NEWS RELEASE

Chartwell Announces Third Quarter 2019 Results

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MISSISSAUGA, ON, Nov. 7, 2019 /CNW/ - Chartwell Retirement Residences ("Chartwell") (TSX: CSH.UN) announced today its results for the third quarter ended September 30, 2019.

Highlights

- Same property adjusted net operating income ("NOI") (1) increased by 1.7% in Q3 2019 and 2019 YTD
- Funds from operations ("FFO") (1) per unit of $0.25 and $0.68 in Q3 2019 and 2019 YTD, respectively, and are consistent with Q3 2018 and 2018 YTD
- Strong development pipeline of eight projects (1,005 suites). Lease-up of the recently-completed developments progressing well

"Our Q3 2019 and 2019 YTD results continue to be affected by the increased competition from new developments in a number of our markets. We expect the impact of this competition to moderate in 2020 and in future years by the expected growing demand for accommodation and services resulting from the accelerated growth in the seniors population," commented Brent Binions, President and CEO. "We are extremely pleased with the ongoing rollout of our proprietary customer experience training to our managers and front-line employees. It is a great first step in improving our employee engagement and resident satisfaction, and ultimately growing our occupancies and profitability. We believe that our active development and acquisition programs will support strong future growth in our cash flows and deliver enhanced value to our stakeholders."

Financial Highlights

($000s, except per unit amounts and number of units)	Three Months Ended September 30 2019	2018	Nine Months Ended September 30 2019	2018
Resident revenue	$ 215,802	$ 206,446	$ 639,534	$ 601,726
Direct property operating expense	$ 146,460	$ 138,877	$ 437,179	$ 410,125
Net income/(loss)	$ (816)	$ 9,135	$ 12,552	$ 31,617
FFO (1)	$ 53,657	$ 53,329	$ 147,846	$ 145,068
FFO per unit (1)	$ 0.25	$ 0.25	$ 0.68	$ 0.68
Weighted average number of units outstanding (000s) (2)	216,421	214,531	215,902	214,116

In Q3 2019, resident revenue and direct property operating expenses increased 4.5% and 5.5%, respectively, due to acquisitions and developments, some of which have not yet achieved stabilized occupancy, and revenue growth in our existing property portfolio.

In Q3 2019, net loss was $0.8 million compared to net income of $9.1 million in Q3 2018. The decrease in net income was primarily due to a write down in the carrying value of two properties and higher direct property operating expenses and finance costs, partially offset by higher resident revenues, deferred tax recoveries and gain on disposal of assets.

In Q3 2019, FFO increased by $0.3 million as higher adjusted NOI (1) and lower general administrative and Trust ("G&A") expenses were partially offset by higher finance costs.

In Q3 2019, FFO included $2.3 million of lease-up-losses and imputed cost of debt (1) related to Chartwell's development projects.

For 2019 YTD, resident revenue and direct property operating expenses increased 6.3% and 6.6%, 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, ancillary revenue growth and higher staffing costs in our same property portfolio.

For 2019 YTD, net income was $12.6 million compared to $31.6 million in 2018 YTD. The decrease in net income was primarily due to the write down in carrying value of two properties, higher deferred tax expenses, depreciation and finance costs, partially offset by higher contributions from property operations and a remeasurement gain on step acquisition of the remaining ownership interest in two properties.

For 2019 YTD, FFO increased $2.8 million primarily due to higher adjusted NOI (1) and higher interest income, partially offset by higher finance costs and lower management fees.

For 2019 YTD, FFO included $6.5 million of lease-up-losses and imputed cost of debt (1) related to Chartwell's development projects (2018 YTD – $3.1 million).

In Q3 2019 and 2019 YTD, net income and FFO included a $1.6 million recovery of prior years' property tax expenses and related interest income.

Operating Performance

($000s, except occupancy)	Three Months Ended September 30 2019	2018	Change	Nine Months Ended September 30 2019	2018	Change
Same property occupancy (3)	89.6%	91.0%	(1.4pp)	90.0%	91.1%	(1.1pp)
Same property adjusted NOI	$ 73,666	$ 72,458	$ 1,208	$ 214,600	$ 210,964	$ 3,636
G&A expenses	$ 9,194	$ 9,960	$ (766)	$ 34,402	$ 34,542	$ (140)

In Q3 2019 and 2019 YTD, same property occupancy declined by 1.4 and 1.1 percentage points, respectively, primarily due to competitive pressures from new developments in certain markets.

In Q3 2019, same property adjusted NOI increased by $1.2 million or 1.7%, primarily due to regular annual rental rate increases in line with competitive market conditions, partially offset by timing of certain expenses as well as lower occupancies as a result of competitive pressures in some of our markets.

For 2019 YTD, same property adjusted NOI increased by $3.6 million or 1.7%, primarily due to regular annual rental rate increases in line with competitive market conditions, partially offset by lower occupancies and higher staffing costs.

In Q3 2019 and 2019 YTD, G&A expenses decreased by 7.7% and 0.4%, respectively, primarily due to lower incentive-based compensation and legal fees as well as timing of certain education and other corporate expenses.

Financial Position

At September 30, 2019, liquidity (1) amounted to $384.5 million, which included $17.3 million of cash and cash equivalents and $367.2 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 $7.1 million.

The interest coverage ratio (1) on a rolling 12-month basis remained strong at 3.2 at September 30, 2019 consistent with December 31, 2018. The net debt to adjusted EBITDA ratio (1) at September 30, 2019 was 8.1 compared to 7.8 at December 31, 2018, primarily due to financing of development projects which have not yet achieved their full EBITDA contribution.

Investor Conference Call

A conference call hosted by Chartwell's senior management team will be held Friday, November 8, 2019 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: 7814825#. 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 2402330#. 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 2018 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 condensed consolidated interim 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 Q3 2019 MD&A available on Chartwell's website and at **www.sedar.com**.

SOURCE Chartwell Retirement Residences

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