

Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

CHARTWELL RETIREMENT RESIDENCES

September 30, 2024
(Unaudited)

CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Balance Sheets
(In thousands of Canadian dollars)
(Unaudited)

	Note	September 30, 2024	December 31, 2023
Assets			
Current assets:			
Cash and cash equivalents		\$ 26,048	\$ 24,619
Trade and other receivables	7	17,159	14,178
Loans receivable	9	6,922	8,009
Assets held for sale	16	273,304	269,232
Other assets	8	50,340	27,900
Total current assets		373,773	343,938
Non-current assets:			
Other assets	8	705	1,832
Loans receivable	9	9,127	7,296
Investment in joint ventures	10	18,174	14,981
Intangible assets	5	22,213	25,018
Property, plant and equipment ("PP&E")	4	3,315,762	2,841,011
Total non-current assets		3,365,981	2,890,138
Total assets		\$ 3,739,754	\$ 3,234,076
Liabilities and Unitholders' Equity			
Current liabilities:			
Lease obligations	6	\$ 1,087	\$ 788
Accounts payable and other liabilities	15	200,123	173,068
Distributions payable		13,947	12,364
Loans payable	13	223,952	124,924
Liabilities related to assets held for sale	16	151,233	193,979
Mortgages payable	11	235,095	246,293
Senior unsecured debentures	14	149,906	-
Income tax payable	25	-	27,231
Total current liabilities		975,343	778,647
Non-current liabilities:			
Lease obligations	6	7,260	7,285
Other liabilities	15	5,520	3,302
Mortgages payable	11	1,372,732	1,179,192
Credit facilities	12	32,938	68,686
Senior unsecured debentures	14	249,263	398,981
Deferred tax liabilities	24	26,899	6,522
Total non-current liabilities		1,694,612	1,663,968
Total liabilities		2,669,955	2,442,615
Unitholders' equity			
Non-controlling Interest	10	1,068,241	791,461
Total equity		\$ 1,069,799	\$ 791,461
Total liabilities and equity		\$ 3,739,754	\$ 3,234,076

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Trustees:

"Ann Davis"
Trustee
"Jamie Scarlett"
Trustee

CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Statements of Net Income (Loss) and Comprehensive Income
(Loss)
(In thousands of Canadian dollars)
(Unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Revenue:					
Resident		\$ 207,995	\$ 173,383	\$ 581,478	\$ 507,378
Management and other fees		2,952	3,281	9,307	9,780
Lease revenue from joint ventures	10	8,726	8,852	26,430	26,556
Interest income		791	525	2,233	1,385
		220,464	186,041	619,448	545,099
Income (expenses):					
Direct property operating		(128,389)	(113,344)	(370,472)	(344,508)
Depreciation of PP&E	4	(43,009)	(38,027)	(117,146)	(115,050)
Amortization of intangible assets	5	(521)	(566)	(1,710)	(2,058)
Share of net income (loss) from joint ventures	10	2,946	1,023	6,252	(1,244)
General, administrative and trust		(11,731)	(14,403)	(39,126)	(46,995)
Other (expense) income	21	54,152	1,789	50,686	4,704
Finance costs	22	(28,351)	(23,395)	(77,488)	(69,910)
Change in fair values of financial instruments	23	(14,998)	(5,622)	(21,535)	(11,212)
		(169,901)	(192,545)	(570,539)	(586,273)
Net income (loss) before income taxes		50,563	(6,504)	48,909	(41,174)
Current tax recovery/(expense)	24	(2,840)	(28,100)	(2,489)	(28,100)
Deferred income tax benefit/(expense)	24	(24,120)	11,274	(27,586)	21,091
Net income (loss) from continuing operations		23,603	(23,330)	18,834	(48,183)
Discontinued operations:					
Net income from discontinued operations	16	-	181,486	-	189,629
Net income and comprehensive income		\$ 23,603	\$ 158,156	\$ 18,834	\$ 141,446
Net income and comprehensive income attributable to:					
Unitholders		\$ 23,638	\$ 158,156	\$ 18,869	\$ 141,446
Non-controlling interest	10	(35)	-	(35)	-
Net income and comprehensive income⁽¹⁾		23,603	158,156	18,834	141,446

⁽¹⁾Referred to as "Net income" throughout the consolidated financial statements

See accompanying notes to condensed consolidated interim financial statements.

CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Statements of Unitholders' Equity
(In thousands of Canadian dollars, except per unit amounts)
(Unaudited)

Nine months ended September 30, 2024	Trust Units issued in dollars, net	Trust Units issued under EUPP	EUPP receivable	Accumulated income (losses)	Distributions	Other equity components	Non- controlling Interest	Total
Unitholders' equity, December 31, 2023	\$ 2,622,374	\$ 23,666	\$ (16,185)	\$ 80,975	\$ (1,925,870)	\$ 6,501	\$ –	\$ 791,461
Net income and comprehensive income	–	–	–	18,869	–	–	(35)	18,834
Distributions to unitholders	–	–	–	–	(116,800)	–	–	(116,800)
Issuance of Trust Units pursuant to public offering (note 17)	338,880	–	–	–	–	–	–	338,880
Trust Units issued under the Distribution Reinvestment Program (“DRIP”)	30,476	–	–	–	–	–	–	30,476
Trust Units issued on exchange of class B units	219	–	–	–	–	–	–	219
Trust Units issued under the Executive Unit Purchase Plan (“EUPP”), net of Units transferred to Treasury	3,885	147	(1,602)	–	–	–	–	2,430
Trust units issued on settlement of “DTUs”	2,013	–	–	–	–	–	–	2,013
Interest on EUPP receivable	–	–	(261)	–	–	–	–	(261)
Distributions applied against EUPP receivable	–	–	954	–	–	–	–	954
Non-controlling interest arising on acquisitions (note 10)	–	–	–	–	–	–	1,593	1,593
Total equity, September 30, 2024	\$ 2,997,847	\$ 23,813	\$ (17,094)	\$ 99,844	\$ (2,042,670)	\$ 6,501	\$ 1,558	\$ 1,069,799

Distributions were declared and paid at \$0.051 per unit per month for the months of January 2024 to September 2024. In October 2024, distributions were declared at \$0.051 per unit.

See accompanying notes to condensed consolidated interim financial statements.

CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Statements of Unitholders' Equity (continued)

(In thousands of Canadian dollars, except per unit amounts)

(Unaudited)

Nine months ended September 30, 2023	Trust Units issued in dollars, net	Trust Units issued under EUPP	EUPP receivable	Accumulated income (losses)	Distributions	Other equity components	Total
Unitholders' equity, December 31, 2022	\$ 2,583,038	\$ 22,239	\$ (14,845)	\$ (47,298)	\$ (1,779,833)	\$ 6,501	\$ 769,802
Net income	–	–	–	141,446	–	–	141,446
Distributions to unitholders	–	–	–	–	(109,300)	–	(109,300)
Trust Units issued under the Distribution Reinvestment Program ("DRIP")	26,571	–	–	–	–	–	26,571
Trust Units issued under the Executive Unit Purchase Plan ("EUPP"), net of cancellations and Trust Units released on settlement of EUPP receivable	2,056	951	(1,741)	–	–	1	1,267
Interest on EUPP receivable	–	–	(177)	–	–	–	(177)
Distributions applied against EUPP receivable	–	–	932	–	–	–	932
Unitholders' equity, September 30, 2023	\$ 2,611,665	\$ 23,190	\$ (15,831)	\$ 94,148	\$ (1,889,133)	\$ 6,502	\$ 830,541

Distributions were declared and paid at \$0.051 per unit per month for the months of January 2023 to September 2023. In October 2023, distributions were declared at \$0.051 per unit.

See accompanying notes to condensed consolidated interim financial statements.

CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
(Unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Cash provided by (used in):					
Operating activities:					
Net income		\$ 23,603	\$ 158,156	\$ 18,834	\$ 141,446
Items not affecting cash:					
Depreciation and amortization	4, 5, 16	43,530	38,593	118,856	117,108
Unit based compensation		3,544	1,863	7,937	5,334
Finance costs	16, 22	28,351	24,773	77,488	75,114
Transaction costs arising from dispositions	21	2,507	809	5,028	1,436
Other (income) expenses	16, 21	(56,659)	(181,169)	(55,714)	(184,583)
Interest income	16, 20	(791)	(627)	(2,233)	(1,973)
Change in fair values of financial instruments	23	14,998	5,622	21,535	11,212
Deferred income tax (benefit) expense	24	24,120	(11,274)	27,586	(21,091)
Share of net loss (income) from joint ventures	10	(2,946)	(1,023)	(6,252)	1,244
Other		312	618	2,430	1,267
Current income taxes		2,840	28,100	2,489	28,100
Change in trade and other receivables		(2,127)	20,476	(4,077)	15,334
Change in other assets		1,334	(11,101)	3,986	(14,992)
Change in accounts payable and other liabilities		6,738	(1,745)	(6,129)	(7,278)
		89,354	72,071	211,764	167,678
Interest income and other income received		755	626	2,174	1,972
Interest paid		(20,309)	(20,212)	(67,570)	(68,942)
		69,800	52,485	146,368	100,708
Financing activities:					
Proceeds from public offering	17	(238)	-	331,672	-
Proceeds from mortgage financing		143,348	-	183,531	101,323
Mortgage repayments		(51,800)	(1,926)	(126,447)	(13,903)
Scheduled mortgage principal repayments		(18,818)	(20,824)	(55,553)	(63,606)
Mortgage repaid on dispositions		(5,604)	-	(8,610)	-
Repayment on credit facilities	12	(1,000)	(172,000)	(35,000)	(167,000)
Net additions to finance costs		(9,874)	(565)	(15,094)	(7,859)
Repayment of loans payable		-	-	(125,000)	-
Increase in loans payable		150,000	-	223,988	-
Distributions paid		(30,144)	(27,625)	(85,002)	(82,743)
		175,870	(222,940)	288,485	(233,788)
Investing activities:					
Acquisition of assets		(300,657)	-	(414,942)	-
Additions to PP&E and intangible assets		(24,656)	(24,714)	(72,635)	(87,453)
Proceeds from disposal of PP&E		92,635	192,834	92,450	194,260
Proceeds from capital funding receivable		-	816	-	3,764
Payout of loans receivable		-	(1,096)	(858)	(1,096)
Change in restricted cash		-	8,973	-	8,973
Distributions received from joint ventures		2,210	-	2,210	-
Contributions to joint ventures		(4,398)	-	(4,398)	-
		(234,866)	176,813	(398,173)	118,448
Income taxes paid		(2,915)	-	(35,251)	-
		(237,781)	176,813	(433,424)	118,448
Increase (decrease) in cash and cash equivalents		7,889	6,358	1,429	(14,632)
Cash and cash equivalents, beginning of period		18,159	7,479	24,619	28,469
Cash and cash equivalents, end of period		\$ 26,048	\$ 13,837	\$ 26,048	\$ 13,837

See accompanying notes to condensed consolidated interim financial statements.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

1. Organization:

Chartwell Retirement Residences ("Chartwell") is an unincorporated open-ended real estate trust governed by the laws of the Province of Ontario and created as of July 7, 2003 and subsisting under the Declaration of Trust. Chartwell's head office is located at 7070 Derrycrest Drive, Mississauga, ON L5W 0G5. Chartwell's main business is ownership, operations and management of retirement residences in Canada. On September 6, 2023, Chartwell completed the sale of sixteen long term care homes and one retirement residence in Ontario, thereby ceasing the operation of its long-term care segment (note 16).

2. Basis of preparation:

Statement of compliance:

These condensed consolidated interim financial statements for the nine months ended September 30, 2024 have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards, as issued by the IASB.

The condensed consolidated interim financial statements were authorized for issue by the Board of Trustees on November 14, 2024.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended December 31, 2023, except for the following.

1) Non-controlling interest

As a result of the structure of certain acquisitions, non-controlling interest are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

2. Basis of preparation (continued):

2) Amendments to IAS 1, Presentation of financial statements ("IAS 1 Amendments").

Chartwell has adopted IAS 1 Amendments as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The amendments clarify certain requirements for determining whether a liability should be classified as current or non-current. As a result of the adoption of IAS 1 amendments, Class B Units of Chartwell Master Care LP ("Class B Units") that was previously recorded within non-current liabilities, has been reclassified to Accounts payable and other liabilities (note 15) within current liabilities.

3) IFRS 18, standards and amendments issued but not yet effective:

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements, which replaces IAS 1, Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Chartwell is currently evaluating the impact of the standard on its consolidated financial statements. Areas of focus include new defined subtotals to be presented in the Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss), disclosure of management-defined performance measures and requirements for grouping of information. Chartwell is assessing the potential impact of the new standards.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

3. Acquisitions and dispositions:

Acquisitions during the period ended September 30, 2024:

On May 3, 2024, Chartwell acquired an 85% interest in Chartwell Le Prescott (“Le Prescott”) from Batimo. Le Prescott is a 324-suite residence built in 2017 in the Montreal suburb of Vaudreuil. The purchase price of \$80,285 was partially settled through the assumption of a \$42,129 variable rate mortgage bearing interest of prime plus 55 basis points maturing on December 1, 2024. The remainder of the purchase price, subject to normal working capital and other closing adjustments was paid in cash utilizing cash on hand and credit facilities. Chartwell applied the optional concentration test in accordance with IFRS 3 and accounted for this transaction as an asset acquisition. Acquisition related costs of \$651 and mark-to-market adjustments of \$378 have been capitalized to PPE in the consolidated balance sheet.

On May 15, 2024, Chartwell acquired an 85% interest in Chartwell Trait-Carré Residence (“Trait-Carré”) from Batimo. Trait-Carré is a 361-suite residence built in 2021 in Quebec City. The purchase price of \$85,668 was partially settled through the assumption of a \$58,403 demand variable rate mortgage bearing interest of Canadian Overnight Repo Rate Average “CORRA” plus credit spread adjustment plus 260 basis points. The remainder of the purchase price, subject to normal working capital and other closing adjustments was paid in cash utilizing cash on hand and credit facilities. Batimo provided Chartwell with the Net Operating Income (“NOI”) support for six months and \$168 of purchase price was held in escrow for this obligation. Chartwell applied the optional concentration test in accordance with IFRS 3 and accounted for this transaction as an asset acquisition. Acquisition related costs of \$239 have been capitalized to the PPE in the consolidated balance sheet.

On June 21, 2024, Chartwell acquired an 85% interest in Résidence Légende (“Légende”) from Batimo. Légende is a 368-suite residence built in 2019 in the Montreal suburb of Greenfield Park. The purchase price of \$87,089 was partially settled through the assumption of a \$59,149 variable rate mortgage bearing interest of prime plus 85 basis points maturing on January 1, 2025, as well as, settlement of Chartwell’s mezzanine loan of \$3,826. The remainder of the purchase price, subject to normal working capital, other closing adjustments, was paid in cash utilizing cash on hand and credit facilities. Batimo provided Chartwell NOI support until the property achieves stabilization and \$1,600 of the purchase price is being held in escrow for this obligation. Chartwell applied the optional concentration test in accordance with IFRS 3 and accounted for this transaction as an asset acquisition. Acquisition related costs of \$296 and mark-to-market adjustments of \$964 have been capitalized to the PPE in the consolidated balance sheet.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

3. Acquisitions and dispositions (continued):

	Chartwell Le Prescott May 3, 2024	Chartwell Trait-Carré May 15, 2024	Résidence Légende June 21, 2024	
Date of acquisition				
Location	Province of Quebec (324 Suites)	Province of Quebec (361 Suites)	Province of Quebec (368 Suites)	Total
PP&E	\$ 81,710	\$ 86,673	\$ 86,551	\$ 254,934
Working capital adjustments	(345)	(267)	(297)	(909)
Less: Non-controlling interest	(429)	(667)	(497)	(1,593)
Total	\$ 80,936	\$ 85,739	\$ 85,757	\$ 252,432
Cash consideration	\$ 38,156	\$ 27,265	\$ 24,114	\$ 89,535
Mortgages assumed	42,129	58,403	59,149	159,681
Settlement of mezzanine loan	-	-	3,826	3,826
Acquisition related costs incurred	651	239	296	1,186
Less: NOI Guarantee receivable	-	(168)	(1,628)	(1,796)
Total consideration transferred	\$ 80,936	\$ 85,739	\$ 85,757	\$ 252,432

On July 22, 2024, Chartwell acquired a 100% interest in a portfolio of five retirement residences with 1,428 suites "Quebec Portfolio", three of which are located in the Greater Montreal area; and one in each of Gatineau, and Sherbrooke. The purchase price was \$297,000, subject to normal working capital and other closing adjustments, and was fully satisfied utilizing cash on hand, credit facilities and term loans. Chartwell applied the optional concentration test in accordance with IFRS 3 and accounted for the acquisition as an asset acquisition. Acquisition related costs of \$3,368 has been capitalized to the PPE in the consolidated balance sheet.

On July 31, 2024, Chartwell acquired the remaining 10% ownership in land located in Pickering, Ontario "Pickering Land" for a purchase price of \$1,147, which was previously accounted for as a joint operation. Upon completion of this transaction, Chartwell owns 100% in the property. Acquisition related costs of \$19 have been capitalized to the PPE in the consolidated balance sheet.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

3. Acquisitions and dispositions (continued):

The following table outlines the total acquisitions during the period:

Date of acquisition	Total Batimo Various (above)	Quebec Portfolio July 22, 2024	Pickering Land July 31, 2024	Total
Location	Province of Quebec (1,053 suites)	Province of Quebec (1428 suites)	Province of Ontario (Vacant land)	
PP&E	\$ 254,934	\$ 300,625	\$ 1,166	\$ 556,725
Working capital adjustments	(909)	(1,508)	-	(2,417)
Less: Non-controlling interest	(1,593)	-	-	(1,593)
Total	\$ 252,432	\$ 299,117	\$ 1,166	\$ 552,715
Cash consideration	\$ 89,535	\$ 295,749	\$ 1,147	\$ 386,431
Mortgages assumed	159,681	-	-	159,681
Settlement of mezzanine loan	3,826	-	-	3,826
Acquisition related costs incurred	1,186	3,368	19	4,573
Less: NOI Guarantee receivable	(1,796)	-	-	(1,796)
Total consideration transferred	\$ 252,432	\$ 299,117	\$ 1,166	\$ 552,715

On June 27, 2024, Chartwell entered into a definitive agreement for the acquisition of a 50% ownership interest in a portfolio of five retirement residences with 1,805 suites, four of which are located in the Quebec City area and one in Shawinigan (the "Quebec City Portfolio"). The purchase price for the 50% interest is \$214,000 and will be partially satisfied by the assumption of \$154,000 mortgages. The vendor has agreed to provide Chartwell with a 2-year NOI guarantee, with \$4,650 of the purchase price to be held in escrow to support the vendor's obligation. The remainder of the purchase price, subject to normal working capital and other closing adjustments will be paid in cash utilizing cash on hand and credit facilities. Beginning on August 28, 2028, subject to a one-year extension at the vendor's option, Chartwell will have an option to purchase the remaining 50% ownership interest of the Quebec City Portfolio and the vendor will have an option to sell its remaining 50% ownership interest of the Quebec City Portfolio to Chartwell at the then fair market value. A \$10,000 purchase deposit was paid by Chartwell (note 8). Chartwell expects to close this acquisition in Q4 2024.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

3. Acquisitions and dispositions (continued):

On August 29, 2024, Chartwell entered into definitive agreements for acquisitions of three retirement residences on Vancouver Island totaling 384 suites for an aggregate purchase price of \$226,900, and paid a deposit of \$11,000 (note 8). Details of these acquisitions are as follows:

- 1) On October 31, 2024, Chartwell acquired the 152 suite Vista Retirement Residence, located in Victoria. The purchase price was \$103,900 subject to normal working capital and other closing adjustments and was paid in cash. The vendor provided Chartwell with a 24-month NOI guarantee, with \$9,200 of the purchase price to be held in escrow to support the vendor's obligation.
- 2) On October 31, 2024, Chartwell acquired the 77 suite Nanaimo Memory Care located in Nanaimo. The purchase price was \$20,300 and subject to normal working capital and other closing adjustments and was paid in cash.
- 3) The Edgewater Retirement Residence, located adjacent to Nanaimo Memory Care, currently under construction and will be comprised of 155 suites. The purchase price is \$102,700 and subject to normal working capital and other closing adjustments, is expected to be paid in cash utilizing a combination of net proceeds from the sales of Chartwell's non-core assets, cash on hand, and credit facilities. The vendor has agreed to provide Chartwell with a 36-month NOI guarantee, with \$8,700 of the purchase price to be held in escrow to support the vendor's obligation. Chartwell will acquire the residence upon construction completion, which is expected in Q2 2025.

On November 14, 2024, Chartwell entered into a definitive agreement for the acquisition of a 131-suite retirement residence located in Victoria, BC for \$75,000. This transaction is expected to close in Q1 2025.

Dispositions during the nine months ended September 30, 2024:

On September 18, 2024, Chartwell completed the sale of one residence in Ontario for a sale price of \$79,500. The purchase price was paid in cash.

On August 30, 2024, Chartwell completed the sale of one retirement residence in Ontario for a sale price of \$4,600. The purchase price was paid in cash. Chartwell entered into a sale and leaseback transaction of the land and building until the property is vacated.

On August 15, 2024, Chartwell completed the sale of one retirement residence in Ontario for a sale price of \$10,750. The purchase price was paid in cash.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

3. Acquisitions and dispositions (continued):

On February 1, 2024, Chartwell completed the sale of one property in Ontario for a sale price \$3,750. A vendor take-back mortgage was extended to the purchaser in the amount of \$2,800, maturing in February 2027, and bearing an interest rate of 8% per annum for the first two years and 10% per annum for the third year.

On March 31, 2022, Chartwell entered into a forward sale agreement to sell one long term care home currently under redevelopment. Chartwell exercised their option to terminate the forward sale agreement effective April 1, 2024, as the agreement allowed for this if the development was not completed by this date. Chartwell intends to commence the sale process for this property once construction is completed.

Dispositions during the year ended December 31, 2023:

On December 11, 2023, Chartwell completed the sale of one property for a sale price of \$13,889. The purchase price was paid in cash.

On November 1, 2023, Chartwell completed the sale of one property in Ontario for a sale price of \$2,250. The transaction closed November 1, 2023. A vendor take-back mortgage was extended to the purchaser in the amount of \$1,750, bearing an interest rate of 6.0% per annum with a three-year term.

On September 6, 2023, Chartwell completed the sale of sixteen long term care homes and one retirement residence in Ontario for an aggregate selling price of \$378,667, thereby ceasing the operation of its long-term care segment (note 16).

On August 23, 2023, Chartwell completed the sale of one property in Ontario for a sale price of \$17,500. The purchase price was paid in cash.

On March 24, 2023, Chartwell completed the sale of one property in Ontario for an aggregate selling price of \$5,000. A vendor take-back mortgage was extended to the purchaser in the amount of \$3,900, bearing an interest rate of 10.0% per annum with a three-year term. Of the remaining purchase price \$600 was paid as income support payments.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

4. Property, plant and equipment:

	Land	Buildings	Furniture, fixtures and equipment	Properties under development	Land held for development	Total
Cost						
Balance, December 31, 2022	\$ 328,486	\$ 3,562,298	\$ 159,866	\$ 96,415	\$ 23,065	\$ 4,170,130
Additions	–	79,329	12,829	31,164	–	123,322
Disposals	(6,865)	(53,268)	(2,218)	–	–	(62,351)
Derecognition	–	(45,721)	(57)	–	–	(45,778)
Transfer In / out	1,600	24,715	749	(27,064)	–	–
Reclassification to assets held for sale (note 16)	(25,102)	(318,039)	(4,275)	(2,124)	(1,447)	(350,987)
Balance, December 31, 2023	298,119	3,249,314	166,894	98,391	21,618	3,834,336
Acquisition (note 3)	67,212	463,201	19,812	–	6,500	556,725
Additions	–	55,252	10,266	7,987	–	73,505
Disposals	(8,963)	(52,869)	(3,653)	–	–	(65,485)
Derecognition	–	(25,369)	–	–	–	(25,369)
Balance, September 30, 2024	\$ 356,368	\$ 3,689,529	\$ 193,319	\$ 106,378	\$ 28,118	\$ 4,373,712
Accumulated depreciation and impairment losses						
Balance, December 31, 2022	\$ 394	\$ 865,949	\$ 127,742	\$ –	\$ –	\$ 994,085
Depreciation	99	139,556	14,350	–	–	154,005
Disposals	–	(33,386)	(2,306)	–	–	(35,692)
Derecognition	–	(45,721)	(57)	–	–	(45,778)
Impairment	526	10,245	127	–	–	10,898
Reclassification to assets held for sale (note 16)	–	(80,664)	(3,529)	–	–	(84,193)
Balance, December 31, 2023	1,019	855,979	136,327	–	–	993,325
Depreciation	74	106,256	10,816	–	–	117,146
Disposal	–	(23,905)	(3,247)	–	–	(27,152)
Derecognition	–	(25,369)	–	–	–	(25,369)
Balance, September 30, 2024	\$ 1,093	\$ 912,961	\$ 143,896	\$ –	\$ –	\$ 1,057,950
Carrying amounts						
Balance, December 31, 2023	\$ 297,100	\$ 2,393,335	\$ 30,567	\$ 98,391	\$ 21,618	\$ 2,841,011
Balance, September 30, 2024	355,275	2,776,568	49,423	106,378	28,118	3,315,762

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

4. Property, plant and equipment (continued):

The following table summarizes the balance of Chartwell's right-of-use assets included in the table above as at December 31, 2023 and September 30, 2024:

Right-of-use assets	Land ⁽¹⁾	Buildings	Furniture, fixtures and equipment	Total
Balance, December 31, 2022	\$ 5,578	\$ 3,616	\$ 1,360	\$ 10,554
Additions	–	–	679	679
Depreciation	(99)	(212)	(657)	(968)
Disposals	–	–	(94)	(94)
Reclassification to assets held for sale (note 16)	–	–	(31)	(31)
Balance, December 31, 2023	5,479	3,404	1,257	10,140
Additions	–	–	681	681
Depreciation	(74)	(158)	(493)	(725)
Disposals	–	–	(163)	(163)
Balance, September 30, 2024	\$ 5,405	\$ 3,246	\$ 1,282	\$ 9,933

⁽¹⁾ Relates to land leases

Other PP&E information:

Since January 1, 2010, \$240,608 of fully amortized resident contracts have been removed from the cost and accumulated depreciation of PP&E in respect of residences which were held by Chartwell as at September 30, 2024 (December 31, 2023 – \$249,512 in respect of residences which were held by Chartwell as at December 31, 2023).

During the nine months ended September 30, 2024, there were no properties under development that were transferred to other components of PP&E upon becoming available for use (December 31, 2023 – one property was transferred).

During the three and nine months ended September 30, 2024, Chartwell capitalized \$756 and \$2,050 (September 30, 2023 – \$771 and \$2,178) of borrowing costs related to development projects under construction at an average capitalization rate of 4.31% and 4.09%, respectively (September 30, 2023 – 3.74% and 3.71%).

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

5. Intangibles:

	Goodwill	Licenses	Software	Total
Cost				
Balance, December 31, 2022	\$ 9,233	\$ 4,840	\$ 36,233	\$ 50,306
Additions	–	–	104	104
Disposals	–	–	(786)	(786)
Reclassification to assets held for sale (note 16)	–	–	(252)	(252)
Balance, December 31, 2023	9,233	4,840	35,299	49,372
Additions	–	–	69	69
Disposals	–	(560)	(1,072)	(1,632)
Balance, September 30, 2024	\$ 9,233	\$ 4,280	\$ 34,296	\$ 47,809
Accumulated amortization				
Balance, December 31, 2022	\$ –	\$ –	\$ 22,171	\$ 22,171
Disposals	–	–	(356)	(356)
Amortization	–	–	2,690	2,690
Reclassification to assets held for sale (note 16)	–	–	(151)	(151)
Balance, December 31, 2023	–	–	24,354	24,354
Disposals	–	–	(468)	(468)
Amortization	–	–	1,710	1,710
Balance, September 30, 2024	\$ –	\$ –	\$ 25,596	\$ 25,596
Carrying amounts				
Balance, December 31, 2023	\$ 9,233	\$ 4,840	\$ 10,945	\$ 25,018
Balance, September 30, 2024	9,233	4,280	8,700	22,213

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

6. Leases:

As at September 30, 2024, Chartwell has right-of-use assets in respect of land, office space and equipment leases totaling \$9,933 (December 31, 2023 - \$10,140) with remaining lease terms ranging from 1 to 55 years (note 4). Lease obligations related to these right-of-use assets totaled \$8,347 (December 31, 2023 - \$8,073) of which \$1,087 (December 31, 2023 - \$788) was classified current and \$7,260 (December 31, 2023 - \$7,285) was classified non-current as at September 30, 2024. Chartwell generally does not include purchase, extension or termination options in its leases, other than extension options for land leases that support properties with lengthy useful lives.

7. Trade and other receivables:

	September 30, 2024	December 31, 2023
Residents	\$ 1,985	\$ 1,415
Related party	2,637	1,258
Insurance recoverables	609	558
Government grants receivable	712	2,288
Other receivables	11,216	8,659
	<hr/>	<hr/>
	\$ 17,159	\$ 14,178

Resident receivables balance at September 30, 2024 is net of an allowance for expected credit losses of \$1,996 (December 31, 2023 - \$1,965).

Related party receivables are management fees and other receivables outstanding from joint ventures and properties managed by Chartwell.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

8. Other assets:

	September 30, 2024	December 31, 2023
Prepaid expenses and deposits	\$ 21,428	\$ 16,933
Deposits for future acquisitions (note 3)	21,000	–
Income guarantees ⁽¹⁾	1,796	–
Restricted cash	1,282	3,641
Inventory	1,165	1,151
Interest rate swaps ⁽²⁾	975	3,813
Related party lease receivable	139	1,379
Other assets	3,260	2,815
	\$ 51,045	\$ 29,732
Current	\$ 50,340	\$ 27,900
Non-current	705	1,832
	\$ 51,045	\$ 29,732

⁽¹⁾ Income guarantees are carried at fair value.

⁽²⁾ This includes fair value interest rate swap related to mortgage payable of \$975 (December 31, 2023 - \$2,243) and to loans payable of nil (December 31, 2023 - \$1,570) (notes 11 and 13).

9. Loans receivable:

The following table summarizes Chartwell's loans receivables at September 30, 2024:

	September 30, 2024	December 31, 2023
Mezzanine loans - Batimo	\$ 4,183	\$ 8,009
Mezzanine loans – other	2,739	1,646
Vendor take-back loans	9,127	5,650
	\$ 16,049	\$ 15,305
Current	\$ 6,922	\$ 8,009
Non-current	9,127	7,296
	\$ 16,049	\$ 15,305

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

9. Loans receivable (continued):

Mezzanine loans - Batimo are due from Batimo, mature in 2025, bear interest at a rate of 10.75%, and are secured by first and second charges on Batimo's interests in certain operating and development seniors' housing projects and vacant land, as well as by Batimo's corporate guarantee and contain certain cross-collateralization and cross-default provisions. On June 21, 2024, one mezzanine loan of \$3,826 was settled upon the acquisition of Résidence Légende.

On October 4, 2024, Chartwell advanced a mezzanine loan of \$10,000 to Batimo. This loan bears interest at a rate of 13% and matures on April 4, 2027.

Mezzanine loans – other mature in 2025, bear interest at a rate of 12% and are secured by second charges on strata lots including a general assignment of rents and leases.

Vendor take-back loans mature in 2026-2027, bear interest at a rate of 6% - 10% and the security varies depending on the terms of the agreements including related properties.

Loans receivable – are measured at FVTPL and are considered Level 3 in the fair value hierarchy.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

10. Joint arrangements and other:

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The following are Chartwell's joint arrangements as at September 30, 2024:

Joint arrangements	Number of properties	Chartwell ownership	Joint arrangement type	Consolidation method
Chartwell-Welltower Landlord ^{(1) (3)}	37	50%	Joint operation	Proportionate
Chartwell-Welltower Operator ^{(1) (2) (3)}	37	50%	Joint venture	Equity
Chartwell Le St-Gabriel Landlord ^{(1) (3)}	1	42.5%	Joint operation	Proportionate
Chartwell Le St-Gabriel Operator ^{(1) (2) (3)}	1	42.5%	Joint venture	Equity
Chartwell Le Teasdale I ⁽³⁾	1	42.5%	Joint operation	Proportionate
Chartwell Le Teasdale II ⁽³⁾	1	42.5%	Joint operation	Proportionate
Batimo ⁽⁴⁾	6	85%	Joint operation	Proportionate
Chartwell Oakville Retirement Residence ⁽²⁾	1	50%	Joint venture	Equity
Chartwell Constantia Retirement Residence ⁽²⁾	1	50%	Joint venture	Equity
Chartwell Riverside Retirement Residence	1	50%	Joint operation	Proportionate
Chartwell Churchill House Retirement Residence	1	50%	Joint operation	Proportionate
The Sumach by Chartwell	1	45%	Joint operation	Proportionate
Kingsbridge Retirement Community ⁽²⁾	1	60%	Joint venture	Equity

⁽¹⁾ Chartwell directly holds its interest in real estate while its interest in operations is held through separate legal entities.

⁽²⁾ These joint arrangements have been structured through separate legal vehicles.

⁽³⁾ These joint arrangements will be subject to the windup agreement with Welltower as noted below

⁽⁴⁾ Includes 3 joint operations acquired in Q2 2024 (note 3)

On November 9, 2023, Chartwell entered into a definitive agreement with Welltower to windup its existing joint arrangements (note 16).

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

10. Joint arrangements and other (continued):

(a) Joint operations:

At September 30, 2024, Chartwell has an interest in a number of joint operations, which have been accounted for under the proportionate consolidation method. The following is the summarized financial information in respect of the interests in these joint operations, which is included line by line in the consolidated financial statements at Chartwell's share:

	September 30, 2024	December 31, 2023
Current assets	\$ 42,901	\$ 43,381
Assets held for sale	273,304	264,608
Non-current assets	502,846	265,637
Total assets	\$ 819,051	\$ 573,626
Current liabilities	\$ 208,449	\$ 121,435
Liabilities related to assets held for sale	151,233	191,317
Non-current liabilities	157,243	129,049
Total liabilities	\$ 516,925	\$ 441,801

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Total revenue	\$ 21,015	\$ 14,568	\$ 67,914	\$ 46,165
Total expenses	\$ (17,062)	\$ (12,849)	\$ (50,980)	\$ (42,153)

(b) Joint ventures:

The following tables summarize the information about Chartwell's investment in joint ventures, which have been accounted for under the equity method, excluding lease assets and related lease obligations.

	Three and Nine months ended September 30,	
	2024	2023
Contributions to joint ventures	\$ (4,398)	\$ -
Distributions received from joint ventures	2,210	\$ -

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

10. Joint arrangements and other (continued):

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 13,139	\$ 12,556
Trade and other receivables	12,504	12,271
Other assets	2,551	3,469
Assets held for sale	4,960	4,436
Current assets	33,154	32,732
PP&E and intangible assets	50,986	50,890
Total assets	\$ 84,140	\$ 83,622
Accounts payable and other liabilities	\$ 6,088	\$ 8,938
Mortgages payable - current	278	268
Liabilities held for sale	4,226	6,967
Current liabilities	10,592	16,173
Mortgages payable – non-current	49,285	51,626
Total liabilities	\$ 59,877	\$ 67,799
Net investment in joint ventures held for sale (note 16)	\$ 6,089	\$ 842
Net investment in joint ventures	18,174	14,981

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 35,369	\$ 32,384	\$ 103,919	\$ 94,397
Direct property operating expense	(22,187)	(21,036)	(67,040)	(64,655)
Lease expense	(8,726)	(8,852)	(26,430)	(26,556)
Finance costs	(610)	(449)	(1,506)	(1,337)
Depreciation and amortization	(672)	(1,021)	(1,973)	(3,101)
Change in fair value of financial instruments	(229)	(3)	(717)	10
Other income (loss)	1	-	(1)	(2)
Chartwell's share of net income/ (loss) from joint ventures	\$ 2,946	\$ 1,023	\$ 6,252	\$ (1,244)

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

10. Joint arrangements and other (continued):

Related party transactions occur between Chartwell and its joint ventures. These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Except as disclosed elsewhere in these condensed consolidated interim financial statements, the related party balances are included in accounts receivable and payable, lease revenue from joint ventures, lease expense and in management fee revenue, as applicable. As of September 30, 2024, \$1,204 (December 31, 2023 - \$1,692) of Chartwell's accounts receivable and \$12,159 (December 31, 2023 - \$11,904) of Chartwell's accounts payable relate to its investments in joint ventures. For the three months and nine months ended September 30, 2024, \$1,401 and \$5,373 (September 30, 2023 - \$1,817 and \$5,634) of Chartwell's management fees related to its investment in joint ventures.

Chartwell and Welltower Inc. ("Welltower") (referred to as the "landlords") each owns a 50% direct beneficial interest in the real estate assets and are obligated for the related mortgages for a portfolio of 37 properties. Chartwell owns a 42.5% beneficial interest and Welltower a 57.5% beneficial interest in the real estate and are each obligated for the related mortgages for Chartwell Le St-Gabriel Landlord. Chartwell's interests in these properties are accounted for as joint operations under IFRS 11. Chartwell's 50% interest in the operations of the 37 properties (collectively referred to as "Chartwell-Welltower Operator") and Chartwell's 42.5% interest in Chartwell Le St-Gabriel Operator are held through separate legal entities, which are accounted for as joint ventures using the equity method under IFRS 11.

Chartwell-Welltower Operator and Chartwell Le St-Gabriel Operator have leased the real estate from Chartwell-Welltower Landlord and Chartwell Le St-Gabriel Landlord, respectively. The terms of these leases are for three-year periods, with automatic renewal terms as long as the joint arrangement between respective parties is still in effect. As a result, Chartwell's share of the landlords' lease receipts, \$8,726 and \$26,430 for the three months and nine months ended September 30, 2024 (September 30, 2023 - \$8,852 and \$26,556) is reported as lease revenue and is included in lease revenue from joint ventures. The lease expenses for Chartwell-Welltower Operator and Chartwell Le St-Gabriel Operator are included in the share of net income/(loss) from joint ventures.

In addition, Chartwell owns a 42.5% beneficial interest and Welltower a 57.5% beneficial interest in Chartwell Le Teasdale I and Chartwell Le Teasdale II and a 45% beneficial interest each in The Sumach by Chartwell. Chartwell directly holds its interest in the real estate and related mortgage, and operations for these residences which are accounted for as joint operations (proportionately consolidated).

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

10. Joint arrangements and other (continued):

Chartwell owns a 85% beneficial interest and Batimo a 15% beneficial interest in six properties, including three acquired in Q2 2024 (note 3). Chartwell directly holds its interest in the real estate and related mortgage, and operations for these residences which are accounted for as joint operations (proportionately consolidated).

In addition, the operations for the three Batimo acquired properties (note 3) are held through separate legal entities and are consolidated with non-controlling interest for the 15% portion owned by Batimo.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

11. Mortgages payable:

	September 30, 2024	December 31, 2023
Mortgages principal balance	\$ 1,662,915	\$ 1,469,304
Mark-to-market adjustments on assumed mortgages	1,644	1,134
Financing costs	(56,732)	(44,953)
	<u>\$ 1,607,827</u>	<u>\$ 1,425,485</u>
Current	\$ 235,095	\$ 246,293
Non-current	1,372,732	1,179,192
	<u>\$ 1,607,827</u>	<u>\$ 1,425,485</u>

Mortgages payable are secured by first and second charges on specific properties and are measured at amortized cost. The mortgages payable as at September 30, 2024 are as follows:

	Regular principal payments	Principal due on maturity	Total debt
Remainder 2024	\$ 16,213	\$ 98,768	\$ 114,981
2025	63,433	115,231	178,664
2026	61,158	84,713	145,871
2027	57,885	59,468	117,353
2028	54,069	169,463	223,532
2029	44,777	99,985	144,762
2030	38,103	61,206	99,309
2031	32,838	80,334	113,172
2032	27,371	65,133	92,504
2033	22,363	135,482	157,845
2034	18,324	201,697	220,021
Thereafter	29,919	24,982	54,901
	<u>\$ 466,453</u>	<u>\$ 1,196,462</u>	<u>\$ 1,662,915</u>

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

11. Mortgages payable (continued):

	September 30, 2024	December 31, 2023
Mortgages at fixed rates:		
Mortgages (principal)	\$1,505,467	\$1,469,304
Interest rates	1.31% to 5.50%	1.31% to 5.50%
Weighted average interest rate	3.48%	3.26%
Mortgages at variable rates:		
Mortgages (principal)	\$157,448	N/A
Interest rates ⁽¹⁾	7.39% to 7.55%	N/A
Weighted average interest rate	7.48%	N/A
Blended weighted average rate	3.86%	3.26%

⁽¹⁾Based on Adjusted CORRA and Prime plus bank spreads

Included in mortgages at fixed rates above, are mortgages totaling \$40,627 (December 31, 2023 - \$82,088) with interest rates fixed through interest rate swap contracts with an equivalent notional value, maturing in 2026. The swaps have a fair value asset of \$975 (December 31, 2023 - \$2,243) included in other assets (note 8). The swaps are considered level 2 in the fair value hierarchy.

Under the terms of the mortgages payable, Chartwell is required to meet certain financial covenants. These covenants among others include debt service coverage ratios and in certain cases limitations on the amounts of unitholder distributions that can be paid. Chartwell was in compliance with these financial covenants as at September 30, 2024.

On December 5, 2015, Chartwell entered into a large borrower agreement ("LBA") with CMHC. The LBA provides among other things, the cross-collateralization of mortgage loans for Chartwell's largest CMHC-insured lenders and contains certain financial and operating covenants. Chartwell was in compliance with these covenants as at September 30, 2024.

On October 24, 2024, CMHC confirmed the termination of Chartwell's previous Large Borrower Agreement and transition to CMHC's new Large Borrower Risk Management Framework ("LBRMF"). The LBRMF removes previous financial covenant and cross-collateralization requirements.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

12. Credit facilities:

The following tables summarize certain details of Chartwell's credit facilities as at September 30, 2024 and December 31, 2023:

September 30, 2024	Maximum capacity	Available capacity	Principal amounts outstanding	Utilized for letters of credit	Available to be drawn	Maturity date
Secured credit facility	\$ 300,000	\$ 300,000	\$ (35,000)	\$ (5,787)	\$ 259,213	May 29, 2027
Unsecured credit facility	100,000	100,000	–	–	100,000	May 29, 2027
Total	\$ 400,000	\$ 400,000	\$ (35,000)	\$ (5,787)	\$ 359,213	

December 31, 2023	Maximum capacity	Available capacity	Principal amounts outstanding	Utilized for letters of credit	Available to be drawn	Maturity date
Secured credit facility	\$ 300,000	\$ 300,000	\$ (70,000)	\$ (5,988)	\$ 224,012	May 29, 2025
Unsecured credit facility	100,000	100,000	–	–	100,000	May 29, 2025
Total	\$ 400,000	\$ 400,000	\$ (70,000)	\$ (5,988)	\$ 324,012	

On May 22, 2024, Chartwell entered into amending agreements to extend the maturity date of the secured and unsecured credit facility from May 29, 2025 to May 29, 2027 with substantially the same terms, with the only change in pricing being the update of the benchmark from BAs to CORRA.

Available capacity for the secured credit facility is determined based on a formula that considers the lending value of the properties included in the secured asset pool. The factors impacting the lending value formula include the secured collateral, the associated occupancy rates of the property, property valuations and mortgageability amounts determined on the basis of net operating income (as defined in the credit agreement) for the previous four quarters.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

12. Credit facilities (continued):

Available capacity for the unsecured credit facility is determined by a minimum ratio of the unencumbered property asset value to unsecured indebtedness (as defined in the credit agreement) of 1.3:1. The value of the unencumbered assets is based on third party appraisals that are dated no longer than two years from the applicable determination date.

Financing costs, which have been recorded as a reduction of the amounts outstanding under the credit facilities, as at September 30, 2024 were \$2,062 (December 31, 2023 - \$1,314).

The amounts outstanding on the secured credit facility bear interest at the bank's prime rate plus 0.65% or CORRA plus 1.65% based on Chartwell's current credit rating. The secured credit facility is secured by certain unencumbered properties and by second-ranked charges on specific properties. The amounts outstanding on the unsecured credit facility bear interest at the bank's prime rate plus 0.70% or CORRA plus 1.70% based on Chartwell's current credit rating.

The secured and unsecured credit facilities are subject to various financial covenants including among others, debt service coverage ratio, secured indebtedness percentage ratio, minimum equity requirements and limitations on entering into certain investments and on the amount of cash distributions that can be paid to unitholders. In addition, the unsecured credit facility is subject to the minimum unencumbered asset ratio covenant. Chartwell was in compliance with these financial covenants as at September 30, 2024.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

13. Loans Payable:

On July 22, 2024, Chartwell entered into a \$150,000 unsecured term loan facility agreement with a Canadian chartered bank. The loan bears interest based on either the bank's prime rate or CORRA, with an initial term of six months and an optional extension for an additional six months. On October 31, 2024, Chartwell repaid \$75,000 of this unsecured loan.

Welltower extended two loans for \$33,323 and \$40,665 respectively to Chartwell as bridge financing for two properties with mortgages that matured in Q1 2024. Chartwell will sell its interest in one of these properties to Welltower (note 16) and the associated loan of \$33,323 will be settled on the earlier of the completion of the windup or maturity date. The second loan balance of \$40,665 matures on February 15, 2025.

The following table details the outstanding principal amounts and the carrying value of the unsecured term loan and the Welltower loans at September 30, 2024:

September 30, 2024	Outstanding Principal	Financing Cost	Carrying Value	Interest rate	Maturity date
Unsecured term loan	\$150,000	(36)	\$149,964	6.16%	January 22, 2025
Welltower loan 1 ⁽¹⁾	\$ 33,323	–	\$ 33,323	6.71%	February 14, 2025
Welltower loan 2	\$ 40,665	–	\$ 40,665	6.85%	February 15, 2025
Total	\$ 223,988	(36)	\$ 223,952		
					Carrying Value
Current					\$ 223,952
Non-current					–
					\$ 223,952

⁽¹⁾ Maturity is the earlier of the completion of the windup or the maturity date of February 14, 2025.

On December 10, 2019, Chartwell entered into a \$125,000 unsecured term loan agreement with a Canadian chartered bank. The variable rate on the loan was fixed at an interest rate of 3.95% through interest rate swap contracts. On June 28, 2024, Chartwell fully repaid this unsecured term loan. The swap was settled in connection with the repayment of the unsecured term loan. At December 31, 2023, the unsecured term loan had a carrying value of \$124,924, net of financing costs of \$76 and the swap had a fair value of \$1,570 which was included in other assets (note 8).

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

14. Senior unsecured debentures:

The following tables detail the outstanding principal amounts and the carrying value of Chartwell's senior unsecured debentures at September 30, 2024 and at December 31, 2023:

September 30, 2024	Date issued	Outstanding principal	Financing costs, net	Carrying value	Redemption date ⁽¹⁾	Due date	
4.211% Series B	April 27, 2018	\$ 150,000	\$ (94)	\$149,906	February 25, 2025	April 28, 2025	
6.000% Series C	December 08, 2023	250,000	(737)	249,263	-	December 8, 2026	
Total		\$ 400,000	\$ (831)	\$399,169			
						Carrying value	
						Current	\$ 149,906
						Non-current	249,263
							\$ 399,169

⁽¹⁾The debentures are redeemable at the option of Chartwell, at any time, subject to a yield maintenance payment if such redemption is prior to the redemption date.

December 31, 2023	Date issued	Outstanding principal	Financing costs, net	Carrying value	Redemption date ⁽¹⁾	Due date	
4.211% Series B	April 27, 2018	\$ 150,000	\$ (192)	\$ 149,808	February 25, 2025	April 28, 2025	
6.000% Series C	December 8, 2023	250,000	(827)	249,173	-	December 8, 2026	
Total		\$ 400,000	\$ (1,019)	\$ 398,981			
						Carrying value	
						Current	\$ -
						Non-current	398,981
							\$ 398,981

⁽¹⁾The debentures are redeemable at the option of Chartwell, at any time, subject to a yield maintenance payment if such redemption is prior to the redemption date.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

14. Senior unsecured debentures (continued):

On December 8, 2023, Chartwell issued \$250,000 of 6.000% Series C senior unsecured debentures due on December 8, 2026, with semi-annual interest payments due on June 8 and December 8 of each year. Debt financing costs of \$1,083 were incurred and are being amortized using the effective interest method.

On December 11, 2023, Chartwell repaid its maturing \$200,000 of 3.786% Series A senior unsecured debentures.

On October 28, 2024, Chartwell issued \$150,000 of 4.40% Series D unsecured debentures due on November 5, 2029, with semi-annual interest payments due on May 5 and November 5 of each year. Debt financing costs of \$842 were incurred and are being amortized using the effective interest method.

Under the terms of the debentures, Chartwell is required to meet certain financial covenants. These covenants include required interest coverage ratio, indebtedness percentage ratio and unencumbered asset ratio. Chartwell was in compliance with these financials covenants as at September 30, 2024.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

15. Accounts payable and other liabilities:

	Note	September 30, 2024	December 31, 2023 Restated
Accounts payable and accrued liabilities		\$ 128,880	\$ 119,743
Resident deposits		5,561	5,203
Deferred Trust Units ("DTU")	(a)	20,135	15,858
Restricted Trust Units ("RTU")	(b)	10,724	6,796
EUPP option component	(c)	16,827	10,893
Class B Units of Chartwell Master Care LP ("Class B Units")	(d)	23,516	17,877
		<u>\$ 205,643</u>	<u>\$ 176,370</u>
Current		\$ 200,123	\$ 173,068
Non-current		5,520	3,302
		<u>\$ 205,643</u>	<u>\$ 176,370</u>

Chartwell has adopted the amendments to IAS 1 (note 2) retrospectively with the restatement of the Class B Units as current from non-current liabilities as shown above. The opening balance of the Class B Units of \$12,916 as at January 1, 2023 has been reclassified from non-current liabilities to current liabilities within accounts payable and other liabilities, resulting in an increase to accounts payable and other liabilities and a decrease in non-current liabilities.

(a) DTU Plan:

The DTU fair value is determined using the market price for listed Trust Units since there is a one-for-one conversion feature. The market price of Trust Units as at September 30, 2024 was \$15.58 (December 31, 2023 - \$11.72). DTU plan is considered Level 2 in the fair value hierarchy. The non-cash compensation expense attributable to DTUs granted is included in general, administrative and trust expense and subsequent fair value changes are included in fair value of financial instruments

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

15. Accounts payable and other liabilities (continued):

The following table summarizes the DTU activity:

	Units outstanding	Amount
Balance, December 31, 2022	1,247,209	\$ 10,525
Units granted	89,604	871
Change in fair value and distributions	84,195	5,193
DTU settled by issuance of Trust units	(67,727)	(731)
Balance, December 31, 2023	1,353,281	15,858
Units granted	50,143	670
Change in fair value and distributions	46,715	5,620
DTU settled by the issuance of Trust units	(157,534)	(2,013)
Balance, September 30, 2024	1,292,605	\$ 20,135

(b) RTU Plan:

During the nine months ended September 30, 2024, 420,989 notional Trust Units were granted (December 31, 2023 – 642,344), 34,811 notional Trust Units were cancelled (December 31, 2023 – 97,060), 45,986 notional Trust Units were issued in regard to distributions (December 31, 2023 – 76,185), and 270,819 notional Trust Units vested and were paid out (December 31, 2023 – 357,796). At September 30, 2024, the closing weighted average fair value per unit was \$15.58 (2023 - \$10.67) and the weighted average fair value per unit for notional trust units granted during the year was \$11.96 (2023 - \$9.06). At September 30, 2024, 1,313,778 notional Trust Units remained outstanding (December 31, 2023 – 1,152,432). The liability is measured at fair value based on the market price for Trust Units at each reporting period until settlement. RTU plan is considered Level 2 in the fair value hierarchy. The compensation expense attributable to the RTU plan is included in direct property operating expense and general, administrative and trust expenses.

(c) EUPP option component:

The fair value of the EUPP option component is recognized as an expense with a corresponding increase in liability over the employee service period. The liability is remeasured at each reporting date and at settlement date and is considered Level 3 in the fair value hierarchy. Upon initial recognition the expense is recognized in general, administrative and trust expenses and subsequent changes in fair values are recognized in change in fair values of financial instruments.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

15. Accounts payable and other liabilities (continued):

Fair value is measured using the Monte Carlo simulation method. The following table summarizes the assumptions used to determine the fair value of the EUPP option component:

	September 30, 2024	December 31, 2023
Expected volatility	21.85% - 26.85%	21.77% - 26.77%
Risk-free rate	2.92% - 3.93%	3.36% - 5.38%
Distribution yield	3.93% - 4.13%	5.26% - 5.84%

(d) Class B Units

Class B Units are exchangeable, at the option of the holder, into Trust Units. Such exchangeable instruments are presented as a liability and are measured at fair value. Holders of the Class B Units are entitled to receive distributions equal to those provided to holders of Trust Units. Distributions on Class B Units are reported as a finance cost on the statement of comprehensive income. Fair value is determined by using the market price for listed Trust Units since there is a one-for-one exchange feature for each Class B Unit into a Trust Unit. Class B Units are considered Level 2 in the fair value hierarchy. The market price of Trust Units at September 30, 2024 was \$15.58 per unit (December 31, 2023 - \$11.72 per unit). At September 30, 2024, 1,509,360 Class B Units were outstanding (December 31, 2023 - 1,525,360).

	Units outstanding	Amount
Balance, December 31, 2022	1,530,360	\$ 12,916
Exchange of class B units into Trust units	(5,000)	(58)
Change in fair value	–	5,019
Balance, December 31, 2023	1,525,360	17,877
Exchange of Class B units into Trust units	(16,000)	(219)
Change in fair value	–	5,858
Balance, September 30, 2024	1,509,360	\$ 23,516

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

16. Assets and liabilities held for sale and discontinued operations:

On November 9, 2023, Chartwell entered into a definitive agreement with Welltower to windup its existing joint arrangements. Under the terms of the agreement, Chartwell will convey its ownership interest in 23 retirement residences (the “Welltower Assets”) to Welltower for consideration of: (i) Welltower’s ownership interest in 16 retirement residences (the “Chartwell Assets”) and (ii) \$97,200 in cash. Closing of the transaction, subject to the required regulatory and lender approvals, is expected in Q1 2025. We expect to incur transaction costs of approximately \$12,200 in relation to this transaction and estimate SIFT taxes payable of \$6,800. Chartwell will assume approximately \$132,500 in debt on the Chartwell Assets, bearing a weighted average interest at 3.09% and having a weighted average term to maturity of 5.29 years. The net change to total debt for Chartwell’s balance sheet will be a reduction of approximately \$52,100, including the impact of the settlement of the Welltower loan 1 (note 13) of \$33,323 which will also be settled upon closing of the transaction. This net change is before any impact of the cash consideration.

On September 6, 2023, Chartwell completed the sale of sixteen long term care homes and one retirement residence in Ontario for an aggregate selling price of \$378,667 thereby ceasing the operation of its long term care segment. The proceeds were reduced through the assumption of \$120,966 mortgage debt as at September 6, 2023 by the purchaser. The purchaser paid the remaining balance, net of working capital adjustments in cash, a portion of which was used to repay the remaining mortgage debt of \$13,898 not assumed by the purchaser. Cash net proceeds, after property-specific debt and working capital adjustments was \$177,944. This transaction resulted in \$26,772 SIFT tax which was paid in the first quarter of 2024.

The assets and liabilities held for sale as at September 30, 2024 are as follows:

The assets and liabilities held for sale as are as follows:

	September 30, 2024	December 31, 2023
Other assets	\$ 107	\$ 1,496
Intangible assets	—	100
Investment in joint ventures	6,089	842
PP&E	267,108	266,794
Total assets held for sale	\$ 273,304	\$ 269,232
Other liabilities related to assets held for sale	\$ 1,292	\$ 2,028
Term loan	13,600	13,600
Current mortgages payable related to assets held for sale	136,341	178,351
Total liabilities and mortgages related to assets held for sale	\$ 151,233	\$ 193,979

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

16. Assets and liabilities held for sale and discontinued operations (continued):

The following is a summary of the results of discontinued operations:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Resident Revenue	\$ -	\$ 45,521	\$ -	\$ 167,068
Interest income	-	102	-	588
Direct operating expenses	-	(41,330)	-	(151,266)
Finance costs	-	(1,378)	-	(5,204)
Other income (expense) ⁽¹⁾	-	178,571	-	178,443
Net Income (loss) from discontinued operations	\$ -	\$ 181,486	\$ -	\$ 189,629

⁽¹⁾ Other income (expense) includes transaction costs related to the sale of the long term care operations.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Cash flows from discontinued operations:				
Net cash from operating activities	\$ -	\$ 21,315	\$ -	\$ 29,503
Net cash used in financing activities	-	(1,855)	-	(7,445)
Net cash from investing activities	-	218,693	-	218,410

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

17. Trust Units and EUPP:

The following Trust Units are issued and outstanding:

	Number of Trust Units	Amount
Balance, December 31, 2022	234,752,609	\$ 2,583,038
Trust Units issued under DRIP	3,867,229	36,086
Trust Units issued on vesting of DTU	67,727	731
Trust Units issued in exchange of Class B Units	5,000	58
Trust Units released on settlement of EUPP receivable	145,091	2,461
Balance, December 31, 2023	238,837,656	2,622,374
Trust Units issued under DRIP	2,412,083	30,476
Trust Units issued on vesting of DTU	157,534	2,013
Trust Units issued in exchange of Class B Units	16,000	219
Trust Units released on settlement of EUPP receivable	186,658	3,885
Trust Units pursuant to public offering	28,290,000	338,880
Balance, September 30, 2024	269,899,931	\$ 2,997,847

On June 27, 2024, Chartwell completed a public offering of 28,290,000 Trust Units at a price of \$12.20 per Trust Unit for total gross proceeds of \$345,138. Underwriting commission and other offering related costs amounted to \$13,466 offset by a deferred tax asset of \$7,208.

The following table summarizes Trust Units issued under the EUPP:

	Number of Trust Units issued under EUPP	Amount
Balance, December 31, 2022	1,888,133	\$ 22,239
Trust Units under EUPP	333,377	3,033
Trust Units released on settlement of EUPP receivable	(145,091)	(1,606)
Balance, December 31, 2023	2,076,419	23,666
Trust Units issued under EUPP	162,195	1,990
Trust Units released on settlement of EUPP receivable	(186,658)	(1,843)
Balance, September 30, 2024	2,051,956	\$ 23,813

Chartwell has established a DRIP for its unitholders, which allows participants to reinvest their monthly cash distributions in additional Trust Units at an effective discount of 3%.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

18. Segmented information:

Chartwell has completed the sale of the long term care homes on September 6, 2023 and these homes are no longer a segment. Chartwell continues to own two long term care homes in Ontario. These homes are not significant to the overall operations and they are being managed by the purchaser and are being reported within the retirement operations segment which also includes two retirement residences with 167 long term care beds in British Columbia. Chartwell has one reportable operating segment, Retirement Operations. The accounting policies of the segment are the same as those for Chartwell, except that it includes Chartwell's proportionate share of its joint ventures and Chartwell's proportionate share of its subsidiaries with non-controlling interest. The "Reconciliation" column shows the adjustments to account for these joint ventures using the equity method, and non-controlling interest as applied in these condensed consolidated interim financial statements. The measure of segment profit or loss is adjusted net operating income which is resident revenue less direct property operating expenses, including Chartwell's proportionate share of its subsidiaries and joint ventures' revenue and direct property operating expenses, respectively. Certain general, administrative and trust expenses are managed centrally by Chartwell and are not allocable to the reportable Retirement Operations segment. Chartwell has no material inter-segment revenue, transfers or expenses.

The adjusted net operating income of the Retirement Operations is reviewed by management at the geographic region level:

Three months ended September 30, 2024						
	Ontario	Western Canada	Quebec	Total Retirement Operations	Reconciliation	Total
Resident revenue	\$ 121,167	\$ 55,708	\$ 64,863	\$ 241,738	\$(33,743)	\$ 207,995
Direct property operating expenses	(76,774)	(34,031)	(39,094)	(149,899)	21,510	(128,389)
Adjusted net operating income	\$ 44,393	\$ 21,677	\$ 25,769	\$ 91,839	\$(12,233)	\$ 79,606

Three months ended September 30, 2023						
	Ontario	Western Canada	Quebec	Total Retirement Operations	Reconciliation	Total
Resident revenue	\$ 113,131	\$ 48,946	\$ 43,409	\$ 205,486	\$(32,103)	\$ 173,383
Direct property operating expenses	(73,652)	(30,804)	(29,933)	(134,389)	21,045	(113,344)
Adjusted net operating income	\$ 39,479	\$ 18,142	\$ 13,476	\$ 71,097	\$(11,058)	\$ 60,039

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

18. Segmented information (continued):

Nine months ended September 30, 2024						
	Ontario	Western Canada	Quebec	Total Retirement Operations	Reconciliation	Total
Resident revenue	\$ 358,783	\$ 162,742	\$ 161,570	\$ 683,095	\$ (101,617)	\$ 581,478
Direct property operating expenses	(231,940)	(100,149)	(104,746)	(436,835)	66,363	(370,472)
Adjusted net operating income	\$ 126,843	\$ 62,593	\$ 56,824	\$ 246,260	\$ (35,254)	\$ 211,006

Nine months ended September 30, 2023						
	Ontario	Western Canada	Quebec	Total Retirement Operations	Reconciliation	Total
Resident revenue	\$ 331,926	\$ 142,842	\$ 126,215	\$ 600,983	\$ (93,605)	\$ 507,378
Direct property operating expenses	(227,551)	(90,083)	(91,529)	(409,163)	64,655	(344,508)
Adjusted net operating income	\$ 104,375	\$ 52,759	\$ 34,686	\$ 191,820	\$ (28,950)	\$ 162,870

19. Financial instruments:

The carrying amounts and fair values of financial instruments, excluding loans receivable, interest rate swaps, liabilities related to Class B Units which are carried at fair value, are shown in the table below. The table below excludes cash and cash equivalents, restricted cash, trade and other receivables, accounts payable and other liabilities, and distributions payable, as the carrying amounts of these assets and liabilities are a reasonable approximation of fair value.

	September 30, 2024		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities:				
Financial liabilities recorded at amortized cost:				
Mortgages payable	\$ 1,607,827	\$ 1,651,137	\$ 1,425,485	\$ 1,483,152
Loans payable	223,952	225,689	124,924	124,029
Senior unsecured debentures	399,169	406,040	398,981	399,081
Credit facilities	32,938	35,000	66,686	70,000

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

19. Financial instruments (continued):

Fair value represents management's estimate of the fair market value at a given point in time, which may not reflect fair value in the future. These calculations are subjective, involve uncertainties and are a matter of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above:

The fair value of mortgages payable is estimated by discounting the expected future cash outflows using the rates currently prevailing for similar instruments of similar maturities. At September 30, 2024, the mortgages payable were discounted using rates between 3.43% and 4.86% (December 31, 2023 - 4.07% and 5.88%).

The fair value of loans payable are estimated by discounting the expected future cash flows using the rates currently prevailing for similar instruments of similar maturities. At September 30, 2024, the outstanding loans payable was discounted using a weighted average rate of 4.86% (December 31, 2023 - 5.88%).

The fair value of senior unsecured debentures is estimated by discounting the expected future cash outflows using the rates currently prevailing for similar instruments of similar maturities. At September 30, 2024, senior unsecured debentures were discounted using a rate of 4.82% (December 31, 2023 - 5.75%).

The fair value of the credit facility is estimated to be the amount drawn at September 30, 2024 as Chartwell has the ability to repay the outstanding balance any time.

As inputs are observable for the liability, either directly or indirectly through prevailing rates of similar items, the fair values of mortgages payable, loans payable, senior unsecured debentures and credit facilities are Level 2 in the fair value hierarchy.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

20. Revenue:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Lease revenue ⁽¹⁾	\$ 108,366	\$ 88,753	\$ 298,136	\$ 252,540
Services revenue ⁽²⁾	108,355	93,482	309,772	281,394
Management and other fees	2,952	3,281	9,307	9,780
Interest income	791	525	2,233	1,385
Total revenue	\$ 220,464	\$ 186,041	\$ 619,448	\$ 545,099

⁽¹⁾ Includes resident lease revenue from retirement residence residents and lease revenue from the joint venture partners.

⁽²⁾ Includes property services element from retirement residence residents in accordance with IFRS 15.

21. Other income (expense):

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Transaction costs arising on dispositions	\$ (2,507)	\$ (469)	\$ (5,028)	\$ (975)
Impairment losses ⁽¹⁾	-	(625)	-	(625)
Other	(603)	-	(603)	-
Other expense	(3,110)	(1,094)	(5,631)	(1,600)
Net gain on disposal of assets ⁽²⁾	55,850	2,883	54,905	6,304
Other income ⁽³⁾	1,412	-	1,412	-
	57,262	2,883	56,317	6,304
Other income	\$ 54,152	\$ 1,789	\$ 50,686	\$ 4,704

⁽¹⁾ Impairment losses relates to one non-core property in Ontario which was subsequently sold in 2023.

⁽²⁾ Net gain/(loss) on disposal of assets relates primarily to sale of properties (note 4) and includes retained obligation for remediation of lands on a long-term care home that was sold in 2020.

⁽³⁾ Other income relates to a one time government funding related to historical periods for the disposed LTC segment.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

22. Finance costs:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Contractual interest expense on mortgages	\$ (17,409)	\$ (14,335)	\$ (44,439)	\$ (42,050)
Interest expense on senior unsecured debentures	(5,361)	(3,501)	(15,949)	(10,388)
Interest expense on credit facility	(2,201)	(3,105)	(7,466)	(10,161)
Contractual interest expense on loans payable	(3,148)	(1,388)	(7,979)	(4,125)
	(28,119)	(22,329)	(75,833)	(66,724)
Interest capitalized to properties under development	756	771	2,050	2,078
Amortization of financing costs and mark-to-market adjustment on assumed mortgages, credit facilities and senior unsecured debentures	(757)	(1,603)	(3,009)	(4,562)
Distributions on Class B Units recorded as interest expense	(231)	(234)	(696)	(702)
Total finance costs	\$ (28,351)	\$ (23,395)	\$ (77,488)	\$ (69,910)

23. Change in fair values of financial instruments:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Change in fair value of interest rate swaps	\$ (1,387)	\$ (802)	\$ (3,107)	\$ (1,366)
Change in fair value of EUPP option component	(5,018)	(1,282)	(7,411)	(3,086)
Change in fair value of Class B Units	(4,140)	(1,240)	(5,857)	(2,816)
Change in fair value of DTUs	(3,701)	(1,304)	(5,620)	(3,028)
Change in fair value – other	(752)	(994)	460	(916)
Change in fair values of financial instruments	\$ (14,998)	\$ (5,622)	\$ (21,535)	\$ (11,212)

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

24. Income taxes:

Chartwell recorded a current tax expense of \$2,840 and \$2,489 in the three and nine months ended September 30, 2024 (September 30, 2023 – \$28,100 and \$28,100). The current tax expense for the three months and nine months ended September 30, 2024 is primarily attributable to SIFT taxes payable on the disposition of non-core properties located in Ontario. The current tax expense in 2023 is primarily attributable to SIFT taxes payable on the disposition of Chartwell's long-term care segment.

For the three and nine months ended September 30, 2024, Chartwell recorded deferred tax expense of \$24,120 and \$27,586 (September 30, 2023 – deferred tax benefit \$11,274 and \$21,091). The deferred tax expense for the three and nine months ending September 30, 2024 were primarily with respect to the reversal of temporary differences associated with the sale of non-core properties. Chartwell's deferred tax benefit for the three and nine months ended September 30, 2023 primarily related to reversal of temporary differences on the sale of Chartwell's long term care segment.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

25. Commitments and contingencies:

(a) Litigation and claims:

In 2020, Chartwell was named in three proposed class action lawsuits related to the handling of the COVID-19 pandemic in Chartwell's Ontario Long Term Care homes which were subsequently consolidated into one proceeding (the "Consolidated Claim"). On November 20, 2020, the Ontario government enacted the *Supporting Ontario's Recovery Act* (the "Recovery Act"). Under the Recovery Act, which is retroactive to March 17, 2020, proceedings are barred and dismissed without costs if they allege injury by COVID-19 if the defendant made good faith efforts to follow public health guidance and COVID-19 related laws and did not act with gross negligence.

Chartwell's insurer has assigned defense counsel and is responding to the Consolidated Claim through the appropriate court process. On March 7, 2024, the Consolidated Claim was certified, but pursuant to the Recovery Act, only claims of negligence rising to the level of gross negligence survived the cause of action test. The class is confined to residents and visitors in the long term care homes who contracted COVID-19 between January 25, 2020 to May 5, 2023. The common issues are restricted to the duty and breach of standard of care with respect to Infection Prevention and Control measures and excludes causation and damages, except if the issues of duty and standard of care are determined against Chartwell. If the duty and breach of standard of care issues are found against Chartwell, then causation and damages are to be determined through home-by-home mini-trials to consider Infection Prevention and Control implementation at each long term care home. A request for leave to appeal on the issues of the inclusion of a visitor class and the use of mini-trials to determine causation and damages was denied in August 2024. Chartwell did not record a provision with respect to the Consolidated Claim as at September 30, 2024. The contingencies associated with these long term care homes remain with Chartwell upon sale.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

25. Commitments and contingencies (continued):

In 1995, certain participating Ontario LTC homes and their respective unions agreed to a framework using the proxy method for a new pay equity plan that resulted in pay equity being achieved by 2005 under the Pay Equity Act. The Ontario Government directly funded these pay equity obligations. Litigation commenced in 2010, when two unions asserted that the participating LTC homes were required to make further pay equity adjustments. The Ontario Pay Equity Tribunal (the "Tribunal") found generally in favour of the participating LTC homes and also confirmed that there is an on-going obligation to maintain pay equity. The appellate courts, on the appeal of the Tribunal decision, found in favour of the unions and referred the matter back to the Tribunal to determine the procedure to be used to provide bargaining unit members access to male comparators in order to maintain pay equity. The Ontario government and the participating LTC homes appealed the appellate court decision.

On October 14, 2021, the application for leave to appeal from the judgment of the Court of Appeal for Ontario in Attorney General of Ontario et al. v. Ontario Nurses' Association, et al. was dismissed by the Supreme Court of Canada, thus upholding the appellate decision. The Court of Appeal decision held that LTC homes that used proxy comparators to develop pay equity plans have not met their maintenance requirements. Chartwell continues to work with the unions, the other participating LTC homes and the Ontario Government to reach a pay equity maintenance framework appropriate for the sector.

There are a significant number of uncertainties related to how the appellate court decision should be implemented. Discussions between the affected parties regarding the development of an appropriate framework and resolution to this matter have not meaningfully progressed, thereby creating additional uncertainty related to potential outcomes, as well as uncertainty relating to the timing of when more information on the outcomes will be known and when the matter may be settled. As a result of the significant number of judgments that would be required, a reliable estimate of Chartwell's liability for any pay equity adjustments cannot currently be made. Chartwell expects that any adjustments will be fully funded by the government. No liability for potential pay equity adjustments or expected recovery from the Ontario Government has been recognized in Chartwell's financial statements. An increase in labour costs as a result of any unfunded adjustments could adversely affect the financial condition of Chartwell.

CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months and nine months ended September 30, 2024 and 2023
(Unaudited)

25. Commitments and contingencies (continued):

(b) Other:

Under Chartwell's agreements with Batimo Inc. ("Batimo"), Batimo can require Chartwell to acquire an 85% interest in their development properties in which Chartwell participates as the operations manager and, in some cases, as the mezzanine lender, at 99% of Fair Market Value ("FMV"), as defined in the agreements ("Batimo Option"). Batimo's Option for certain properties is for a five-year period commencing when the related property achieves a minimum 90% occupancy level for two consecutive months, subject to certain conditions, at purchase prices determined based on the appraisal mechanism described in such agreements. Upon expiry of the Batimo Option, Chartwell has a two-year option to require Batimo to sell an 85% interest in some of the properties at FMV and others at 99% of FMV, as defined in the agreements. Chartwell and Batimo have revised the terms of their relationship for new projects starting with developments in Q3 2021 ("Batimo Option 2.0") to provide for the Batimo Option to be for a two-year period instead of five. Upon expiry of the Batimo Option 2.0, Chartwell will have a one-year option instead of two to acquire an 85% interest in the property at 99% of FMV.

Five properties have achieved the occupancy threshold giving effect to the Batimo put rights. Two of these properties were acquired in Q2 2024 (note 3). Additionally, Chartwell acquired another property in Q2 2024 (note 3) that did not meet the occupancy threshold and entered into a standstill agreement, deferring the exercise of existing put rights until January 1, 2025. We estimate the current value of the three properties that have achieved stabilized occupancy at 100% ownership is \$298,000.