded provision for impairment of mezzanine loans, early mortgage repayment costs, higher severance costs related to corporate restructuring and higher legal costs.

For the nine-month period ended September 30, 2015, total AFFO, which includes the results of the U.S. operations sold on June 30, 2015, was $98.5 million ($0.55 per unit diluted) compared to $95.8 million ($0.54 per unit diluted) in the same period of 2014. In addition to the items discussed above, changes in total AFFO were impacted by the positive effect of foreign exchange on U.S. operations and the proceeds of the settlement of litigation in the U.S. in 2014 for which there was no equivalent in 2015.

FFO from continuing operations in the third quarter of 2015 was $35.6 million ($0.20 per unit diluted), an increase of $4.9 million or 16.1% compared to $30.6 million ($0.17 per unit diluted) in the same period of 2014. For the nine-month period ended September 30, 2015, FFO from continuing operations was $89.8 million ($0.50 per unit diluted) compared to $80.7 million ($0.46 per unit diluted) in the same period of 2014. Total FFO in the third quarter of 2015 was $35.6 million ($0.20 per unit diluted), compared to total FFO of $37.4 million ($0.21 per unit diluted) in the third quarter of 2014. For the nine-month period ended September 30, 2015, total FFO was $107.8 million ($0.60 per unit diluted) compared to $106.9 million ($0.60 per unit diluted) in the same period 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

($000s, except occupancy rates and percentage of revenue)	Three Months Ended September 30 2015	2014	Change

Same property occupancy (1)	92.0%	90.7%	1.3pp
Same property NOI (2)	$ 51,931$	50,913$	1,018
G&A expenses	$ (7,003)$	(6,442)$	(561)
G&A expenses as a percentage of revenue (1) (2)	3.7%	3.6%	0.1pp
Net income/(loss) - continuing operations (3)	$ (4,310)$	3,781$	(8,091)
Net income/(loss)	$ (4,768)$	31,846$	(36,614)

($000s, except occupancy rates and percentage of revenue)	Nine Months Ended June 30 2015	2014	Change
Same property occupancy (1)	91.5%	90.1%	1.4pp
Same property NOI (2)	$ 148,851$	146,751$	2,100
G&A expenses	$ (23,190)$	(24,632)$	1,442
G&A expenses as a percentage of revenue (1) (2)	4.2%	4.6%	(0.4pp)
Net income/(loss) - continuing operations (3)	$ 13,500$	(13,315)$	26,815
Net income/(loss)	$ 361,671$	8,001$	353,670

(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 results of Chartwell's U.S. operations

Same property occupancy in the three and nine months ended September 30, 2015, improved by 1.3 percentage points and 1.4 percentage points respectively, compared to the same periods of 2014, reflecting strong occupancy improvements in all operating platforms.

Same property NOI increased by $1.0 million or 2.0% in the third quarter of 2015, and by $2.1 million or 1.4% in the nine-month period ended September 30, 2015, compared to the same periods of 2014. Occupancy related revenue growth was partially offset by increased expenses, primarily due to higher staffing, utilities and insurance expenses, as well as acceleration of the marketing investments in the first half of 2015.

G&A expenses increased by $0.6 million in the third quarter of 2015, primarily due to higher staffing costs incurred to provide enhanced support to our communities, including new acquisitions, and timing of certain other expenses. G&A expenses decreased by $1.4 million in the nine-month period ended September 30, 2015, primarily due to lower severance and legal costs, partially offset by higher staff compensation expenses.

In addition to the items discussed above, net income from continuing operations for the three and nine months ended September 30, 2015 was impacted by gains on sale of assets, gains on re-measurement of previously-held interests as a result of step acquisitions, depreciation of properties, amortization of limited life intangibles, asset impairment provision, transaction costs arising on business acquisitions and dispositions and changes in fair value of financial instruments and foreign exchange gains and losses.

In addition to the items discussed above, net income for the nine months ended September 30, 2015 includes the results of Chartwell's U.S. operations and the gain on sale thereof, net of tax.

Financial Position At September 30, 2015, cash on hand amounted to $13.1 million and the available borrowing capacity on Chartwell's Credit Facility was $141.4 million.

At September 30, 2015, the Indebtedness Ratio was 42.9% (47.0% including convertible debentures), compared to 50.4% (55.0% including convertible debentures) at December 31, 2014. The Interest Coverage Ratio for the three and nine months ended September 30, 2015 was 3.12 and 2.72 respectively, compared to 2.70 and 2.38 in the same periods of 2014. The Net Debt to Adjusted EBITDA ratio at September 30, 2015, was 7.1 compared to 8.6 at September 30, 2014. The contractual weighted average interest rate of Chartwell's mortgage portfolio was 4.33% at September 30, 2015 with the average term to maturity of 8.6 years.

Recent Developments On November 9, 2015, Chartwell acquired from separate groups of vendors, five retirement residences in Ontario totalling 616 suites for an aggregate purchase price of $253.9 million before closing costs. The purchase price was settled by the assumption of two mortgages totalling $51.5 million, the issuance of $15.0 million

of exchangeable Class B Units of Chartwell Master Care LP, with the remaining balance paid in cash. The vendors of two of the residences provided Chartwell with a three-year NOI guarantee. An additional purchase price may be due to the vendors of these properties in January 2019, and will be determined based on the excess of the actual NOI achieved for the year ended December 31, 2018, over the guaranteed NOI.

On November 11, 2015, Chartwell completed the sale of two non-core long term care residences (343 beds) in Quebec for $10.2 million before closing costs. Mortgages totalling $11.5 million and bearing interest at the weighted average rate of 4.87% were assumed by the purchaser on closing. These properties were classified as held for sale at September 30, 2015.

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, November 13, 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: 9670131#. 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 6956949#. 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 supported living through assisted living to long term care. It is the largest owner and operator of seniors residences in Canada. 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 Q3 2015 MD&A available at **sedar.com**.

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