Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Chartwell Seniors Housing Real Estate Investment Trust at 100 Milverton Drive, Suite 700, Mississauga, Ontario, L5R 4H1 (telephone 905-501-9219), and are also available electronically at www.sedar.com. For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Secretary of Chartwell at the above-mentioned address and telephone number and is also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue October 18, 2010

CHARTWELL
SENIORS HOUSING REIT

Chartwell Seniors Housing Real Estate Investment Trust

$130,173,750

13,775,000 Units

This short form prospectus qualifies the distribution of 13,775,000 units ("Units") of Chartwell Seniors Housing Real Estate Investment Trust ("Chartwell") at a price of $9.45 per Unit (the "Offering"). Chartwell is an unincorporated open-ended trust governed under the laws of the Province of Ontario. The head and registered office of Chartwell is located at 100 Milverton Drive, Suite 700, Mississauga, Ontario L5R 4H1.

The outstanding Units of Chartwell are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol CSH.UN. On October 13, 2010, the date the Offering was announced, the closing price of the Units on the TSX was $9.61 per Unit. Chartwell has applied to list the Units on the TSX. Listing of the Units on the TSX will be subject to Chartwell fulfilling all of the requirements of the TSX.

Price: $9.45 per Unit

	Price to the Public(1)	Underwriters' Fee	Net Proceeds to Chartwell(2)
Per Unit	$ 9.45	$ 0.378	$ 9.072
Total(3)	$130,173,750	$5,206,950	$124,966,800

Notes:

(1) The price of the Units was established solely by negotiation between Chartwell and the Underwriters (as defined below).

(2) After deducting the Underwriters' fee but before deducting expenses of the Offering estimated to be $750,000, which, together with the Underwriters' fee, will be paid partially by Chartwell from the proceeds of the Offering and partially by Chartwell Master Care LP.

(3) Chartwell has granted the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part and at any time up to the 30th day following the date of the closing of the Offering, to purchase from Chartwell up to 2,066,250 additional Units on the same terms and conditions set forth above solely to cover over-allotments, if any. If the Underwriters exercise the Over-Allotment Option in full, the total price to the public will be $149,699,813, the total Underwriters' fees will be $5,987,993 and the total net proceeds to Chartwell will be $143,711,820 (before expenses of the Offering). This short form prospectus also qualifies the granting of the Over-Allotment Option and the distribution of Units that may be offered in relation to the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

A return on your investment in Units is not comparable to the return on an investment in a fixed-income security. The recovery of your initial investment is at risk, and the anticipated return on your investment is based on many performance assumptions. Although Chartwell intends to make distributions of its available cash to investors, these cash distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors including the operations and assets of Chartwell Master Care LP and as otherwise described in Chartwell's continuous disclosure documents and filed on www.sedar.com. In addition, the market value of the Units may decline if Chartwell is unable to meet its cash distribution targets in the future, and that decline may be significant.

(Continued from previous page)

There are certain risks inherent in an investment in Units and in the activities of Chartwell. Prospective investors should carefully consider these risk factors before purchasing Units. See "Risk Factors". It is important for you to consider the particular risk factors that may affect the seniors housing industry in which purchasers are investing, and therefore the stability of the distributions that investors receive on the Units under the Offering. See, for example, "Risks Related to Chartwell and the Industry" and "Government Regulation" under "Risk Factors" in Chartwell's Annual Information Form dated March 30, 2010, for the year ended December 31, 2009 (the "AIF"). These sections, as well as the other sections under "Risk Factors" in the AIF, also describe Chartwell's assessment of those risk factors, as well as the potential consequences to investors if any such risks should occur.

The after-tax return from an investment in Units to unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by Chartwell, which may be fully or partially taxable or tax-deferred. That composition may change over time, thus affecting investors' after-tax returns. The adjusted cost base of Units held by a unitholder will be reduced by the non-taxable portion of distributions made to the unitholder other than the portion thereof attributable to the non-taxable portion of any capital gains realized by Chartwell.

Chartwell is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that statute or any other legislation.

RBC Dominion Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp. and HSBC Securities (Canada) Inc. (collectively, the "Underwriters"), as principals, conditionally offer the Units, subject to prior sale, if, as and when issued, sold and delivered by Chartwell and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of Chartwell by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by Borden Ladner Gervais LLP.

RBC Dominion Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc., three of the Underwriters, are each wholly-owned subsidiaries of Canadian chartered banks, which banks are members of a syndicate of lenders to Chartwell under Chartwell Master Care LP's secured revolving operating facility of up to $75 million (the "Operating Facility"). **Consequently, in connection with the Offering, Chartwell may be considered a "connected issuer" of RBC Dominion Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc. within the meaning of securities legislation of certain provinces of Canada. See "Relationship Between Chartwell and Certain of the Underwriters".**

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Book-entry only certificates representing the Units will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS on the date of the closing of the Offering, which is expected to occur on or before October 29, 2010. A purchaser of the Units will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Units are purchased. **The Underwriters may offer Units at a price lower than stated above as described under "Plan of Distribution".** In accordance with and subject to applicable laws, the Underwriters may effect transactions that stabilize or maintain the market price of the Units. See "Plan of Distribution" for more information.

Underwriters' Position	Maximum Number of Securities Available	Exercise Period/ Acquisition Date	Exercise Price or Average Acquisition Price
Over-Allotment Option	2,066,250	30 days from closing of the Offering	$9.45 per Unit
Compensation option	N/A	N/A	N/A
Any other option granted by Chartwell or an insider of Chartwell to the Underwriters	N/A	N/A	N/A
Total securities under option issuable to the Underwriters	2,066,250	30 days from closing of the Offering	$9.45 per Unit
Other compensation securities issuable to the Underwriters	N/A	N/A	N/A

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed with the securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference in this short form prospectus:

1. the material change report of Chartwell dated October 14, 2010 with respect to the Offering;
2. the unaudited consolidated financial statements of Chartwell, comprised of the consolidated balance sheet, consolidated statements of operations and comprehensive loss, consolidated statements of unitholders' equity and consolidated statements of cash flows as at and for the three and six months ended June 30, 2010, together with the notes thereto;
3. management's discussion and analysis of the results of operations and financial condition of Chartwell for the three and six months ended June 30, 2010;
4. the management information circular of Chartwell dated April 16, 2010 prepared in connection with the annual and special meeting of unitholders of Chartwell held on May 20, 2010;
5. the AIF;
6. the certificate of Chartwell dated October 13, 2010 with respect to compliance with its undertaking to treat Chartwell Master Care LP as a subsidiary of Chartwell for the purposes of compliance with its reporting issuer obligations;
7. the audited consolidated financial statements of Chartwell, comprised of the consolidated balance sheets, consolidated statements of operations and comprehensive loss, consolidated statements of unitholders' equity and consolidated statements of cash flows, as at and for the year ended December 31, 2009, and as at and for the year ended December 31, 2008, together with the notes thereto and the report of the auditors thereon; and
8. management's discussion and analysis of the results of operations and financial condition of Chartwell for the year ended December 31, 2009.

Any documents of the types referred to above, excluding confidential material change reports, if any, and any business acquisition reports filed by Chartwell with the securities regulatory authorities in Canada after the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus. **Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or omission to state a material fact that was required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall be deemed, except as so modified or superseded, not to constitute a part of this short form prospectus.**

FORWARD-LOOKING STATEMENTS

This short form prospectus, together with the documents incorporated by reference, contains or incorporates by reference forward-looking information based on management's expectations, estimates and projections about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry as of the date of this short form prospectus. Forward-looking statements refer to, without limitation, possible events, statements with respect to possible events, expected capital expenditures, currency fluctuations, capital requirements, government regulation of the seniors housing industry, Chartwell's internal growth, industry profile and Chartwell's relationship with its unionized employees. The words "plans", "expects", "does not expect", "is expected", "budget", "scheduled", "estimates", "intends", "anticipates", "does not anticipate", "projects", "believes" or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "might", "occur", "be achieved" or "continue" and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by Chartwell as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Chartwell's estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and incorporated by reference in this short form prospectus as well as the following: (a) the expected market share of seniors housing as a choice for seniors living accommodations will continue in accordance with current trends, taking into account factors like affordability and the relative attractiveness of other living arrangements; (b) Chartwell will continue to receive financing on more favourable terms than many small operators, giving it a competitive advantage with respect to access to capital and financing; (c) there will be no shift in demand for seniors housing, due to changes in demographics or other reasons, that might have a material impact on the sustained demand in all sectors of the seniors industry in Canada and the United States; (d) Chartwell will be able to invest approximately 2% of gross revenues in capital expenditures and upgrades each year, because its operating performance will not be materially affected by occupancy levels dropping, labour and operating costs increasing, or other economic conditions resulting in increased costs of goods and services and management expenses; (e) Chartwell will maintain good relationships with its unionized employees because of its ability to meet salary requirements and employees' expectations; (f) the impact of North America's financial conditions on Chartwell's operations, including its financing capacity will remain consistent with Chartwell's current expectations; (g) there will be no material changes to government and environmental regulations affecting Chartwell's operations; (h) there will be no significant disruptions affecting Chartwell's operations, whether due to labour disruptions, health or disease-related disruptions, competition or changes in neighbourhood or location conditions; (i) the exchange rate between the Canadian dollar and the U.S. dollar will be approximately consistent with current levels; (j) Chartwell will be able to successfully complete announced acquisitions, including those acquisitions described in this short form prospectus; and (k) the performance of Chartwell's investments in the United States will proceed on a basis consistent with Chartwell's current expectations.

While Chartwell anticipates that subsequent events and developments may cause Chartwell's views to change, Chartwell does not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents Chartwell's views as of the date of this short form prospectus and such information should not be relied upon as representing Chartwell's views as of any date subsequent to the date of this document. Chartwell has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. **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 not intended to represent a complete list of the factors that could affect Chartwell. See "Risk Factors" in the AIF, "Risks and Uncertainties" in the management's discussion and analysis of the financial condition and results of operations of Chartwell for the year ended December 31, 2009 and for the three and six months ended June 30, 2010 and risk factors highlighted in materials filed with the securities regulatory authorities in Canada from time to time.

EXPLANATORY REFERENCES

All capitalized terms used in this short form prospectus and not otherwise defined herein, have the meanings ascribed to such terms in the AIF and, in particular, in the Glossary contained therein at page 78.

All references in this short form prospectus to "Chartwell", unless the context otherwise requires, means Chartwell Seniors Housing Real Estate Investment Trust and its subsidiaries. For ease of reference, the term "Chartwell" has been used extensively throughout this short form prospectus in reference to the ownership and operation of the seniors housing facilities and the seniors housing operations and development management business of Chartwell. Chartwell owns all of the debt and equity of CSH Trust, which in turn controls Chartwell Master Care LP, together with its subsidiaries and general partner (the "Operator"). Actual direct ownership interests are held by, and the operation of the seniors housing facilities and development management business is conducted by, the Operator. The Operator holds both freehold interests and long-term leasehold interests. For ease of reference, the term "own", "owned" or "ownership" in reference to Chartwell's properties includes such long-term leasehold interests and joint venture interests.

Throughout this short form prospectus, unless otherwise indicated, all references to "GAAP" are to accounting principles generally accepted in Canada, or "Canadian GAAP". All amounts referenced in this short form prospectus are in Canadian dollars unless otherwise noted.

NON-GAAP FINANCIAL MEASURES

Chartwell reports on certain non-GAAP measures, including "funds from operations" ("FFO") and "adjusted funds from operations" ("AFFO"). These measures are commonly used by real estate investment trusts as useful metrics for measuring performance; however, they do not have any standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures presented by other real estate investment trusts. Management includes these measures because it believes certain investors use these measures as a means of assessing relative financial performance. Because non-GAAP measures do not have a standardized meaning and may differ from those used by other issuers, securities regulations require that non-GAAP measures be clearly defined and qualified, reconciled with their nearest GAAP measure and given no more prominence than the closest GAAP measure. Such information is presented in the sections dealing with these financial measures herein and in the documents incorporated by reference herein.

FFO is not a recognized measure under GAAP, does not have a standardized meaning prescribed by GAAP and should not be construed as an alternative to net earnings or cash flow from operating activities as determined by GAAP. FFO is defined as net income computed in accordance with GAAP, excluding gains or losses from sales of depreciable real estate and extraordinary items, and adds back the following: (a) depreciation and amortization; (b) future income taxes; and (c) adjustments for equity-accounted-for entities and non-controlling interests. FFO as presented in the documents incorporated by reference herein may not be comparable to similar measures presented by other real estate investment trusts. However, Chartwell presents FFO consistent with the definition adopted by the Real Property Association of Canada. For a complete description of FFO, see the section entitled "Key Performance Indicators — Funds from Operations" on page 42 of Chartwell's management's discussion and analysis of the results of operations and financial condition of Chartwell for the year ended December 31, 2009.

In the opinion of Chartwell's management and the Operator, the use of FFO, combined with the required primary GAAP presentations, has been fundamentally beneficial to the users of the financial information, improving their understanding of our operating results. Management generally considers FFO to be a useful measure for reviewing our operating and financial performance because, by excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help one to compare the operating performance of Chartwell's real estate portfolio between financial reporting periods.

AFFO is not a measure recognized under GAAP, does not have a standardized meaning prescribed by GAAP and should not be construed as an alternative to net earnings or cash flow from operating activities as determined by GAAP. AFFO is defined as net income computed in accordance with GAAP, excluding gains and losses from sales of depreciable real estate and extraordinary items, and adjusting for the following: (a) depreciation and amortization; (b) future income taxes; (c) adjustments for equity accounted entities and non-controlling interests; (d) straight line adjustments to lease expense; (e) unrealized gains and losses on derivative financial instruments and unrealized foreign exchange gains and losses; (f) amortization of below market leases; (g) principal portion of capital funding receivable; (h) amounts received under income guarantees and amortization of mark to market adjustments, including accretion on the convertible debentures and amortization of financing costs; and (i) deducting reserves for financing costs and capital maintenance. AFFO as presented in the documents incorporated by reference herein may not be comparable to similar measures presented by other issuers and is presented in the documents incorporated by reference herein because Chartwell's management and the Operator believe that this non-GAAP measure is useful in the assessment of Chartwell's operating performance for valuation purposes, and is also a relevant measure of the ability of the Operator and Chartwell to earn and distribute cash to unitholders. For a complete description of AFFO, see the section entitled "Distribution Policy – Computation of AFFO" in the AIF.

CHARTWELL

Chartwell is an unincorporated open-ended trust governed by the laws of the Province of Ontario and created as of July 7, 2003 and now subsisting under the seventh amended and restated declaration of trust dated May 20, 2010 (the "Declaration of Trust"), a copy of which is available from Chartwell's Secretary during the period of distribution of the Units and is also available at www.sedar.com. Chartwell's head office is located at 100 Milverton Drive, Suite 700, Mississauga, Ontario L5R 4H1.

Chartwell was created to indirectly acquire and hold 100% of the outstanding Class A limited partnership units of Chartwell Master Care LP (the "Class A Master LP Units") and 100% of the outstanding shares of Chartwell Master Care Corporation. The Operator carries on the business of the operation and the development management of seniors housing facilities.

Summary Description of the Business

Chartwell indirectly owns a portfolio of seniors housing facilities across the complete spectrum of care from independent supportive living facilities, through assisted living facilities to long-term care facilities, which are located in Canada and the United States. In addition to owning and managing its own properties, Chartwell provides management and advisory services to third party owners of seniors housing facilities. For a more detailed description of Chartwell's business, growth strategies and properties, see the sections entitled "Description of the Business" from pages 10 to 32 of the AIF, and "Business Overview" from pages 2 to 3 and "Significant Events" from pages 8 to 10 of Chartwell's management's discussion and analysis of the results of operations and financial condition of Chartwell for the three and six months ended June 30, 2010.

BORROWINGS

As at June 30, 2010, Chartwell had a borrowing capacity of approximately $69.2 million under its Operating Facility based on available security and determined on a quarterly basis. Amounts outstanding under the Operating Facility bear interest at the lead bank's prime rate plus 1.75% or the applicable bankers acceptance rate plus 2.75% and are secured by first or second charges on specific seniors housing facilities. The Operating Facility is due on June 24, 2011. The term may be extended with the consent of the lenders for an additional 364-day period. See "Liquidity and Capital Commitments – Liquidity" on page 30 of Chartwell's management's discussion and analysis of the results of operations and financial condition of Chartwell for the three and six months ended June 30, 2010.

As of the date of this short form prospectus, Chartwell has no amounts drawn under the Operating Facility.

Pursuant to Section 4.2 of the Declaration of Trust, Chartwell shall not incur or assume any indebtedness if (a) the total indebtedness of Chartwell and its consolidated subsidiaries, excluding convertible debentures, would be more than 60% of the aggregate amount of the total consolidated book value of the assets of Chartwell, CSH Trust and the Operator plus accumulated depreciation and amortization recorded in the books and records of Chartwell less the corresponding value of any property for which any obligation of Chartwell has been issued or assumed as the Deferred Purchase Price of Property (the "Adjusted Gross Book Value"), or (b) the total indebtedness of Chartwell and its consolidated subsidiaries, including convertible debentures, would be more than 65% of the Adjusted Gross Book Value.

As at June 30, 2010, the debt-to-Adjusted Gross Book Value ratio of Chartwell was 55.3% excluding its convertible debentures (61.4% including convertible debentures). The pro forma debt-to-Adjusted Gross Book Value ratio of Chartwell will be approximately 55.4% excluding convertible debentures (approximately 57.7% including convertible debentures) after giving effect to the Offering and the intended use of the net proceeds of the Offering by Chartwell as described in this short-form prospectus.

For a more detailed description of Chartwell's mortgages on its properties, see the section entitled "Financial Position" from pages 27 to 29 of Chartwell's management's discussion and analysis of the results of operations and financial condition of Chartwell for the three and six months ended June 30, 2010.

RECENT DEVELOPMENTS

Appointment of Sharon Sallows

On August 13, 2010, Chartwell announced that Ms. Sharon Sallows had been appointed to the Board of Directors of Chartwell Master Care Corporation.

Purchase of Oakville Property

On September 1, 2010, Chartwell acquired from Spectrum Seniors Housing LP its 50% interest in Chartwell Classic Oakville, a 147 suite retirement property located in Oakville, Ontario. The purchase price, before closing costs, was $18.5 million, payment for which consisted of assumption of debt of $12.8 million, the repayment of $1.9 million of mezzanine loans owing to Chartwell, the settlement of outstanding accounts receivable from Spectrum Seniors Housing LP of approximately $0.9 million and approximately $0.4 million in working capital adjustments, with the balance paid in cash.

Amendments to the Declaration of Trust

At Chartwell's annual and special meeting of unitholders held on May 20, 2010, unitholders approved a special resolution authorizing and approving certain matters, including certain amendments to the Declaration of Trust. The amendments to the Declaration of Trust included amendments to: (a) increase the percentage of aggregate votes necessary for a quorum from 20% to 25%; and (b) amend the provisions of the Declaration of Trust relating to the ability of Chartwell to provide guarantees in respect of indebtedness. See Chartwell's management information circular dated April 16, 2010 prepared in connection with the annual and special meeting of the unitholders of Chartwell held on May 20, 2010, for more information.

CONSOLIDATED CAPITALIZATION

There have not been any material changes in the share capitalization or indebtedness of Chartwell since June 30, 2010, the date of Chartwell's most recently filed financial statements. Since the date of Chartwell's most recently filed financial statements, the number of issued and outstanding Units increased to 128,843,488 as a result of the issuance of Units pursuant to the terms of the DRIP (as defined below), the issuance of Units pursuant to the terms of the LTIP (as defined below) and the issuance of Units upon the exchange of Class B Master LP Units (as defined below). As a result of the planned issuance of the Units under the Offering, unitholders' equity would increase by $124,216,800 net of expenses ($142,961,820 net of expenses if the Over-Allotment Option is exercised in full).

USE OF PROCEEDS

The net proceeds from the sale of Units under this short form prospectus is estimated to be approximately $124,966,800 ($143,711,820 if the Over-Allotment Option is exercised in full) after deducting the Underwriters' fee but before deducting estimated expenses of the Offering. Chartwell intends to use the net proceeds of the Offering to redeem all of the issued and outstanding $124,925,000 aggregate principal amount of 6% convertible unsecured subordinated debentures due on December 1, 2011 (the "Initial Debentures") and for general trust purposes. The Initial Debentures may be called by Chartwell on or after December 1, 2010 at par. The Underwriters' fee and the expenses of the Offering will be partially paid by Chartwell out of the proceeds of the Offering and partially paid by Chartwell Master Care LP.

PLAN OF DISTRIBUTION

Pursuant to the underwriting agreement dated October 18, 2010 among Chartwell and the Underwriters (the "Underwriting Agreement"), Chartwell has agreed to issue and sell an aggregate of 13,775,000 Units at a price of $9.45 per Unit to the Underwriters, and the Underwriters have agreed to purchase such Units on or before October 29, 2010. Delivery of such Units is conditional upon payment on closing by the Underwriters to Chartwell of $9.072 per Unit for a total consideration of $124,966,800, against delivery of certificates representing such Units, and subject to compliance with all necessary legal requirements and to the conditions contained in the Underwriting Agreement. The Underwriting Agreement provides that Chartwell will pay or cause to be paid to the Underwriters a fee of $0.378 per Unit in consideration for their services in connection with the Offering.

Chartwell has granted the Underwriters the Over-Allotment Option, exercisable in whole or in part and at any time up to the 30th day following the date of the closing of the Offering, to purchase from Chartwell up to 2,066,250 additional Units on the same terms and conditions set forth above solely to cover over-allotments, if any. This short form prospectus also qualifies the granting of the Over-Allotment Option and the distribution of Units that may be offered in relation to the Over-Allotment Option. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires such Units under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all Units offered by this short form prospectus if any of such Units are purchased under the Underwriting Agreement. Pursuant to the Underwriting Agreement, Chartwell has agreed to indemnify the Underwriters and each of their directors, officers, employees and agents against certain liabilities.

The Offering is being made in each of the provinces of Canada. The Units have not been and will not be registered under the U.S. Securities Act of any state securities laws and, subject to certain exceptions, may not be offered or sold in the United States. In connection with the Offering, the Units may be sold in the United States to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) pursuant to Rule 144A under the U.S. Securities Act in transactions that are exempt from the registration requirements under the U.S. Securities Act and in each case, in compliance with applicable state securities laws. Certificates representing Units sold in the United States will bear a legend to the effect that the securities represented thereby are not and will not be registered under the U.S. Securities Act and may be offered or sold only pursuant to certain exemptions from the registration requirements of the U.S. Securities Act. This short form prospectus does not constitute an offer to sell or solicit an offer to buy any of the Units in the United States or under any state securities laws. The Underwriting Agreement provides that the Underwriters may offer and sell the Units outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the closing of the Offering, an offer or sale of the Units within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if that offer or sale is made other than in accordance with Rule 144A or another exemption under the U.S. Securities Act.

Pursuant to policy statements of certain securities commissions or regulatory authorities, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Units other than pursuant to the Underwriting Agreement. The foregoing restriction is subject to exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces of the Investment Industry Regulatory Organization of Canada; and (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase was not engaged for the purpose of creating actual or apparent trading in, or raising the price of, the securities.

The Underwriters propose to offer the Units initially at the offering prices specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Units at the prices specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the gross proceeds paid by the Underwriters to Chartwell.

We have applied to list the Units on the TSX. Listing will be subject to Chartwell fulfilling all of the requirements of the TSX.

The offering price of the Units and the terms of the Offering were determined solely by negotiation between Chartwell and the Underwriters.

In connection with the Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Units offered hereby at levels other than those which otherwise might prevail on the open market, including: (a) stabilizing transactions; (b) short sales; (c) purchases to cover positions created by short sales; (d) imposition of penalty bids; and (e) syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of Units while the Offering is in progress. These transactions may also include making short sales of Units, which involve the sale by the Underwriters of a greater number of Units than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Units in the open market. In making this determination, the Underwriters will consider, among other things, the price of Units available for purchase in the open market compared to the price at which they may purchase Units through the Over-Allotment Option. The Underwriters may close out any naked short position by purchasing Units in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Units in the open market that could adversely affect investors who purchase in the Offering.

As a result of these activities, the price of the Units offered hereby may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the TSX, in the over-the-counter market or otherwise.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. No certificates evidencing the Units will be issued to purchasers, except in limited circumstances, and registration of ownership of Units will be effected only through the book-based system administered by CDS. See "Chartwell, CSH Trust and Master LP – Book-Based System" and "Description of the Debentures – Book-Based System" on pages 38 and 43, respectively, of the AIF. A purchaser of Units will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Units are purchased.

Chartwell has agreed that it will not, at any time prior to 90 days after the closing date of the Offering, without the prior written consent of RBC Dominion Securities Inc., on behalf of the Underwriters, not to be unreasonably withheld, create, issue, or sell, or announce any intention to create issue or sell any Units or securities exchangeable or convertible into Units except for: (a) Units offered through Chartwell's existing distribution reinvestment plan (the "DRIP"), deferred unit plan (the "DU Plan") or long-term incentive plan (the "LTIP") or pursuant to the exchange of Class B limited partnership units of Chartwell Master Care LP (the "Class B Master LP Units"); (b) Units issued in connection with an acquisition or merger transaction to which Chartwell and/or one of its subsidiaries may be a party; (c) Class B Master LP Units issued in connection with the acquisition of seniors housing facilities; and (d) Units issued upon exercise, from time to time, of the conversion rights attaching to Chartwell's convertible debentures.

For Chartwell to maintain its status as a "mutual fund trust" under the Tax Act, Chartwell must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, at no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units and the Chartwell trustees shall inform Chartwell's transfer agent and registrar of this restriction. For a description by which the level of Canadian ownership of the Units is monitored and maintained, see "Description of the Units – Limitation on Ownership".

RELATIONSHIP BETWEEN CHARTWELL AND CERTAIN OF THE UNDERWRITERS

RBC Dominion Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc., three of the Underwriters of the Offering, are each wholly-owned subsidiaries of Canadian chartered banks, being, Royal Bank of Canada, Canadian Imperial Bank of Commerce and The Bank of Nova Scotia, respectively, which banks are lenders to Chartwell under the Operating Facility (the "Lenders"). Consequently, in connection with the Offering, Chartwell may be considered a "connected issuer" of each of RBC Dominion Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc. within the meaning of securities legislation of certain provinces of Canada. As of the date of this short form prospectus, no amounts were drawn under the Operating Facility.

The Operating Facility contains representations, covenants, restrictions and events of default that are customary for such agreements. As of the date hereof, the Operator is in compliance in all material respects with the terms of the

Operating Facility, and the financial position of Chartwell and the value of the security granted to the Lenders thereunder have not materially changed since the Operating Facility was renewed. The Operating Facility is secured, inter alia, by first and second ranking mortgages on 20 seniors housing facilities.

In each of 2006 and 2007, Chartwell obtained a waiver from the Lenders under the Operating Facility in respect of the limitation of distributions to 100% of Distributable Income on an annual basis for the 2006 and 2007 financial year. In 2009, Chartwell received a waiver from the Lenders under the Operating Facility in respect of the debt service coverage covenant set out in the Operating Facility, and the distribution payout ratio covenant set out in the Operating Facility.

The decision of the Underwriters to underwrite the Offering was made independently of their parent banks and such banks had no involvement in the determination of the terms of distribution. The terms of the Offering were determined solely by negotiation between Chartwell and the Underwriters. The Underwriters will not receive any benefit in connection with the Offering other than a portion of the Underwriters' fee payable by Chartwell. See "Use of Proceeds".

DESCRIPTION OF THE UNITS

The following is a summary of the material attributes and characteristics of the Units. A more detailed summary of the attributes of the Units can be found on pages 32 to 40 of the AIF.

Units

The Declaration of Trust provides for the issuance of an unlimited number of Units. As of October 15, 2010, there were 128,843,488 Units issued and outstanding. Each Unit represents a unitholder's proportionate undivided ownership interest in Chartwell. No unitholder has or is deemed to have any right of ownership in any of Chartwell's assets. Each whole Unit confers the right to one vote at any meeting of unitholders and to participate *pro rata* in any distributions to unitholders by Chartwell, whether of net income, net realized capital gains or other amounts and, in the event Chartwell is terminated, in any distribution to unitholders out of Chartwell's net assets remaining after all liabilities have been satisfied. Units will be fully paid and non-assessable when issued (unless issued on an instalment receipt basis) and are transferable.

Limitation on Ownership

For Chartwell to maintain its status as a "mutual fund trust" under the Tax Act, Chartwell must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, at no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units and the Chartwell trustees shall inform Chartwell's transfer agent and registrar of this restriction. The Chartwell trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. The Declaration of Trust includes a mechanism to permit the Chartwell trustees to require any person who is the holder or beneficial owner of Units held in contravention of this restriction to sell such Units. Upon any such sale, the unitholder will lose any entitlement to the Units and the unitholder's only remaining right in respect thereof will be the right to receive the net proceeds of such sale.

Purchases of Units

Chartwell may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such purchase will constitute an "issuer bid" under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Distributions

Chartwell's Declaration of Trust permits the Chartwell trustees, in their discretion, to determine Chartwell's income which is to be distributed to unitholders, provided that Chartwell receives amounts equal to such Distributions from its investments. It is Chartwell's intention that annual distributions will be at least equal to 70% of its AFFO for a specified year, as disclosed in the relevant year's management's discussion and analysis.

The Operator is the primary source of cash flow to fund distributions and their payments. The Seventh Amended and Restated Limited Partnership Agreement of Chartwell Master Care LP dated May 20, 2010 requires Chartwell Master Care LP to distribute all of its cash on hand that is derived from any source (other than receipt of any subscription proceeds for Class A Master LP Units or Class B Master LP Units), subject to certain priorities and in a specified manner. CSH Trust will use all of its share of distributions from Chartwell Master Care LP, less expenses, to pay interest on the interest-bearing Series 1 unsecured subordinated demand promissory notes of CSH Trust issued to Chartwell at the closing of Chartwell's initial public offering (the "Series 1 Trust Notes") and to the extent that its share of distributions exceeds such interest and any other costs or expenses payable by CSH Trust, to pay distributions to Chartwell on its CSH Trust Units. Chartwell will use all amounts received by it from CSH Trust, net of amounts required to pay its own expenses, plus any other net income from other sources such as short-term investments, to pay distributions to unitholders of a sufficient amount to ensure that Chartwell will not be subject to income tax on such income.

Distributions by Chartwell are paid in cash, subject to an election by eligible unitholders to utilize the DRIP. Distributions will be made to unitholders of record as at the close of business on the last business day of the calendar month for the relevant distribution. The distribution for any month will actually be paid on or about the 15th day of the following month. See the section entitled "Chartwell, CSH Trust and Master LP – Distribution Reinvestment Plan" in the AIF for more information concerning the DRIP.

From December 2003 through to February 2005, Chartwell made distributions on the Units in the amount of \$0.0854 per Unit per month. From March 2005 through to February 2008, Chartwell made distributions on the Units in the amount of \$0.08875 per Unit per month. From March 2008 through to July 2009, Chartwell made distributions on the Units in the amount of \$0.06167 per Unit per month. As of August 2009, Chartwell reduced its distributions to \$0.0450 per Unit per month.

Continuous Disclosure

In complying with its reporting issuer obligations, Chartwell has undertaken to relevant securities regulatory authorities that it will treat Chartwell Master Care LP as a subsidiary of Chartwell; provided however that, if generally accepted accounting principles prohibit the consolidation of financial information of Chartwell Master Care LP and Chartwell, and for so long as Chartwell Master Care LP (including any of its significant business interests) represents a significant asset of Chartwell, Chartwell will provide unitholders with separate financial statements for Chartwell Master Care LP (including information about any of its significant business interests). In addition, Chartwell has undertaken that, for so long as Chartwell is a reporting issuer, Chartwell will take the appropriate measures to require each person who would be an insider of Chartwell Master Care LP if Chartwell Master Care LP were a reporting issuer to: (a) file insider reports about trades in Units (including securities which are exchangeable into Units); and (b) comply with statutory prohibitions against insider trading. Chartwell will also annually certify that it has complied with such undertakings and file such a certificate on SEDAR concurrently with the filing of its annual financial statements.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In this section references to Chartwell are references to Chartwell Seniors Housing Real Estate Investment Trust. In the opinion of Osler, Hoskin & Harcourt LLP, counsel to Chartwell, and Borden Ladner Gervais LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to an individual (other than a trust) who acquires Units pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with, and is not affiliated with, Chartwell and holds such Units as capital property (a "Holder"). Generally, Units will be considered to be capital property to a Holder provided the Holder does not hold such Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Holders should consult their own tax advisors regarding their particular circumstances.

This summary is based upon the facts set out in this short form prospectus, certificates as to certain factual matters, the provisions of the Tax Act and the regulations under the Tax Act (the "Regulations") in force at the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). There can be no assurance that the CRA will not change its administrative policies and assessing practices. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the "Proposed Amendments"). This summary does not otherwise take into account or anticipate any changes in law or administrative policies and assessing practices, whether by legislative, governmental or judicial decision or action, and does not take into account any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Proposed Amendments will be enacted as proposed but no assurances can be given that this will be the case.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Holder's particular circumstances, including the province(s) in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any prospective purchaser of Units. Consequently, prospective Holders should consult their own tax advisors for advice with respect to the tax consequences to them of an investment in Units based on their particular circumstances.

The SIFT Tax Regime

The Tax Act imposes a special taxation regime (the "SIFT Tax Regime") applicable to SIFT trusts, as such term is defined in the Tax Act. Under the SIFT Tax Regime, a SIFT trust is subject to tax in respect of certain distributions that are attributable to the SIFT trust's "non-portfolio earnings" (generally, income (other than certain dividends) from, or capital gains realised on, "non-portfolio properties"), at a rate that is equivalent to the federal general corporate tax rate, plus an amount on account of provincial tax. Distributions that are paid as returns of capital do not attract this tax. The amount of a distribution in respect of which this tax is payable by the SIFT trust will also be taxed in the hands of the unitholder as though it were a taxable dividend from a taxable Canadian corporation, which dividend, if received by an individual resident in Canada, will be subject to the usual dividend gross-up and tax credit rules applicable to such dividends and will be eligible for the enhanced dividend tax credit. The SIFT Tax Regime is not applicable to REITs that meet certain specified criteria relating to the nature of their income and investments (the "REIT Exception").

The SIFT Tax Regime becomes applicable commencing with the earlier of the trust's 2011 taxation year and the first taxation year of the trust in which it exceeds "normal growth" as determined under the growth guidelines issued by the Department of Finance (the "Growth Guidelines").

Application to Chartwell

Chartwell is a SIFT trust and is not eligible for the REIT Exception. In addition, Chartwell exceeded "normal growth" under the Growth Guidelines in 2007. Accordingly, Chartwell is currently subject to taxation under the SIFT Tax Regime at the federal general corporate tax rate, plus an amount on account of provincial taxes, on an amount equal to distributions made by Chartwell during the year that are attributable to Chartwell's "non-portfolio earnings" (not including the amount by which Chartwell's total distributions exceed its net income and net realized capital gains for the year, commonly known as returns of capital). Holders who receive distributions that are subject to this tax will be deemed to have received a dividend from a taxable Canadian corporation, which will be subject to the usual dividend gross-up and tax credit rules applicable to such dividends and will be deemed to be an "eligible dividend" for the purposes of the enhanced dividend tax credit regime. Counsel to Chartwell has been advised that Chartwell does not expect to pay tax under the SIFT Tax Regime in its 2010 taxation year.

Status of Chartwell

Mutual Fund Trust

This summary is based on the assumption that Chartwell has qualified as a "mutual fund trust" as defined in the Tax Act throughout its current taxation year and that it will continue to so qualify at all relevant times in the future. If

Chartwell were not to qualify as a mutual fund trust, the income tax considerations as described below would, in some respects, be materially different.

Qualified Investment

Provided that Chartwell is a mutual fund trust or a registered investment within the meaning of the Tax Act, or that the Units are listed on the TSX (or other designated stock exchange), Units will be qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively "Plans"). In the case of a tax-free savings account, provided the holder of the tax-free savings account deals at arm's length with Chartwell, does not have a "significant interest" (within the meaning of the Tax Act) in Chartwell and does not have a "significant interest" (within the meaning of the Tax Act) in a corporation, partnership or trust that does not deal at arm's length with Chartwell, the Units will not be a prohibited investment under the Tax Act for such tax-free savings account.

Series 2 and Series 3 Trust Notes or other property received as a result of an in specie redemption of Units by Chartwell may not be qualified investments for Plans, which could give rise to adverse consequences to the Plan or the annuitant or beneficiary thereunder if the Plan acquires such notes. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

Taxation of Chartwell

The taxation year of Chartwell is the calendar year. In each taxation year, Chartwell will be subject to tax under Part I of the Tax Act as described above under the heading "The SIFT Tax Regime" with respect to an amount equal to the distributions made by Chartwell during the year that are attributable to Chartwell's "non-portfolio earnings" for the year. Chartwell will also be subject to tax under Part I of the Tax Act on its other income, if any, for the year, including net realized taxable capital gains from dispositions of property other than non-portfolio property, less the portion thereof that it deducts in respect of the amounts considered to be paid or payable in the year to unitholders. An amount will be considered to be payable to a unitholder in a taxation year if it is paid to the unitholder in the year by Chartwell or if the unitholder is entitled in that year to enforce payment of the amount.

Income and Gains

Chartwell's income will be determined under the Tax Act for each taxation year and will include such amount of CSH Trust's income for tax purposes, including net taxable capital gains, as is paid or becomes payable to Chartwell in the year in respect of CSH Trust Units and all interest on the Series 1 Trust Notes and on other loans made by Chartwell that accrues to Chartwell to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

Chartwell generally will not be subject to tax on any amount received as a repayment of principal in respect of loans made by Chartwell to its subsidiaries. Chartwell will, generally, also not be subject to tax on any amounts received as distributions on the CSH Trust Units that are in excess of the income of CSH Trust that are paid or payable by CSH Trust to Chartwell in a year, which amounts will generally reduce Chartwell's adjusted cost base of the CSH Trust Units. If, as a result, Chartwell's adjusted cost base in any taxation year of its CSH Trust Units would otherwise be a negative amount, Chartwell will be deemed to realize a capital gain equal to such negative amount for that year, and Chartwell's adjusted cost base of its CSH Trust Units will then be nil.

Provided that appropriate designations are made by CSH Trust, that portion of net taxable capital gains of CSH Trust as is considered to be paid or payable to Chartwell will retain its character and be treated as such in the hands of Chartwell for purposes of the Tax Act.

Upon redemption of CSH Trust Units and Series 1 Trust Notes in exchange for Series 2 and/or Series 3 Trust Notes and a transfer by Chartwell of the Series 2 or Series 3 Trust Notes or other property of Chartwell to a unitholder, in connection with an in specie redemption of Units by the unitholder, Chartwell will be considered to dispose of the CSH Trust Units and the Trust Notes for proceeds of disposition equal to their fair market value (which may give rise to income or capital gains to Chartwell).

Chartwell's proceeds from the disposition of Trust Notes will generally be reduced by any accrued but unpaid interest in respect thereof, which interest will generally be included in Chartwell's income in the year of disposition to the extent it was not included in Chartwell's income in a previous year. Chartwell will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition exceed (or are less than) the adjusted cost base of the CSH Trust Units and/or Trust Notes as the case may be and any reasonable costs of disposition.

Income Deductions

In computing its income, Chartwell may deduct reasonable administrative costs and other expenses incurred by it for the purpose of earning income. Chartwell may also deduct from its income for the year a portion of the reasonable expenses incurred by Chartwell to issue Units pursuant to the Offering. The portion of the issue expenses deductible by Chartwell in a taxation year is 20% of the total issue expenses incurred by Chartwell.

Under the Declaration of Trust, an amount equal to the income for each taxation year of Chartwell, including net realized taxable capital gains (other than income and taxable capital gains of Chartwell arising on or in connection with an in specie redemption of Units which are paid or payable by Chartwell to redeeming unitholders and capital gains which may be offset by capital losses carried forward from prior years or on which tax is recoverable by Chartwell), and the non-taxable portion of net realized capital gains of Chartwell, will be payable in the year to unitholders, in cash or in Units. Amounts payable to unitholders, whether in cash or Units, will, subject to the discussion above under "The SIFT Tax Regime", generally be deductible by Chartwell in computing its income.

Chartwell will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "Capital Gains Refund"). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset Chartwell's tax liability for such taxation year arising as a result of the exchange of CSH Trust Units and Series 1 Trust Notes and the transfer of Series 2 or Series 3 Trust Notes, or other property of CSH Trust, on an in specie redemption of Units.

The Declaration of Trust provides that all or a portion of the income (including interest accrued on Trust Notes) and any capital gains, realized by Chartwell in connection with an in specie redemption of Units may, at the discretion of the Chartwell trustees, be treated as paid or payable to, and as applicable designated as a taxable capital gain of, the redeeming unitholders. Subject to the discussion above under the heading "The SIFT Tax Regime", any amount so paid or payable must be included in the income of the redeeming unitholders and will be deductible by Chartwell.

Losses of Chartwell cannot be allocated to unitholders but may be deducted by Chartwell in future years, subject to the detailed rules in the Tax Act in that regard.

Taxation of Chartwell Master Care LP

Counsel has been advised that none of the equity of Chartwell Master Care LP is listed or traded on a stock exchange or other public market or held by any person or partnership other than taxable Canadian corporations or "excluded subsidiary entities" (as defined in the Tax Act). On that basis, Chartwell Master Care LP will be an "excluded subsidiary entity" (as defined in the Tax Act) and therefore will not be subject to the SIFT Tax Regime.

Chartwell Master Care LP will not be subject to tax under the Tax Act. Each partner of Chartwell Master Care LP, including CSH Trust, will be required to include in computing the partner's income the partner's share of the income or loss of Chartwell Master Care LP for its fiscal year ending in or coincident with the partner's taxation year, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of Chartwell Master Care LP will be computed for each fiscal year as if Chartwell Master Care LP were a separate person resident in Canada. In computing the income or loss of Chartwell Master Care LP, deductions will be claimed in respect of its reasonable administrative and other expenses incurred for the purpose of earning income and available capital cost allowances. The income (including taxable capital gains) or loss of Chartwell Master Care LP for a fiscal year will be allocated to the partners of Chartwell Master Care LP, including CSH Trust, on the basis of their respective share of such income or loss, subject to the detailed rules in the Tax Act in that regard. If Chartwell Master Care LP issues units in connection with the Offering, it may also deduct from its income for the year a portion of the reasonable expenses incurred by it to issue such units. The portion of such issue expenses deductible by Chartwell Master Care LP in a taxation year is 20% of the total issue expenses incurred by Chartwell Master Care LP.

These rules apply to the taxation of Chartwell Master Care LP as a partner of any of the partnerships in which it holds an interest.

Taxation of CSH Trust

Counsel has been advised that none of the equity of CSH Trust is listed or traded on a stock exchange or other public market or held by any person other than Chartwell. On this basis, CSH Trust will be an "excluded subsidiary entity" (as defined in the Tax Act) and therefore will not be subject to the SIFT Tax Regime.

The taxation year of CSH Trust is the calendar year. In each taxation year, CSH Trust will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of amounts paid or payable in the year to Chartwell. The income of CSH Trust will include its share of the income of Chartwell Master Care LP for each fiscal year ending on or before the year-end of CSH Trust.

Generally, distributions to partners in excess of the income for tax purposes of Chartwell Master Care LP for a fiscal year will result in a reduction of the adjusted cost base of the partner's Units in Chartwell Master Care LP by the amount of such excess. If, as a result, CSH Trust's adjusted cost base of its units in Chartwell Master Care LP would otherwise be a negative amount, CSH Trust will be deemed to realize a capital gain equal to such negative amount, and CSH Trust's adjusted cost base of its units in Chartwell Master Care LP will then be nil. If Chartwell Master Care LP were to incur losses for tax purposes, CSH Trust's ability to deduct such losses may be limited by certain rules under the Tax Act.

In computing its income, CSH Trust may generally deduct its reasonable expenses incurred to earn such income.

Under the Declaration of Trust for CSH Trust, an amount equal to the income of CSH Trust (including net realized taxable capital gains), and the non-taxable portion of net realized capital gains of CSH Trust, will be paid or payable in the year to Chartwell. Counsel has been advised that CSH Trust intends to distribute a sufficient amount to Chartwell and to deduct in computing its income for purposes of the Tax Act the full amount available for deduction in each taxation year to the extent of its taxable income for the year otherwise determined so that CSH Trust will generally not be liable in such year for income tax under Part I of the Tax Act. CSH Trust may, however, in certain circumstances, be liable for alternative minimum tax.

Taxation of Chartwell Canco

Chartwell Master Care USA Inc. ("Chartwell USCO") will be a "foreign affiliate" and a "controlled foreign affiliate" of Chartwell Master Care Canada Inc. ("Chartwell Canco") for purposes of the Tax Act. To the extent that Chartwell USCO or any other controlled foreign affiliate of Chartwell Canco earns income that is classified as "foreign accrual property income" ("FAPI") for purposes of the Tax Act, the FAPI allocable to Chartwell Canco must be included in computing the income of Chartwell Canco, subject to a deduction for grossed-up "foreign accrual tax" as computed in accordance with the Tax Act, whether or not Chartwell Canco actually receives a distribution of FAPI. The adjusted cost base to Chartwell Canco of its shares in Chartwell USCO will be increased by the net amount so included in the income of Chartwell Canco. At such time as Chartwell Canco receives a dividend of amounts that were previously included in its income as FAPI, that dividend will effectively not be taxable to Chartwell Canco and there will be a corresponding reduction in the adjusted cost base to Chartwell Canco of its shares of Chartwell USCO. Chartwell Canco would also be entitled to a grossed-up deduction in computing its taxable income in respect of any United States federal withholding tax payable by Chartwell Canco in respect of such dividend, subject to the detailed provisions of the Tax Act.

All other dividends paid by Chartwell USCO to Chartwell Canco will be included in computing the income of Chartwell Canco under the Tax Act. However, to the extent Chartwell Canco receives a dividend from Chartwell USCO that is considered to be paid out of the "exempt surplus" or the "pre-acquisition surplus" of Chartwell USCO with respect to Chartwell Canco for purposes of the Tax Act, an offsetting deduction will be available in computing the taxable income of Chartwell Canco. The adjusted cost base to Chartwell Canco of its shares of Chartwell USCO will be reduced by the amount of any dividend received by Chartwell Canco that is considered to have been paid out of the "pre-acquisition surplus" of Chartwell USCO in respect of Chartwell Canco. If the adjusted cost base to Chartwell Canco of its shares of Chartwell USCO is reduced to a negative amount, Chartwell Canco will be deemed to realize a capital gain equal to such negative amount and Chartwell Canco's adjusted cost base of its shares of Chartwell USCO will then be nil. If Chartwell Canco receives a dividend from Chartwell USCO that is out of the “taxable surplus” of Chartwell USCO in respect of Chartwell Canco, the amount of the dividend will be included in Chartwell Canco’s income and Chartwell Canco will generally be entitled to grossed-up deductions for the amount of underlying foreign tax applicable to the dividend and the amount of United States withholding tax applicable to the dividend, subject to the detailed provisions of the Tax Act. To the extent United States federal corporate income tax has been paid by Chartwell USCO or United States federal withholding tax is applicable to distributions by Chartwell USCO to Chartwell Canco (see “Certain United States Federal Income Tax Considerations — Chartwell Considerations”) that are considered to have been paid out of the “exempt surplus” or “pre-acquisition surplus” of Chartwell USCO in respect of Chartwell Canco, Chartwell Canco will not be entitled to any foreign tax credit under the Tax Act in respect of such United States federal taxes.

Taxation of Holders of Units

Distributions

Where a distribution by Chartwell to Holders results in Chartwell being subject to tax under the SIFT Tax Regime, the amount of the distribution received by a Holder will be deemed to be a dividend from a taxable Canadian corporation, which will be deemed to be an “eligible dividend” for the purposes of the enhanced dividend tax credit regime described below. Distributions not deemed to be dividends will continue to be taxed as described below.

A Holder will generally be required to include in income for a particular taxation year the portion of the net income of Chartwell for a taxation year, including net realized taxable capital gains, that is paid or payable to the Holder in the particular taxation year (and that Chartwell deducts in computing its income), whether such portion is received in cash, additional Units or otherwise.

Provided that appropriate designations are made by Chartwell, such portion of its net taxable capital gains and taxable dividends received from taxable Canadian corporations as are paid or payable to a Holder will effectively retain their character and be treated as such in the hands of the Holder for purposes of the Tax Act. The tax treatment of capital gains is described below. Taxable dividends will be subject to the applicable gross-up and dividend tax credit provisions in the Tax Act for dividends received from taxable Canadian corporations. An enhanced dividend gross-up and tax credit mechanism is available for certain “eligible dividends” payable by corporations resident in Canada. A dividend will be eligible for the enhanced gross-up and dividend tax credit if the dividend recipient receives written notice from the paying corporation designating the dividend as an “eligible dividend”.

The non-taxable portion of any net realized capital gains of Chartwell paid or payable to a Holder in a taxation year will not be included in computing the Holder’s income for the year. Any other amount in excess of the net income of Chartwell that is paid or payable to a Holder in such year (otherwise than as proceeds of disposition of the Units) including the 3% additional bonus distribution reinvested in Units pursuant to the DRIP, will not generally be included in the Holder’s income for the year; however, such amounts will reduce the adjusted cost base of the Units held by the Holder. To the extent that the adjusted cost base of a Unit would otherwise be less than zero in any taxation year, the negative amount will be deemed to be a capital gain realized by the Holder in that taxation year and the adjusted cost base of the Holder’s Units will then be nil.

The cost to a Holder of additional Units received in lieu of a cash distribution will be the amount of that distribution. The cost of Units acquired on the reinvestment of distributions under the DRIP will be the amount of such reinvestment. There will be no net increase or decrease in the aggregate adjusted cost base of all of a Holder’s Units as a result of the receipt of the 3% additional bonus distribution which is reinvested in Units under the DRIP. However, the reinvestment in Units will result in a reduction of the per Unit adjusted cost base to the Holder.

Purchases of Units

Since the net income of Chartwell will be distributed on a monthly basis, a purchaser of a Unit may become taxable on a portion of the net income of Chartwell accrued or realized by Chartwell in a month before the time the Unit was purchased but which was not paid or made payable to Holders until the end of the month and after the time the Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized by Chartwell in a year before the time the Unit was purchased but which is paid or made payable to Holders at year end and after the time the Unit was purchased.

Dispositions of Units

On the disposition or deemed disposition of a Unit, including on the redemption of the Unit, the Holder will realize a capital gain (or capital loss) equal to the amount by which the Holder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount that is otherwise required to be included in the Holder's income such as amounts treated as having been paid to the Holder out of income or capital gains of Chartwell.

For the purpose of determining the adjusted cost base to a Holder of Units, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Holder as capital property immediately before that time.

Where, on a redemption of Units, Series 2 or Series 3 Trust Notes or other property of Chartwell is transferred by Chartwell to the redeeming Holder, the proceeds of disposition of the Units to the Holder will be equal to the fair market value of the Series 2 or Series 3 Trust Notes or other property of Chartwell so transferred less any income or capital gain realized by Chartwell as a result of or in connection with such distribution which is treated as being paid or payable by Chartwell to the redeeming Holder including, in the case of Trust Notes, any accrued interest thereon. Where such income or capital gain is treated as paid or payable by Chartwell to the redeeming Holder and would result in Chartwell being subject to tax under the SIFT Tax Regime, the Holder will be deemed to have received a dividend from a taxable Canadian corporation which will be deemed to be an eligible dividend for purposes of the enhanced dividend tax credit regime described above. Otherwise, the Holder will be required to include such income, and the taxable portion of any such capital gain so designated by Chartwell, in the Holder's income. The cost to a Holder of any Trust Notes or other property of Chartwell transferred by Chartwell to the Holder upon a redemption of Units will be equal to the fair market value of such property at the time of the transfer less, in the case of a Trust Note, any accrued unpaid interest. The Holder will thereafter be required to include in income interest on any Trust Note so distributed in accordance with the provisions of the Tax Act but, to the extent such interest inclusion is in respect of any interest accrued to the date of the acquisition of a Trust Note by the Holder, an offsetting deduction will be available.

Capital Gains and Capital Losses

One-half of any capital gains realized by a Holder on a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by Chartwell in respect of a Holder will generally be included in the Holder's income as a taxable capital gain. One-half of any capital loss realized by a Holder on a disposition or deemed disposition of Units may be deducted only from taxable capital gains of the Holder subject to and in accordance with the provisions of the Tax Act.

Alternative Minimum Tax

In general terms, net income of Chartwell paid or payable to Holders that is designated as a net realized capital gain or as a dividend (including a distribution deemed to be a dividend under the SIFT Tax Regime), or that is a capital gain realized on the disposition of Units, may increase the Holder's liability for alternative minimum tax.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of the material United States federal income tax consequences applicable to Non-U.S. Holders (as defined below) with respect to the ownership and disposition of Units acquired pursuant to the Offering. This discussion is based upon existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. This discussion does not address all aspects of United States federal income taxation which may be important to particular investors in light of their individual investment circumstances, such as Units held by investors subject to special tax rules (e.g., financial institutions, insurance companies, broker-dealers, partnerships and their partners, and tax-exempt organizations (including private foundations)) or to persons that will hold the Units as part of a straddle, hedge, conversion, constructive sale, or other integrated security transaction for United States federal income tax purposes, all of whom may be subject to tax rules that differ significantly from those summarized below. This discussion does not address any: (a) United States federal income tax consequences to a Non-U.S. Holder that (i) is engaged in the conduct of a United States trade or business,

(ii) is a non-resident alien individual and such holder is present in the United States for 183 or more days during the taxable year, or (iii) is a corporation which operates through a United States branch; or (b) state, local or non-United States tax considerations. This summary addresses investors who will hold the Units as "capital assets" (generally, property held for investment) under the Internal Revenue Code of 1986, as amended (the "Code"). Each prospective investor is urged to consult its tax advisor regarding the United States federal, state, local, and non-United States income and other tax considerations of the purchase, ownership, and disposition of the Units having regard to such investor's particular circumstances.

For the purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of Units that, for United States federal income tax purposes, is not: (a) an individual who is a citizen or resident of the United States; (b) a corporation, partnership, or other entity created in, or organized under the law of, the United States or any State or political subdivision thereof; (c) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source; or (d) a trust (i) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust, or (ii) that has otherwise elected to be treated as a United States person under the Code.

If a partnership or other entity or arrangement treated as a partnership for United States federal income tax purposes holds Units, the tax treatment of the partner will generally depend upon the status of the partner and the activities of the partnership. Non-U.S. Holders who are partners of a partnership or other entity or arrangement treated as a partnership for United States federal income tax purposes holding Units should consult their own tax advisors.

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, UNITHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) OF THE UNITS; AND (C) UNITHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

General

As discussed further below, the subordinated notes issued by Chartwell USCO to Chartwell (the "U.S. Notes") possess all the formal characteristics of indebtedness and thus both Chartwell USCO and Chartwell intend to treat such notes as "indebtedness" for United States federal income tax purposes. The remainder of this discussion is based on the U.S. Notes being respected as debt for United States federal income tax purposes.

Chartwell Tax Considerations

Chartwell USCO will be subject to United States federal corporate income taxation imposed upon a net income basis. For this purpose, Chartwell USCO's share of items of income, gain, loss, and deduction generated by Chartwell USCO's United States lower-tier affiliates will be includible in the United States federal taxable income base of Chartwell USCO.

Distributions made by Chartwell USCO on its capital stock held by Chartwell Canco paid out of current and accumulated "earnings and profits" of Chartwell USCO, as determined under United States federal income tax principles, will be treated as dividends and will be subject to United States federal withholding tax, subject to potential reduction under the United States – Canada Income Tax Convention (the "Treaty"). Chartwell believes that Chartwell Canco, as the direct owner of all of the capital stock of Chartwell USCO, should be eligible to claim a reduced rate of withholding under the Treaty. Whether Chartwell Canco will be eligible for such a reduced rate of withholding on the receipt of a dividend from Chartwell USCO will be a factual determination and will depend upon, among other matters, whether Chartwell Canco becomes, or continues to be, a "qualified person" within the meaning of the Treaty when such distribution is to be made. No assurance can be given whether any particular distribution to be made by Chartwell USCO to Chartwell Canco will be treated as a dividend for United States federal income tax purposes and whether any such dividend will be subject to a reduced rate of withholding under the Treaty.

Generally, because Chartwell USCO is likely classified as a "United States real property holding corporation" for United States federal income tax purposes, Chartwell expects that any gain recognized by Chartwell Canco upon a disposition of its investment in the capital stock of Chartwell USCO (or any distribution by Chartwell USCO to Chartwell Canco that exceeds the current and accumulated earnings and profits of Chartwell USCO and the United States tax basis that Chartwell Canco has in such shares) will be subject to United States federal corporate income tax under United States federal income tax rules applicable to the disposition of stock of United States real property holding corporations.

The imposition of both United States federal corporate income tax on the earnings generated by Chartwell USCO and United States federal withholding tax on distributions made by Chartwell USCO on its capital stock held by Chartwell Canco will reduce the net amount of distributions that Chartwell could receive from Chartwell USCO. In turn, in light of the imposition of such taxes, the amount of cash flow generated by Chartwell USCO that could ultimately be made available to Chartwell for distribution will be less than the amount of such cash flow that would have been available in the absence of the imposition of United States federal tax on the earnings generated, and distributions made, by Chartwell USCO.

Non-U.S. Holder Considerations

General

Chartwell has made an election to be classified as a "partnership" for United States federal income tax purposes. Because the Units will be publicly traded, Chartwell should also be subject to the entity classification rules under Section 7704 of the Code which provide that, unless the Qualifying Income Exception (as described below) applies, a publicly traded partnership will be treated as a "corporation" for United States federal income tax purposes. Under the "Qualifying Income Exception", a publicly traded partnership will not be treated as a corporation if at least 90% of its gross income for each taxable year consists of "qualifying income". In general, qualifying income includes certain passive income such as interest income (other than interest income earned in the conduct of a financial or insurance business), dividends, gain from the sale of real property and gain from the sale or other disposition of capital assets held for the production of qualifying income. Chartwell expects that, for each particular taxable year, more than 90% of Chartwell's gross income will be passive income, specifically interest income and dividends, but no assurances may be given in this regard. The passive income of Chartwell will include interest income received from Chartwell USCO on the U.S. Notes issued by Chartwell USCO and distributions received from Chartwell Master Care LP.

If Chartwell fails to meet the Qualifying Income Exception (other than a failure which is determined by the Internal Revenue Service (the "IRS") to be inadvertent and which is cured within a reasonable time after discovery), Chartwell will be treated as a "corporation" for United States federal income tax purposes. If Chartwell is treated as a "corporation" and not eligible for the benefits of the Treaty in any particular taxable year, the Portfolio Interest Exemption (as described below) would not apply, and the interest income received by Chartwell on the U.S. Notes would be subject to a 30% United States withholding tax.

Distributions to Unitholders

Each of Chartwell, Chartwell Master Care LP, CSH Trust and Chartwell Canco intends to operate in a manner that will not cause any of them to be treated as engaged in a trade or business in the United States. To the extent Chartwell is not engaged or treated as engaged in a United States trade or business, the unitholders also should not be treated as engaging in a United States trade or business due solely to their ownership of Units. As a result, assuming the Treaty or the Portfolio Interest Exemption apply to eliminate U.S. withholding tax with respect to interest paid by Chartwell USCO on the U.S. Notes, Non-U.S. Holders should not be subject to United States federal income tax or United States federal income tax return filing obligations with respect to their distributive share of Chartwell's income solely because of their investment in Units.

Sale, Exchange, Retirement, or Other Disposition of Units

A Non-U.S. Holder should not generally be subject to United States federal income tax on any gain realized on the sale, exchange, or other disposition of a Unit.

Availability of Withholding Exemption for the Interest Paid on the U.S. Notes

Provided that Chartwell is treated as a partnership, and the U.S. Notes are respected as debt for United States federal income tax purposes, the unitholders may be treated as the beneficial owners of the interest paid by Chartwell

USCO on the U.S. Notes. The determination of whether an instrument is classified as "debt" or "equity" for United States federal income tax purposes is based on all the facts and circumstances. The U.S. Notes possess all the formal characteristics of indebtedness and thus both Chartwell USCO and Chartwell intend to treat the U.S. Notes as indebtedness for United States federal income tax purposes. However, no assurances may be given that the characterization of the U.S. Notes as debt will not be successfully challenged by the IRS.

If the U.S. Notes were treated as equity rather than debt for United States federal income tax purposes, payments of stated interest on the U.S. Notes would generally be treated as a dividend to the extent paid out of current or accumulated earnings and profits, as determined under United States federal income tax principles. Such payments of stated interest on the U.S. Notes could be subject to a 30% United States withholding tax rate, which rate may be reduced under the Treaty as discussed above under the caption "Chartwell Tax Considerations". Further, payments of principal or interest on the U.S. Notes or gain on the disposition of Units attributable to the U.S. Notes could be subject to United States federal income tax under the United States federal income tax rules applicable to the disposition of stock of a United States real property holding corporation. Non-U.S. Holders should consult their tax advisors as to the tax consequences if the U.S. Notes are not respected as debt for United States federal income tax purposes (see "Risk Factors – Tax Matters") including the United States federal income tax rules applicable to United States real property holding corporations. The remainder of this discussion is based on the U.S. Notes being respected as debt for United States federal income tax purposes.

Chartwell intends to take the position that interest paid to Chartwell pursuant to the U.S. Notes should generally be eligible for an exemption from U.S. withholding tax under the Treaty. Whether Chartwell will be eligible for such exemption under the Treaty will depend upon, among other things, whether Chartwell is a "qualifying person" within the meaning of the Treaty when such interest is paid. No assurance can be given that Chartwell will be eligible for benefits of the Treaty at the time that interest payments are made by Chartwell USCO pursuant to the U.S. Notes. If Chartwell is not eligible for benefits of the Treaty, Chartwell intends to take the position that interest paid on the U.S. Notes qualifies as "portfolio interest" under the Code and generally should not be subject to the United States federal income tax withholding to the extent that interest is attributable to a Non-U.S. Holder who meets the following requirements (the "Portfolio Interest Exemption"):

(a) such holder (i) does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of Chartwell USCO entitled to vote, (ii) is not a controlled foreign corporation that is related to Chartwell USCO through stock ownership for United States federal income tax purposes, and (iii) is not a bank described in Section 881(c)(3)(A) of the Code; and

(b) either: (i) the Non-U.S. Holder certifies to Chartwell USCO or its agent on IRS Form W-8BEN (or a suitable substitute form or successor form), under penalties of perjury, that it is not a "U.S. person" (as defined in the Code) and provides its name and address; (ii) a "qualified intermediary" (as defined under IRS regulations) receives documentation upon which it can rely to treat the Non-U.S. Holder as not a "U.S. person" and provides Chartwell USCO with an IRS Form W-8IMY (or a suitable substitute or successor form), or (iii) certain other documentation requirements are met.

If Chartwell is not eligible for the benefits of the Treaty and a Non-U.S. Holder does not satisfy the requirements set forth above for the Portfolio Interest Exemption, then the portion of any interest paid by Chartwell USCO to Chartwell on the U.S. Notes that is allocable to such Non-U.S. Holder, for United States federal income tax purposes, will be subject to a 30% United States withholding tax (subject to reduction under an applicable United States tax treaty). If Chartwell determines that it is not eligible for the benefits of the Treaty and Chartwell becomes aware that a holder does not meet the requirements described in paragraph (i) immediately above, Chartwell USCO intends to withhold 30% of the portion of any interest paid by Chartwell USCO to Chartwell on the U.S. Notes that is allocable to such holder.

Backup Withholding and Information Reporting

A backup withholding tax of 28% may apply to amounts paid on the U.S. Notes if a unitholder: (a) fails to establish properly that it is entitled to an exemption from backup withholding; (b) fails to furnish or certify its correct taxpayer identification number to Chartwell USCO in the manner required; (c) is notified by the IRS that it has failed to report payments of interest or dividends properly; or (d) under certain circumstances, fails to certify that it has been notified by the IRS that it is subject to backup withholding for failure to report interest or dividend payments. However, backup withholding will normally not apply to payments allocable to Non-U.S. Holders if certain documentation requirements are satisfied (generally as described above). Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the unitholder's United States federal income tax liability, provided the required information is provided to the IRS.

Chartwell USCO will, where required, report to the IRS the amount of any interest paid on the U.S. Notes and dividends paid on its shares of common stock in each calendar year and the amounts of United States federal income tax withheld, if any, with respect to such payments.

ELIGIBILITY FOR INVESTMENT

Subject to the same qualifications, assumptions, limitations and understandings as set out under "Certain Canadian Federal Income Tax Considerations," in the opinion of Osler, Hoskin & Harcourt LLP, counsel to Chartwell, and Borden Ladner Gervais LLP, counsel to the Underwriters, provided that Chartwell qualifies as a "mutual fund trust" or is a "registered investment" for the purposes of the Tax Act or that Units are listed on the TSX (or other designated stock exchange), the Units will be qualified investments under the Tax Act and the Regulations for Plans and, provided the holder of the tax-free savings account deals at arm's length with Chartwell, does not have a "significant interest" (within the meaning of the Tax Act) in Chartwell and does not have a "significant interest" (within the meaning of the Tax Act) in a corporation, partnership or trust that does not deal at arm's length with Chartwell, will not be a prohibited investment under the Tax Act for such tax-free savings account.

See "Certain Canadian Federal Income Tax Considerations".

PRIOR SALES

Units

On December 24, 2009, Chartwell completed a bought deal public offering of Units at a price of $6.20 per Unit, resulting in a total of 12,995,000 Units being issued for gross proceeds of $80,569,000.

Distribution Reinvestment Plan

Chartwell distributes Units on a monthly basis to existing unitholders who elect to reinvest their monthly distributions in Units pursuant to the DRIP. Since October 1, 2009, Chartwell has issued 531,029 Units pursuant to the DRIP. Units distributed pursuant to the DRIP are issued at a price equal to the weighted average closing price of the Units on the TSX for the five trading days immediately preceding the relevant distribution payment date. Unitholders who participate in the DRIP receive a "bonus" distribution with each reinvestment equal to 3.0% of the amount of the distribution reinvested in the form of additional Units.

Long-Term Incentive Plan

Pursuant to the terms of the LTIP, Chartwell trustees and directors, officers and employees of Chartwell are entitled to receive grants of LTIP units. The following table summarizes the grant by Chartwell of units under the LTIP since October 1, 2009. See Chartwell's management information circular dated April 16, 2010 prepared in connection with the annual and special meeting of unitholders of Chartwell held on May 20, 2010, for more information.

Date	Security	Price per Security[(1)]	Number of Securities
March 2010	LTIP units	$7.45	97,882
September 2010	LTIP units	$8.36	49,000

Note:

(1) The price at which LTIP units are issued is equal to the volume weighted average trading price of the Units on the TSX for the 20 trading days ending immediately prior to the grant of LTIP units, or such higher price as the board of directors of Chartwell Master Care Corporation may determine.

Class B Master LP Units

Pursuant to the term of an exchange agreement, holders of Class B Master LP Units of Chartwell Master Care LP have the right to require Chartwell, CSH Trust and Chartwell Master Care LP to indirectly exchange Class B Master LP Units into Units on a one-for-one basis, subject to adjustment of the exchange ratio in certain circumstances. Since October 1, 2009, no Class B Master LP Units have been issued and Chartwell has issued 208,912 Units upon the exchange of Class B Master LP Units. As of the date hereof, there are approximately 53,295 Class B Master LP Units which have been submitted for exchange in accordance with the terms of the Exchange Agreement which have not yet become effective, and the effective dates for such exchanges are on or after October 18, 2010. Upon the completion of such exchanges, Chartwell will issue approximately 53,295 Units. The following table summarizes the exchanges of Class B Master LP Units within the 12 months prior to the date of this short form prospectus. See "Description of the Debentures – Master LP" on page 46 of the AIF for more information.

Date	Security	Price per Security	Number of Securities
January 2010	Units	N/A	100,000
February 2010	Units	N/A	6,000
July 2010	Units	N/A	4,528
October 2010	Units	N/A	98,384

Convertible Debentures

In accordance with the terms of a trust indenture, dated November 28, 2006, between Chartwell and Computershare Trust Company of Canada (the "Initial Debentures Indenture") governing the terms of the Initial Debentures, the Initial Debentures are convertible into Units all as more particularly set forth in the Initial Debentures Indenture. Since October 1, 2009, Chartwell has not issued any Units upon the conversion of Initial Debentures. See "Description of the Debentures" on page 40 of the AIF for more information.

In accordance with the terms of the first supplemental indenture, dated April 20, 2007 to the Initial Debentures Indenture (the "Series 2007-1 Debentures Indenture") governing the terms of Chartwell's $75,000,000 aggregate principal amount of 5.9% convertible unsecured subordinated debentures due on May 1, 2012 (the "Series 2007-1 Debentures"), the Series 2007-1 Debentures are convertible into Units all as more particularly set forth in the Series 2007-1 Debentures Indenture. Since October 1, 2009, Chartwell has not issued any Units upon the conversion of Series 2007-1 Debentures. See "Description of the Debentures" on page 40 of the AIF for more information.

Deferred Unit Plan

Chartwell has a DU Plan, pursuant to which it grants deferred units to Chartwell's trustees. Units are issued to participants in the DU Plan upon vesting of the deferred units, unless deferred in accordance with the terms of the DU Plan. Since October 1, 2009, Chartwell has granted 62,028 deferred units and 9,451 deferred units in respect of distribution equivalents, of which none have vested. The following table summarizes the grant by Chartwell of deferred units under the DU Plan and the respective distribution equivalents within the 12 months prior to the date of this short form prospectus. See the section entitled "Trustee and Director Compensation – Deferred Unit Plan" in Chartwell's management information circular dated April 16, 2010 prepared in connection with the annual and special meeting of unitholders of Chartwell held on May 20, 2010, for more information.

Date	Security	Price per Security[1]	Number of Securities[2]
Quarterly Grants of Deferred Units			
For the quarter ended December 31, 2009	Units	$6.70	14,627.38
For the quarter ended March 31, 2010	Units	$7.43	9,261.60
For the quarter ended June 30, 2010	Units	$7.27	10,438.58
For the quarter ended September 30, 2010	Units	$8.82	27,700.12
Distribution Equivalents[3] [4]			
October 2009	Units	$6.36	733.23
November 2009	Units	$5.94	790.85
December 2009	Units	$6.28	753.40
January 2010	Units	$7.25	748.29
February 2010	Units	$7.41	737.20
March 2010	Units	$7.49	733.54
April 2010	Units	$7.27	817.89
May 2010	Units	$7.04	848.89
June 2010	Units	$7.28	827.01
July 2010	Units	$7.77	840.25
August 2010	Units	$7.83	837.82
September 2010	Units	$8.43	783.04

Notes:

(1) The price at which deferred units are issued is equal to the volume weighted average trading price of the Units on the TSX for the five trading days ending immediately prior to the grant of deferred units (the "Fair Market Value"). Deferred units are awarded on the last day of each fiscal quarter.

(2) The number of deferred units to be issued is determined on each grant date by dividing the amount of fees a participant has elected to be deferred in accordance with the DU Plan, by the Fair Market Value.

(3) Upon Chartwell declaring a monthly distribution in respect of the Units, participants in the DU Plan are awarded a number of additional deferred units determined by dividing: (a) the amount obtained by multiplying the amount of such monthly distribution per Unit by the number of deferred units recorded in the participant's account; by (b) the Fair Market Value.

(4) The distribution equivalents for the month of October 2010 will not be available until November 2010.

MARKET FOR SECURITIES

The Units are listed and posted for trading on the TSX under the symbol "CSH.UN". The following table sets forth, for the periods indicated, the reported high and low closing trading prices and the aggregate volume of trading of the Units on the TSX.

	Units on the TSX		
	High (Cdn.$)	Low (Cdn.$)	Volume (#)
2009			
October	$6.64	$5.82	8,556,588
November	$6.49	$5.76	6,969,421
December	$7.09	$6.18	12,844,046
2010			
January 2010	$7.66	$6.80	6,845,659
February 2010	$8.03	$7.16	4,252,487
March 2010	$7.71	$6.16	7,015,196
April 2010	$7.52	$7.02	5,511,641
May 2010	$7.55	$6.21	6,701,487
June 2010	$7.70	$7.01	4,406,924
July 2010	$8.01	$7.17	3,620,196
August 2010	$8.50	$7.66	3,365,207
September 2010	$9.00	$8.03	7,197,679
October 2010 (1 to 15)	$9.65	$8.72	3,771,533

The Initial Debentures are listed and posted for trading on the TSX under the symbol "CSH.DB". The following table sets forth, for the periods indicated, the reported high and low closing trading prices and the aggregate volume of trading of the Initial Debentures on the TSX.

	Initial Debentures on the TSX		
	High (Cdn.$)	**Low (Cdn.$)**	**Volume (#)**
2009			
October	$100.00	$ 97.55	865
November	$101.30	$ 99.50	1,217
December	$102.50	$100.25	798
2010			
January 2010	$102.50	$101.00	1,270
February 2010	$102.25	$100.50	1,952
March 2010	$102.35	$101.01	1,060
April 2010	$102.49	$101.25	945
May 2010	$102.49	$ 99.00	1,577
June 2010	$103.00	$100.50	1,309
July 2010	$102.00	$101.00	6,237
August 2010	$101.75	$101.25	2,741
September 2010	$102.00	$101.30	2,935
October 2010 (1 to 15)	$101.68	$100.39	1,348

The Series 2007-1 Debentures are listed and posted for trading on the TSX under the symbol "CSH.DB.A". The following table sets forth, for the periods indicated, the reported high and low closing trading prices and the aggregate volume of trading of the Series 2007-1 Debentures on the TSX.

	Series 2007-1 Debentures on the TSX		
	High (Cdn.$)	**Low (Cdn.$)**	**Volume (#)**
2009			
October	$ 99.00	$ 97.02	2,750
November	$100.00	$ 97.00	4,731
December	$103.00	$ 99.25	1,687
2010			
January 2010	$102.50	$100.10	1,329
February 2010	$102.99	$101.15	760
March 2010	$102.20	$101.11	1,285
April 2010	$102.00	$101.00	589
May 2010	$101.50	$100.00	786
June 2010	$102.00	$100.00	1,528
July 2010	$102.50	$100.50	1,273
August 2010	$103.00	$101.00	405
September 2010	$102.90	$100.00	813
October 2010 (1 to 15)	$102.50	$101.75	159

RISK FACTORS

An investment in Units is subject to a number of risks, including those set forth in the AIF, in Chartwell's management's discussion and analysis for the three and six months ended June 30, 2010 and the information contained in this short form prospectus (including the information incorporated by reference herein). Prospective investors should carefully consider these risks before purchasing Units.

Tax Matters

There is a risk that the U.S. Notes (as defined under "Certain United States Federal Income Tax Considerations") could be treated for United States federal income tax purposes as equity rather than debt, in which case the otherwise deductible interest on the U.S. Notes would be treated, in effect, as non-deductible distributions, which may be subject to a 30% United States withholding tax. The risk would be increased if the applicable lender fails to exercise its creditor rights under the U.S. Notes in a manner consistent with the conduct of an arm's length lender. In addition, even if the U.S. Notes are characterized as debt, there is a risk that the interest rate may be found to be in excess of an arm's length rate. In such event, the excess amount of interest over an arm's length amount would be recharacterized as non-deductible distributions. Chartwell USCO's inability to deduct all or a portion of the interest on the U.S. Notes could increase its taxable income and thus, its United States federal income tax liabilities. This would reduce Chartwell USCO's after-tax income which, along with any withholding tax imposed (as described above), would reduce amounts available for distribution. See "Certain United States Federal Income Tax Considerations".

Dilution

The net proceeds of the Offering are intended to be used to redeem all of the issued and outstanding Initial Debentures and for general trust purposes. A failure to redeem, or a delay in the redemption of, the Initial Debentures will result in Chartwell retaining the net proceeds of the Offering for longer than expected or until such proceeds are used for other trust purposes. To the extent that any of the net proceeds of the Offering remain uninvested, the Offering would result in dilution, on a per Unit basis, to Chartwell's financial performance measures. Additionally, redemption of the Initial Debentures, when completed, with the net proceeds of the Offering will also result in dilution, on a per Unit basis, to Chartwell's financial performance measures.

LEGAL PROCEEDINGS

To the knowledge of management of Chartwell and the Operator, no legal proceedings of a material nature by or against Chartwell or the Operator are pending or threatened.

LEGAL MATTERS AND INTERESTS OF EXPERTS

Certain legal matters in connection with the Units offered hereby will be passed upon on behalf of Chartwell by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by Borden Ladner Gervais LLP. As of October 18, 2010 the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, and the partners and associates of Borden Ladner Gervais LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the outstanding Units. In addition, to the knowledge of Chartwell, as of October 18, 2010 KPMG LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Chartwell are KPMG LLP. The transfer agent and registrar for the Units is Computershare Trust Company of Canada at its principal office in Toronto.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, securities legislation further provides the purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the preliminary short form prospectus dated October 18, 2010 relating to the sale and issue of 13,775,000 units of Chartwell Seniors Housing Real Estate Investment Trust ("Chartwell"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above mentioned prospectus of our report to the Unitholders of Chartwell on the consolidated balance sheets of Chartwell as at December 31, 2009 and 2008 and the consolidated statements of operations and comprehensive loss, Unitholders' equity and cash flows for each of the years in the two-year period ended December 31, 2009. Our report is dated March 4, 2010.

(Signed) KPMG LLP
Chartered Accountants, Licensed Public Accountants

Toronto, Canada

October 18, 2010

CERTIFICATE OF CHARTWELL

Dated: October 18, 2010

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

By: (Signed) BRENT BINIONS
President and Chief Executive Officer

By: (Signed) VLAD VOLODARSKI
Chief Financial Officer

On behalf of the Trustees

By: (Signed) CHARLES MOSES
Trustee

By: (Signed) SIDNEY P.H. ROBINSON
Trustee

CERTIFICATE OF UNDERWRITERS

Dated: October 18, 2010

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

RBC DOMINION SECURITIES INC.

By: (Signed) CAROLYN A. BLAIR

CIBC WORLD MARKETS INC.

By: (Signed) ALLAN S. KIMBERLEY

BMO NESBITT BURNS INC.

By: (Signed) DEREK DERMOTT

SCOTIA CAPITAL INC.

By: (Signed) STEPHEN SENDER

NATIONAL BANK FINANCIAL INC.

By: (Signed) CRAIG J. SHANNON

TD SECURITIES INC.

By: (Signed) ARMEN FARIAN

CANACCORD GENUITY CORP.

By: (Signed) JUSTIN BOSA

HSBC SECURITIES (CANADA) INC.

By: (Signed) NICOLE CATY

CHARTWELL
SENIORS HOUSING REIT

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