NEWS RELEASE

Chartwell Extends Mezzanine Financing For Development Of Five Ontario Seniors Housing Facilities With Total Project Costs Of $106.3 Million

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MISSISSAUGA, ONTARIO--(CCNMatthews - Sept. 26, 2005) - Chartwell Seniors Housing Real Estate Investment Trust (TSX:CSH.UN) announced today that it had extended mezzanine financing of approximately $10.5 million to Spectrum Seniors Housing Development LP and its joint venture partners for the construction of five seniors housing facilities in the Province of Ontario. The total project costs of the five facilities will aggregate approximately $106.3 million.

The Chartwell Select-Collingwood facility will be an 82 suite independent living facility situated on a 2.1 acre site with frontage on Highway 26 in Collingwood, Ontario. The property is connected to the waterfront trail along the shores of scenic Georgian Bay and close to shopping and the Cranberry Village Resort. Demand is expected to be strong as there are currently no independent living facilities in Collingwood.

Chartwell will extend a mezzanine loan of $937,500 to Spectrum for the construction and leaseup of the facility. The REIT will receive interest at 10% per annum, as well as development fees of $300,000 and annual management fees of 4% of gross revenues on opening of the facility. The total project costs are estimated to be $12.5 million and Chartwell has an option to purchase the property on completion and stabilization, expected in 2007.

The Village Park Retirement Residence will be a 61 suite facility situated on St. Clair Avenue West in downtown Toronto close to the historic Forest Hill neighbourhood, parks and shopping. The project will involve the reconfiguring of a current facility to create more common space and the addition of new floors with larger suites.

Chartwell will extend $2.46 million in mezzanine financing to Spectrum and its joint venture partner to complete the

project. Interest will be paid at 10% per annum, and Chartwell will also receive development fees of $400,000 and annual management fees of 4% gross revenues on the opening of the facility. The total project costs are estimated to be $16.4 million and Chartwell has an option to purchase the property on completion when it is fully stabilized, expected in 2007.

The Oak Park Terrace Retirement Residence will be a 113 suite light care facility located in Amherstburg in southwestern Ontario. Mezzanine financing of approximately $2.24 million will be extended to Spectrum and its joint venture partners. This will be Spectrum's fourth development project with Flynn and Amicone, well respected and successful developers in the region. Chartwell will receive interest on its loan at 10% per annum, a $360,000 development fee, a $224,000 loan placement fee, and annual management fees of 4% of gross revenues on the opening of the facility. The total project costs are estimated to be $14.9 million. Chartwell has the option to acquire the property when it is fully stabilized, expected to be in late 2008.

Approximately $2.52 million will also be extended to Spectrum for the conversion of the Sunset Haven retirement facility in Welland Ontario into a 130 suite retirement residence. The property, situated on 5.9 acres of land, offers further development potential in the future. Chartwell will receive interest of 10% per annum on its loan, a $375,000 development fee and annual management fees of 4% of gross revenues on the opening of the facility. The total project costs are estimated to be $16.8 million and Chartwell may acquire the property when fully stabilized in late 2008.

Chartwell also announced today that it had extended an additional $2.3 million in mezzanine financing to Spectrum for the development of the Chartwell Select-Brampton retirement facility. The additional financing will be used to combine two separate buildings into one larger, more efficient building. The proposed $45.7 million development is expected to be fully stabilized and sold to Chartwell in late 2009. Interest will be paid on this additional loan at 10% per annum. Chartwell will also receive a $1.25 million development fee and annual management fees of 4% of gross revenues upon the opening of the facility.

"We continue to utilize our capital to build our pipeline of future acquisitions," commented Stephen Suske, Vice Chair and President. "In addition to generating interest and fees for our unitholders, as we acquire these brand new and fully stabilized facilities we will be significantly enhancing the quality and scope of our property portfolio."

Chartwell REIT is a growth-oriented investment trust owning and managing a complete spectrum of seniors housing properties. It is currently the second largest participant in the Canadian seniors housing business with a growing presence in the United States. Chartwell will capitalize on the strong demographic trends present in its markets to grow internally and through accretive acquisitions. Chartwell REIT also has an exclusive option to purchase stabilized facilities from Spectrum Seniors Housing Development LP, a seniors housing development company.

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.chartwellreit.ca**

Certain statements contained in this news release may include forward-looking information with respect to Chartwell Seniors Housing Real Estate Investment Trust's operations and future financial results. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks include, but are not limited to, availability of resources, competitive pressures, changes in market activity and regulatory requirements. Further information can be found in the disclosure documents filed by Chartwell Seniors Housing Real Estate Investment Trust with the securities regulatory authorities, available at **www.sedar.com**.

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