NEWS RELEASE

Chartwell REIT Announces the Development of 431 New Suites in Ontario and Atlantic Canada

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MISSISSAUGA, ONTARIO--(CCNMatthews - May 10, 2006) - Chartwell Seniors Housing Real Estate Investment Trust (TSX:CSH.UN) announced today that it had approved a total of $10.4 million in new mezzanine financings to Spectrum Seniors Housing Development LLP and its joint venture partners for the development of four new seniors housing facilities consisting of 401 new suites with total estimated project costs of approximately $68.5 million. Chartwell will receive interest on these loans of 10% per annum, and has the right of first option to acquire the properties once they are completed and fully stabilized.

Chartwell also announced today a new internal growth project. Collegiate Heights in Sault Ste. Marie will be expanded by 30 suites and will add new common area space for a total project cost of approximately $5.8 million. The facility was developed by Spectrum and acquired by Chartwell in June 2005. The new units will meet demand for more independent living and will transform the residence into a campus of care environment. Chartwell will invest equity of approximately $1.2 million into the project.

"With the commencement of the spring construction season, we are accelerating our mezzanine loans to Spectrum and our other independent development partners. In addition to strong and growing interest and fee revenues, with these loans we are further building our pipeline of brand new, fully stabilized facilities for future acquisition. We expect this pipeline will grow substantially through the balance of 2006," commented Stephen Suske, Vice Chair and President. "We are also pleased to announce this accretive internal growth project, which highlights the REIT's commitment to mine its portfolio of existing facilities to maximize values".

A mezzanine loan of $2.6 million was extended to Spectrum for the development of a new 96 suite retirement residence in the Orleans area of the City of Ottawa. The residence is adjacent to a 160 bed long-term care facility

being developed by Spectrum, which will be sold to the REIT in early 2007. The site is close to many services and amenities and is situated on an escarpment ridge with views over a local golf course, the Ottawa River and the Gatineau Hills. In addition to interest on its loan, Chartwell will receive a development fee of $437,500 and an annual management fee of $147,000 upon stabilization. Project costs are estimated at $17.5 million with completion in the summer of 2008.

In its first venture into Atlantic Canada, the REIT will extent a $1.5 million mezzanine loan to Spectrum and another $1.5 million mezzanine loan to its joint venture development partner. In development will be a 116-suite Chartwell Classic independent and assisted living retirement residence just outside St. John's, Newfoundland. The facility will offer lake views and overlooks such St. John's landmarks as Signal Hill. With a total estimated project cost of $20.0 million and a projected completion date in the fall of 2008, Chartwell will receive a development fee of $500,000 and an annual management fee of $185,483 upon stabilization in addition to the interest on the loan.

Chartwell Select Strathroy will be a 93-suite independent living retirement residence on a 10 acre site west of London, Ontario and close to a major hospital. A mezzanine loan of approximately $1.1 million will be advanced by the REIT to Spectrum and another $1.1 million to its two joint venture development partners. In addition to interest on its loans, Chartwell will receive a $350,000 development fee and an annual $127,000 management fee upon stabilization. Project costs are estimated at $14.0 million with a projected completion date in the fall of 2007.

Chartwell's presence in central Ontario will be further strengthened with the development of a 96-suite retirement residence in Owen Sound. A $1.3 million mezzanine loan will be extended to Spectrum and another $1.3 million to its two joint venture partners. Close to shopping and other amenities, the property will be adjacent to a large regional hospital. With a total estimated project cost of $17.0 million and a projected completion date in the fall of 2007, Chartwell will receive a development fee of $425,000 and an annual management fee of $142,000 upon stabilization in addition to the interest on the loan.

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, Canada's largest and fastest growing 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**.

Distributable Income is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Distributable Income is presented because management believes this non-GAAP measure is a relevant measure of the ability of the REIT to earn and distribute cash returns to Unitholders. Distributable Income as computed by the REIT may differ from similar computations as reported by other organizations and, accordingly, may not be comparable to distributable income as reported by such organizations.

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