NEWS RELEASE

Transactions of $850 Million to Transform Chartwell Into Canada's Largest Owner and Operator of Seniors Housing Facilities

2006-10-19

MISSISSAUGA, ONTARIO--(CCNMatthews - Oct. 19, 2006) - Chartwell Seniors Housing Real Estate Investment Trust (TSX:CSH.UN) announced today transactions with a total value of approximately $850 million. Once these transactions are complete, which in some cases remains subject to satisfaction of conditions, Chartwell will have interests in approximately 34,000 suites which are either owned, managed and under development or lease-up in 242 facilities in North America, and will become Canada's largest owner and operator of seniors housing facilities. The transactions will be partially financed with the $275 million total combined issuance on a bought-deal basis of trust units and convertible debentures announced today.

Significantly Expands Presence in United States

Chartwell will significantly strengthen its U.S. portfolio with the anticipated acquisition of five communities under the well-respected Bristal name comprising 640 assisted living units located in a concentrated area within a 15 mile radius in Nassau County on Long Island, New York. Four of the buildings opened between 2001 and 2004 and the fifth building opened in July 2006. The properties have generous common areas, upscale amenities and average suite sizes in excess of 800 square feet. The facilities are all 100% private pay with no skilled nursing beds.

The Bristal acquisition will be made jointly through the Chartwell-ING Joint Venture for a total price of U.S. $290.5 million. Approximately U.S. $224.5 million will be payable at closing with additional payments of U.S. $66 million due over the first three years after closing. Chartwell is currently negotiating mortgage debt financing for the transaction of U.S. $189 million with an additional U.S. $20 million of top-up mortgage debt financing being

available on the attainment of certain financial criteria. Chartwell will provide all of the equity for this transaction, increasing its economic interest in the joint venture to approximately 56%. Chartwell will receive its customary finder and asset management fees on the full acquisition costs. The transaction is expected to close in the fourth quarter of 2006 upon receipt of the required regulatory approvals.

Chartwell also announced today that, subject to completion of due diligence and REIT Trustee approval, it would be acquiring a 49% interest in Horizon Bay Management ("HBM"), a US-based seniors housing management company. When the REIT acquired its interest in its first properties in the United States, Horizon Bay Chartwell ("HBC") was formed to manage the REIT's properties in the United States. HBC is a 50/50 joint venture between Chartwell and HBM. HBM currently manages a portfolio of 27 U.S. seniors housing properties including 5,740 suites of which 4,679 are independent living, 902 assisted living and 159 skilled nursing suites. Chartwell will also be acquiring a 49% leased interest in 26 U.S. seniors housing properties managed by HBM. Thilo Best, Chief Executive Officer of HBM, and his senior management team will retain a 51% interest in HBM and enter into employment contracts with the company.

The HBM acquisition enhances the REIT's platform in the United States and, with the increased indirect ownership of HBC, results in greater participation in the management fee income stream from Chartwell's growing U.S. portfolio. The purchase price for the interests being acquired is approximately U.S. $28 million. Included in the purchase price is a U.S. $3.5 million holdback to fund any potential shortfall under the lease arrangements in the first two years post closing. The transaction is expected to close on January 1, 2007.

Chartwell has also entered into an agreement to acquire Treemont Retirement Community, an independent living facility comprising of 256 suites in Dallas, Texas. Built in 1974, the facility was recently renovated, with occupancies currently at 90%. The property is close to high-end shopping and two medical facilities, including a full service hospital. The property is currently managed by HBM and will be managed by HBC subsequent to closing. The total acquisition price, excluding closing costs, will be approximately U.S. $17.5 million. Chartwell is currently arranging mortgage debt financing for the transaction which is expected to be for approximately 70% of the purchase price (U.S. $12.3 million). The transaction is expected to close by the end of the fourth quarter of 2006, subject to satisfactory completion of due diligence. Chartwell has engaged in discussions with a third party to provide 50% of the cash portion of the purchase price.

Wins Bid to Acquire Ontario's Regency Care LTC Portfolio

Chartwell announced today that it was the successful bidder for the Regency Care portfolio comprised of eight new, Class A Long Term Care (LTC) homes containing 1,384 beds and a management company with long term management contracts for six other LTC homes containing 814 beds. The agreements in respect of the acquisition are now being finalized. Most of these homes are well-located in high-growth communities situated in and around

the Greater Toronto Area, and all are 100% occupied with waiting lists. Four of the eight sites have excess land zoned for the addition of approximately 400 assisted or independent living units in total. The management contracts will be 100% acquired by Chartwell. The total acquisition cost, excluding closing costs, will be approximately $245 million, and closing is subject to approval by Ontario'sMinistry of Health and Long Term Care, expected in early 2007. The acquisition will be partly financed by the assumption of mortgage debt of approximately $143.7 million at an average interest rate of 7.44%, cash and equity. Chartwell has engaged in discussions with a third party to provide 50% of the cash portion of the purchase price and expects to enter into a joint venture agreement with such third party in respect of the acquisition and subsequent operation of the Regency portfolio prior to closing of the acquisition.

Enhanced Presence in Ontario

Chartwell will expand its strong and growing presence in the Province of Ontario with the acquisition of four retirement home facilities.

Chartwell has entered into an agreement to acquire Heritage Glen, a two building apartment complex comprising 323 suites situated in the Meadowvale neighborhood of Mississauga. The property, originally designed as an age-restricted apartment complex, was recently converted to a light care seniors residence with a central amenities building joining the two buildings and offering numerous services demanded by today's senior. The property is well positioned to compete with neighboring retirement homes offering similar services at a higher cost. Chartwell has been involved in managing the property since 2003. The REIT will pay approximately $51.5 million, excluding closing costs, for a 100% interest in the property, $23.5 million of which is deferred and payable over the first six years after closing. Mortgage debt financing in the amount of approximately $23.4 million bearing interest at 6.53% and will be assumed on closing. This transaction is expected to close on November 1, 2006.

Chartwell has entered into an agreement to acquire the Empress Kanata, a three-storey building located in the amalgamated City of Ottawa comprising 90 independent and assisted living suites. Situated in a low density residential neighborhood, the facility is close to shopping, entertainment, transportation and medical services. Recently constructed and opened in 2002, the property has strong historical occupancies, currently at 99%. There is also the potential to add on 25 new units as part of the REIT's internal growth program. Chartwell will pay approximately $19.6 million, excluding closing costs, for a 100% interest in the residence. Chartwell is in the process of arranging mortgage debt financing of approximately $12.9 million. This transaction is expected to close on or about November 15, 2006.

Chartwell has entered into an agreement to acquire Southwind Retirement Residence, a two-storey light-care facility comprising of 79 suites situated overlooking Nepahwin Lake in Sudbury, Ontario. Southwind offers superior

interior and exterior amenities. Developed by Spectrum and its joint venture partner, and opened in 2004, the facility is fully stabilized with occupancy currently over 90%. The acquisition cost for 100% of the property will be approximately $13.9 million, which will be settled by the discharge of existing mezzanine financing of approximately $1.4 million, the issuance of Class B units of $1.1 million, cash payment of $2.1 million and new mortgage debt financing of approximately $9.3 million. The transaction is expected to close on or about November 15, 2006.

Chartwell has entered into an agreement to acquire Van Horne Manor, a single storey building comprising 58 light care retirement suites situated in Smiths Falls. With services including a library, entertainment centre, lounge, and dining, the facility is also in close proximity to various businesses and a shopping mall. The building, constructed in 1999 and expanded in 2004, is the newest residence in the market. It is also situated close to the REIT's Willowdale Retirement Centre, offering operating, maintenance and marketing synergies. Chartwell will pay approximately $5.9 million, excluding closing costs, for a 100% interest in the property, $0.3 million of which is deferred and payable on the first anniversary of the closing. Chartwell is in the process of arranging mortgage debt financing of approximately $3.9 million. This transaction is expected to close on or about November 15, 2006.

Quebec Portfolio Continues to Grow

Chartwell will also strengthen its position in the Province of Quebec with the acquisition of one property and the recently completed acquisition of a second property.

Chartwell has entered into an agreement to acquire Domaine Bellerive, a three tower apartment complex comprising 810 units located in Laval, a suburb of Montreal. Situated on the banks of the Riviere des Prairies, the property has views from all suites. With more than 63% of the tenant base over 60 years old, Chartwell, through its joint venture management company with Groupe Melior, will convert the property to an independent living community and offer a number of new services tailored for seniors, including housekeeping, food, recreation and nursing. The property also includes 5.38 acres of excess land with development potential, as well as 15,200 square feet of commercial space including such services as a drugstore, medical clinic, restaurant, convenience store and hairdresser. Chartwell will acquire 100% of the property for approximately $71.25 million, excluding closing costs, of which $5.25 million is deferred and payable on the first anniversary of closing. Chartwell is in the process of arranging mortgage debt financing in the amount of approximately $50.8 million. The transaction is expected to close on or about November 15, 2006.

On September 15, 2006, Chartwell acquired a 100% interest in Manoir Kirkland, a seven-storey independent living seniors facility comprising 191 suites located in Kirkland within the West Island of Montreal. The property is immediately adjacent to Lakeshore General Hospital and streets lined with detached single-family homes. It is also close to numerous amenities and services as well as public transportation. The facility historically has experienced very low vacancies, and is currently 100% occupied. The purchase price amounts to approximately $15 million,

excluding closing costs, which was settled in cash. Chartwell is in the process of finalizing mortgage debt financing expected to be approximately $10.2 million.

Builds on Position as B.C.'s Largest

Chartwell will build on its position as the largest owner and operator of seniors housing facilities in the Province of British Columbia with the acquisition of Hampton House in Chilliwack, a four-storey independent living facility comprising 97 suites with a medical practice in one of two commercial spaces. Situated close to three REIT-owned properties in Chilliwack, this new facility was opened in June 2006. The cost of the acquisition, excluding closing costs, is $17.8 million. Chartwell is currently finalizing mortgage debt financing in the amount of approximately $13.3 million. As the facility is not fully stabilized, a $1.5 million holdback will be placed in escrow for 24 months post-closing as an NOI guarantee. This transaction is still subject to due diligence and approval of Chartwell's Investment Committee, and if approved, is expected to close in mid November of this year.

Chartwell also announced today that Spectrum and the REIT had been awarded a contract to develop and operates respectively, a new seniors campus of care in Prince George, British Columbia. Scheduled to open by 2008, the new facility is planned to contain 143 suites, including 93 long-term care beds and 50 private and publicly funded assisted living units. The value of the project is estimated at $30 million and Chartwell will receive its customary development and management fees with respect to the project.

Finally, Chartwell also announced today that it had executed a five year management contract for the Cactus Ridge Estates, Seniors Supported Living in Osoyoos, B.C. This independent living community, currently under development, will consist of 93 suites and will serve the needs of seniors in the interior region of that province.

"We are proud of our growth over the past three years and are pleased to have exceeded our 2006 acquisition targets with the purchase of high quality, accretive seniors housing facilities," commented Stephen Suske, Vice Chair and President.

With the completion of these transactions, Chartwell's portfolio will continue to be well balanced geographically and by level of care:

Portfolio by Geography	Owned or	Percentage

	Managed Suites	
Ontario (GTA)	4,736	14%
Ontario (West)	3,511	10%
Ontario (East)	1,889	6%
Ontario (North)	1,794	5%
Total Ontario	11,930	35%
Quebec	7,517	22%
Atlantic Canada	104	0%
British Columbia	2,877	8%
Alberta	894	3%
Saskatchewan	157	1%
Total Canada	23,479	69%
United States	10,521	31%
Total Portfolio	34,000	100%

Portfolio by Level of Care	Owned or Managed Suites	Percentage

Independent Living	17,661	52%
Light Care Retirement Home	6,062	18%
Full Care Retirement Home	2,754	8%
Assisted Living	2,059	6%
Long Term Care	5,464	16%

Total Portfolio	34,000	100%

	Owned or Managed Suites	Percentage

Canada:

Owned beds / suites	13,517	40%
Managed beds / suites	3,661	11%

Beds / suites in development or

lease up	6,301	18%
Total	23,479	69%

United States		
Owned beds / suites	4,781	14%
Managed beds / suites	5,740	17%
Total	10,521	31%
Total Portfolio	34,000	100%

Chartwell Seniors Housing REIT is an unincorporated, open-end real estate investment trust governed by the laws of the Province of Ontario. Chartwell REIT is a growth-oriented investment trust which indirectly invests in Chartwell Master Care LP, which owns and manages a complete spectrum of seniors housing properties in selected centers across Canada. (References in this press release to "Chartwell Seniors Housing REIT", the "REIT" and "Chartwell REIT" shall be deemed to mean Chartwell Seniors Housing Real Estate Investment Trust and its subsidiaries including Chartwell Master Care LP, as appropriate.) Chartwell REIT is currently the largest participant in the Canadian seniors housing business. Chartwell REIT 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 on each of the above anticipated transactions, financings and development and management arrangements can be obtained at **www.chartwellreit.ca**

This press release contains forward-looking statements that reflect the current expectations of management of the REIT and Master LP (Master LP together with its general partner and subsidiaries, the "Operator") about the future results, performance, achievements, prospects or opportunities for the REIT, the Operator and the seniors housing industry. Chartwell REIT has tried to identify these forward-looking statements relating to the general affairs of the REIT as well as for statements concerning the completion of any proposed transaction, intended financing arrangement and the effects on the REIT of such acquisitions and financings as a result thereof by using words such as "may", "will", "expect", "anticipate", "believe", "intend", "plan", "estimate", "potentially" and similar expressions. Such forward-looking statements necessarily involve known and unknown risks and uncertainties that may cause Chartwell REIT or the Operator or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks related to: business risks; real property

ownership and lack of diversity; geographic concentration; continued growth; acquisition and development; competition; government regulation; debt financing; mezzanine financing; environmental liabilities; third party liability and insurance; personnel costs; labour relations; conflicts of interest; management contracts; availability of cash flows; redemption right; accounting; dilution; nature of Units; Unitholder liability; market for Units and Unit price; and tax. There can be no assurance that the expectations of management of the REIT will prove to be correct.

FOR FURTHER INFORMATION PLEASE CONTACT:
Chartwell Seniors Housing Real Estate Investment Trust
Mr. Stephen Suske
Vice Chair and President
(905) 501-4701
Fax: (905) 501-9107 (FAX)
Email: ssuske@chartwellreit.ca
Website: www.chartwellreit.ca

Source: Chartwell Seniors Housing REIT

Contact: Chartwell Seniors Housing Real Estate Investment Trust Mr. Stephen Suske Vice Chair and President (905) 501-4701 Fax: (905) 501-9107 (FAX) Email: ssuske@chartwellreit.ca Website: www.chartwellreit.ca