NEWS RELEASE

Chartwell Enters Into a Joint Venture and Provides an Update on Transaction Activities

2014-07-21

MISSISSAUGA, ONTARIO--(Marketwired - July 21, 2014) - Chartwell Retirement Residences ("Chartwell") (TSX:CSH.UN) announced today that in separate transactions it acquired interests in three retirement residences and a medical office building in the Province of Quebec for an aggregate $66.0 million, and closed on the previously-disclosed sale of a property in Ottawa, Ontario.

In the first transaction, Chartwell and Batimo Inc. ("Batimo"), a Quebec-based real estate developer, established a joint venture (the "Joint Venture") pursuant to which Chartwell acquired an 85% interest in two retirement residences ("L'Unique" and "Les Monarques") and a medical office building ("Polyclinique") (collectively, the "Campus") for $44.3 million, before closing costs, from entities affiliated with Batimo. The Campus is located on a nine-acre parcel of land (the "Site") adjacent to a 261-bed hospital in the St. Eustache suburb of Montreal. Batimo has retained a 15% interest in the Campus.

L'Unique is a 169-suite independent living retirement residence built in 2012 and is currently 98% occupied. Les Monarques is a 98-suite assisted living retirement residence with 78 funded and 20 private-pay suites built in 2009, and is currently 100% occupied. Polyclinique is a 43,780 square foot medical office building built in 2012, and is currently 70% occupied. The purchase price was satisfied by the assumption of mortgages totalling $27.9 million with a weighted average term to maturity of approximately 10 years and a weighted average interest rate of 3.57%, with the remainder paid in cash. Batimo provided Chartwell with a five year net operating income guarantee on L'Unique and Les Monarques up to an aggregate maximum amount of $1.3 million. In addition, Batimo provided Chartwell with a five year net operating income guarantee on Polyclinique (the "Polyclinique NOI guarantee"). Under the Polyclinique NOI guarantee, Chartwell's share of net operating income will be at least $0.8 million per annum. Chartwell's first year capitalization rate is expected to be 7.4%.

Chartwell also agreed to advance a mezzanine loan to Batimo for the development of a 90-suite addition to L'Unique ("L'Unique Phase II"). The $1.4 million mezzanine loan will be for a five-year term, bear interest at the rate equal to the higher of 10% and the yield on a 10-year Government of Canada bond plus 7%, to be fixed at the time of the advance. Chartwell plans to acquire an 85% interest in L'Unique Phase II upon stabilization and satisfaction of certain other conditions, at a purchase price determined by an appraisal. The mezzanine loan term may be extended for another two years under certain conditions.

The Site also includes excess land for the development of an additional 425 suites. While Batimo will initially retain ownership of this land, Chartwell and Batimo expect to jointly develop this additional density over time, as well as to pursue other development opportunities in the Province of Quebec. Chartwell will manage operations of the acquired properties and future development properties.

In another unrelated transaction, on July 3, 2014, Chartwell acquired Jardins Notre-Dame ("JND"), a 151-suite independent living retirement residence adjacent to Chartwell's 222-suite Notre Damede Hull, a full service retirement residence located in Gatineau, Quebec. JND was built in 2008 and is currently 96% occupied.

The purchase price for JND, before closing costs, was $21.8 million and was settled in cash. The first year capitalization rate is expected to be 7.1%.

"We are pleased to enter into this new joint venture with Batimo, a reputable and successful real estate developer. We are looking forward to growing our joint venture by pursuing new development opportunities in the Province of Quebec. We are also pleased to add new assets to our Quebec platform and we expect to realize meaningful management synergies over time. These transactions are fully in line with our strategy to acquire newer, well-designed and well-located properties in our existing markets," commented Brent Binions, Chartwell's President and CEO. "We welcome the residents and staff of these properties to the Chartwell family."

On July 2, 2014, Chartwell closed the previously-disclosed sale of the 196-suite City Centre Retirement Residence located in Ottawa, Ontario for $24.5 million before closing costs. Chartwell owned a 50% interest in this property.

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 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 seniors housing communities, and prudently avail itself of opportunities to grow internally and through accretive acquisitions. More

information can be obtained at **www.chartwell.com**.

About Batimo

Batimo is a real estate developer affiliated with EMD Construction Inc. ("EMD"). Founded in 1998 and employing 172 people, Batimo and EMD have completed numerous residential construction projects, including retirement homes, condominiums and social housing. In addition, EMD has been involved in commercial and office building construction projects such as medical and shopping centers, daycare and other. Well-established in Quebec, EMD has also been active abroad, more specifically in Russia and India. More information can be obtained at **www.emdconstruction.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 2013 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.

FOR FURTHER INFORMATION PLEASE CONTACT:
Chartwell Retirement ResidencesVlad Volodarski
Chief Financial Officer
(905) 501-4709
(905) 501-4710 (FAX)
vvolodarski@chartwell.comwww.chartwell.com

Source: Chartwell Retirement Residences