



CHARTWELL ANNOUNCES SECOND QUARTER 2020 RESULTS

MISSISSAUGA, ONTARIO – August 6, 2020 – Chartwell Retirement Residences (“Chartwell”) (TSX: CSH.UN) announced today its results for the second quarter ended June 30, 2020.

Highlights

- Maintaining strong financial position with August 6, 2020, liquidity ⁽¹⁾ of \$408.8 million, including \$82.8 million of cash and cash equivalents.
- As leasing activities resume, occupancy declines slowing down with July 2020 occupancy in our same property retirement portfolio declining 0.6 percentage points; lower than May and June declines of 1.2 and 1.1 percentage points, respectively.
- Focus on resident and staff safety resulted in additional \$7.0 million of unfunded pandemic-related costs, combined with occupancy decline resulting in a same property adjusted net operating income (“NOI”) ⁽¹⁾ decline of 9.7% in Q2 2020 and funds from operations (“FFO”) ⁽¹⁾ down 17.1% in Q2 2020

“While our Q2 2020 results have been significantly impacted by the COVID-19 pandemic, both in occupancy declines and additional expenses incurred in order to keep our residents and staff safe, it is encouraging to see a much-reduced number of properties in outbreak and the beginning of leasing activities in our properties. In July 2020, same property retirement leasing activity represented 70% of July 2019,” commented Vlad Volodarski, CEO. “Our residents, their families and our employees are an invaluable source of insight. Through our “Listening to Serve You Better” program, which includes internal process reviews, electronic surveys and video conferences, we are receiving important input that will allow us to continue to improve and better prepare for a potential second wave of the pandemic. I am grateful to the families and residents who have provided us with excellent feedback and praise for our staff, who truly go above and beyond to care for our residents.”

(\$000s, except per unit amounts and number of units)	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Resident revenue	\$ 216,398	\$ 213,848	\$ 435,282	\$ 423,732
Direct property operating expense	\$ 154,917	\$ 146,555	\$ 305,636	\$ 290,719
Net income/(loss)	\$ (1,931)	\$ (1,583)	\$ 9,463	\$ 13,368
FFO ⁽¹⁾	\$ 39,043	\$ 47,106	\$ 84,368	\$ 94,189
FFO per unit ⁽¹⁾	\$ 0.18	\$ 0.22	\$ 0.39	\$ 0.44
Weighted average number of units outstanding (000s) ⁽²⁾	218,218	215,926	217,870	215,637

Resident revenue increased \$2.6 million or 1.2% in Q2 2020, due to revenue recognized for funding provided to partially defray additional expenses incurred related to COVID-19, and revenue growth from acquisitions and developments, partially offset by reduced revenue due to lower occupancy in our existing property portfolio and lower revenue related to the disposition of properties.

Direct property operating expenses increased \$8.4 million or 5.7% in Q2 2020, due to COVID-19-related expenses, acquisitions and developments, including pre-leasing and initial operating costs, and increased expenses in our existing property portfolio, partially offset by lower repairs and maintenance and marketing expenses. COVID-19-related direct property operating expenses include investments in additional staffing including screening, personal protective equipment (“PPE”), employee recognition, compensation to frontline and management staff in our residences, and supplies to reduce and prevent the spread of the disease.

In Q2 2020, net loss was \$1.9 million compared to \$1.6 million in Q2 2019. The increase in net loss was primarily due to higher direct property operating expenses and finance costs, partially offset by higher revenues and deferred tax benefit.

In Q2 2020, FFO decreased \$8.1 million primarily due to lower adjusted NOI, higher finance costs and depreciation of property, plant and equipment and amortization of intangible assets used for administrative purposes, partially offset by higher management fees and lower general administrative and Trust (“G&A”) expenses.

For 2020 YTD, resident revenue increased \$11.6 million or 2.7%, due to acquisitions and developments and revenue growth in our existing property portfolio revenue including revenue recognized for funding provided to partially defray additional expenses incurred related to COVID-19, and lower revenue related to the disposition of properties.

For 2020 YTD, direct property operating expenses increased \$14.9 million or 5.1% due to acquisitions and developments, increased expenses in our existing property portfolio, and additional expenses incurred related to COVID-19, partially offset by lower repairs and maintenance and marketing expenses.

For 2020 YTD, net income was \$9.5 million compared to \$13.4 million in 2019 YTD. The decrease in net income was primarily due to higher direct property operating expenses, finance costs, depreciation and amortization expenses, absence of rereasurement gain recorded in Q1 2019, and impairment losses, partially offset by deferred income tax benefit, higher revenues and gain on disposal of assets.

For 2020 YTD, FFO decreased \$9.8 million primarily due to lower adjusted NOI ⁽¹⁾, higher finance costs, depreciation of property, plant and equipment and amortization of intangible assets used for administrative purposes and G&A expenses, partially offset by higher management fees.

Operating Performance

(\$000s, except occupancy)	Three Months Ended June 30			Six Months Ended June 30		
	2020	2019	Change	2020	2019	Change
Same property occupancy ⁽³⁾	85.6%	89.9%	(4.3pp)	87.4%	90.3%	(2.9pp)
Same property adjusted NOI	\$ 66,535	\$ 73,696	\$ (7,161)	\$ 140,162	\$ 147,212	\$ (7,050)
G&A expenses	\$ 12,374	\$ 12,459	\$ (85)	\$ 25,502	\$ 25,208	\$ 294

In Q2 2020, same property occupancy declined 4.3 percentage points primarily due to reduced move-in activity by approximately 67% partially offset by reduced move-out activity by approximately 28% each as a result of the COVID-19 pandemic.

In Q2 2020, same property adjusted NOI decreased \$7.2 million or 9.7%, primarily due to pandemic-related expenses in excess of revenues or expense recoveries of \$6.4 million including \$1.8 million related to compensation to recognize our front-line management teams’ extraordinary efforts during the pandemic, and reduced revenue related to lower occupancy, partially offset by increased rental rates in line with competitive market conditions and reduced marketing and repairs and maintenance expenses

In Q2 2020, G&A expenses decreased \$0.1 million primarily due to lower lease and travel expenses partially offset by higher staffing costs and a \$0.5 million contribution to provide startup funding to support the Senior Living CaRES fund (“the CaRES Fund”) initiated by the founding members Chartwell Retirement Residences, Revera Inc., Extencicare and Sienna Senior Living.

For 2020 YTD, same property occupancy declined 2.9 percentage points primarily due to competitive pressures from new developments in certain markets and reduced move-in and move-out activity since the latter half of March 2020 as a result of the COVID-19 pandemic.

For 2020 YTD, same property adjusted NOI decreased \$7.1 million or 4.8%, driven primarily pandemic-related expenses in excess of revenues or expense recoveries of \$7.0 million including \$1.8 million related to compensation to recognize our front-line management teams' extraordinary efforts during the pandemic, and reduced revenue related to lower occupancy primarily as a result of COVID-19-related measures. These were partially offset by increased rental rates in line with competitive market conditions, and expenses incurred due to an additional day in Q1 2020 of \$0.8 million partially offset by reduced marketing and repairs and maintenance expenses.

For 2020 YTD, G&A expenses increased \$0.3 million primarily due to the contribution to the CaRES Fund, regular inflation in staffing costs, a contractually determined payment on retirement to the former President & CEO, partially offset by the timing of expenses, lower non-cash compensation costs as a result of changes in value of our Trust Units and lower lease and travel expenses.

Financial Position

At June 30, 2020, liquidity ⁽¹⁾ amounted to \$346.1 million, which included \$48.9 million of cash and cash equivalents and \$297.3 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 \$7.5 million.

The interest coverage ratio ⁽¹⁾ on a rolling 12-month basis remained strong at 3.1 at June 30, 2020 compared to 3.1 at December 31, 2019. The net debt to adjusted EBITDA ratio ⁽¹⁾ at June 30, 2020 was 8.7 compared to 8.3 at December 31, 2019.

Recent Developments

We believe that occupancy in our retirement residences will be temporarily affected as a result of reduced move-in activity. Move-out activity is below prior year levels at this time, primarily due to reduced departures to long term care. The following table provides an update in respect of our same property retirement occupancy:

(\$000s)	One month ended April 30, 2020	One month ended May 31, 2020	One month ended June 30, 2020	One month ended July 31, 2020
Same property retirement occupancy	85.7%	84.5%	83.4%	82.8%
<i>Change from the previous month</i>		<i>(1.2pp)</i>	<i>(1.1pp)</i>	<i>(0.6pp)</i>

The pace of decline in occupancy has slowed since the onset of the pandemic in mid-March, with move-in activity steadily increasing and in July representing approximately 65% of previous-year volumes and move-out activity continuing to be below previous-year levels, though slightly higher in July than in previous months at approximately 80% of previous-year volumes. It remains too early in the reopening process to identify any trends related to pent-up demand, particularly as the July and August period typically has a lower volume of initial contacts due to seasonality.

On July 15, 2020, the Ontario government announced a redesigned capital funding subsidy ("CFS") program for long term care. The program includes a \$1.75 billion investment to redevelop 12,000 beds and add an additional 8,000 beds over the next five years. This is an important step to address the aging infrastructure with long term care for which the industry has been advocating for more than a decade. We continue to work closely with our industry partners and the government to finalize the details of the new CFS program and the related approval and licensing process to expedite projects that are feasible within this new program. We have 577 Class B and C beds that are eligible for this redevelopment program.

At August 6, 2020, we have \$68.7 million of mortgage maturities remaining in 2020, of which \$26.3 million are CMHC insured, and includes \$40.7 million related to mortgages on two properties acquired from Batimo Inc. in the first half of 2020, that we expect to replace with CMHC-insured mortgages. We have \$243.3 million of mortgage maturities in 2021, of which \$37.5 million are CMHC insured. We have strong lending relationships and expect to refinance mortgage maturities as they come due.

At August 6, 2020, liquidity⁽¹⁾ amounted to \$408.8 million, which included \$82.8 million of cash and cash equivalents and \$326 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 \$14.4 million. We expect to be able to meet all of our obligations as they become due utilizing primarily the following sources of liquidity: (i) cash flow generated from our operations, (ii) property-specific mortgages, and (iii) secured and unsecured credit facilities. The COVID-19 pandemic has introduced significant uncertainties and we continue to monitor the situation closely.

Investor Conference Call

A conference call hosted by Chartwell's senior management team will be held **Friday, August 7, 2020 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: 1605435#**. 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 1-800-408-3053. The Passcode for the Instant Replay is 1365519#. These numbers will be available for 30 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, 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.

COVID-19 Risk Factors

Please refer to the Q2 2020 MD&A to review risk factors to Chartwell relating to COVID-19.

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 "Forward-Looking Information and COVID-19 Risks" section in Chartwell's Q2 2020 MD&A, the "Risks and Uncertainties" section in Chartwell's 2019 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 Q2 2020 MD&A available on Chartwell's website and at www.sedar.com.

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 including properties under development. 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

For more information, please contact:

Chartwell Retirement Residences

Sheri Harris

Chief Financial Officer

Tel: (905) 501-6777

slharris@chartwell.com