CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST

and

COMPUTERSHARE TRUST COMPANY OF CANADA

SECOND SUPPLEMENTAL INDENTURE

Dated as of March 9, 2012

Providing for the issue of $135,000,000 Principal Amount of Series 2012-1 5.7% Convertible Unsecured Subordinated Debentures due March 31, 2018

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SECOND SUPPLEMENTAL INDENTURE

THIS INDENTURE dated as of March 9, 2012,

B E T W E E N:

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST, a trust established under the laws of Ontario pursuant to the eighth amended and restated declaration of trust dated as of May 19, 2011,

(“**Chartwell**”)

OF THE FIRST PART

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA, a trust company existing under the laws of Canada,

(the “**Trustee**”)

OF THE SECOND PART

RECITALS:

A. Chartwell has entered into a trust indenture (as amended, supplemented or restated from time to time, the “**Trust Indenture**”) dated as of November 28, 2006 between Chartwell and the Trustee, which provides for the issuance of one or more series of unsecured debt securities of Chartwell by way of supplemental indentures.

B. This second supplemental indenture (the “**Second Supplemental Indenture**”) is entered into for the purpose of providing for the issue of $135,000,000 aggregate principal amount of Debentures designated as “Series 2012-1 5.7% Convertible Unsecured Subordinated Debentures” (the “**Series 2012-1 Debentures**”) under the Trust Indenture and establishing the terms, provisions and conditions of the Series 2012-1 Debentures.

NOW THEREFORE THIS SECOND SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows.

ARTICLE 1
INTERPRETATION

1.1 Supplemental Indenture

This Second Supplemental Indenture is a “supplemental indenture” within the meaning of the Trust Indenture. The Trust Indenture and this Second Supplemental Indenture will be read together and have effect so far as practicable as though all of the provisions of both indentures were contained in one instrument.

1.2 Second Supplemental Indenture

The terms "this Second Supplemental Indenture", "this Indenture", "herein", "hereof", "hereby", "hereunder", and similar expressions, unless the context otherwise specifies or requires, refer to the Trust Indenture as supplemented by this Second Supplemental Indenture and not to any particular Article, Section or other portion, and include every instrument supplemental or ancillary to this Second Supplemental Indenture.

1.3 Definitions

All terms used but not defined in this Second Supplemental Indenture have the meanings ascribed to them in the Trust Indenture, as such meanings may be amended by this Second Supplemental Indenture. In the event of any inconsistency between the terms in the Trust Indenture and this Second Supplemental Indenture, the terms in this Second Supplemental Indenture shall prevail.

Subject to the foregoing, in this Second Supplemental Indenture and in the Series 2012-1 Debentures, the following terms have the following meanings.

"**90% Redemption Right**" has the meaning ascribed thereto in Section 2.2(j);

"**Book-Based System**" means the record entry securities transfer system which is administered by CDS in accordance with the operating rules and procedures of the securities settlement service of CDS, in force from time to time, and any successor system thereof;

"**CDS**" means CDS Clearing and Depository Services Inc., and its successors and assigns;

"**Change of Control**" means the acquisition by any Person, or group of Persons acting jointly or in concert, of voting control or direction over 66⅔% or more of the votes attaching, collectively, to (i) outstanding Trust Units; and (ii) Exchangeable Securities; but for the purposes of this Indenture shall not include any: (x) restructuring or reorganization involving Chartwell or any of its assets or Subsidiaries or any issuance, cancellation or other change or amendment to the number or characteristics of Trust Units or Special Voting Units, effected for the purpose, whether direct or indirect, of addressing, complying with, or permitting Chartwell to qualify as or meet the requirements of the definition of "real estate investment trust" or "REIT" contained in, any legislation made pursuant to or in furtherance of the proposed changes to the taxation of income trusts for Canadian federal income tax purposes announced by the Minister of Finance (Canada) on October 31, 2006 as described in the Backgrounder released in conjunction therewith, or the Notice of Ways and Means Motion tabled in the House of Commons on November 2, 2006 and adopted on November 7, 2006 in respect of such proposed changes; or (y) such acquisition by any Person, or group of Persons acting jointly or in concert, where such acquisition occurs solely in connection with an Income Trust Conversion Transaction;

"**Change of Control Notice**" has the meaning ascribed thereto in Section 2.2(j);

"**Continuing Corporation**" means a corporation into which Chartwell converts pursuant to an Income Trust Conversion Transaction;

"**Election**" has the meaning attributed to it in Section 2.2(j);

"**Income Trust Conversion Transaction**" means a transaction in which Chartwell converts from an income trust to a corporate structure and no Person or group of Persons acting jointly or in concert, following the completion of the conversion transaction, has voting control or direction of more than 66⅔% of the votes attaching to the voting shares of the Continuing Corporation;

"**Maturity Date**" has the meaning attributed to it in Section 2.2(c);

"**Maturity Notice**" has the meaning ascribed thereto in Section 2.2(g);

"**Put Date**" has the meaning ascribed thereto in Section 2.2(j);

"**Put Price**" has the meaning ascribed thereto in Section 2.2(j);

"**Put Right**" has the meaning ascribed thereto in Section 2.2(j);

"**Series 2012-1 Debentures**" has the meaning ascribed thereto in the recitals and described in Section 2.2;

"**Time of Expiry**" has the meaning ascribed thereto in Section 2.2(f); and

"**Total Put Price**" has the meaning ascribed thereto in Section 2.2(j).

ARTICLE 2
THE SERIES 2012-1 DEBENTURES

2.1 Creation and Designation

Chartwell is authorized to issue under this Second Supplemental Indenture a series of Debentures designated "Series 2012-1 5.7% Convertible Unsecured Subordinated Debentures due March 31, 2018", which will have the terms set out in herein and in accordance with the Trust Indenture.

2.2 Terms of Series 2012-1 Debentures

(a) The Series 2012-1 Debentures authorized for issue immediately is limited to an aggregate principal amount of $135,000,000.

(b) The Series 2012-1 Debentures shall be dated as of March 9, 2012, regardless of their actual date of issue, shall mature on March 31, 2018 and shall bear interest from March 9, 2012 at the rate of 5.7% per annum, payable in equal semi-annual payments on March 31 and September 30 in each year, after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually. The record dates for the payment of interest will be March 15 and September 15 in each year (or the first Business Day following such date if not a Business Day). The first payment shall be made on September 30, 2012 and will include accrued and unpaid interest for the period from and including March 9, 2012 to but excluding September 30, 2012 and the last such payment to fall due on March 31, 2018. Interest will be payable based upon a 365-day year. Not less than five Business Days prior to the date any payment is to be made, Chartwell shall provide the Trustee with a written direction of Chartwell specifying the payments to be made. The Trustee shall not be responsible for calculating the amount of interest owing, but shall be entitled to rely absolutely on the written direction of Chartwell specifying the payments to be made.

(c) The Series 2012-1 Debentures will be redeemable by Chartwell in accordance with the terms of Article 4 of the Trust Indenture, provided that the Series 2012-1 Debentures will not be redeemable before March 31, 2015, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as outlined in Section 2.2(j). On and after March 31, 2015 and prior to March 31, 2017, the Series 2012-1 Debentures may be redeemed in whole at any time or in part from time to time at the option of Chartwell on notice as provided for in Section 4.3 of the Trust Indenture at a Redemption Price for the Series 2012-1 Debentures equal to their principal amount provided that the Current Market Price immediately preceding the date on which such notice of redemption is given is not less than 125% of the Conversion Price and Chartwell shall have provided to the Trustee an Officer's Certificate confirming such Current Market Price. On and after March 31, 2017 and prior to March 31, 2018 (the "**Maturity Date**"), the Series 2012-1 Debentures may be redeemed by Chartwell in whole at any time or in part from time to time at the option of Chartwell on notice as provided for in Section 4.3 of the Trust Indenture at a Redemption Price for the Series 2012-1 Debentures equal to their principal amount. The Redemption Notice for the Series 2012-1 Debentures shall be in the form of Schedule B to the Trust Indenture. Holders of the Series 2012-1 Debentures being redeemed shall be entitled to receive, in addition to the Redemption Price, accrued and unpaid interest in respect thereof for the period up to but excluding the Redemption Date from and including the latest Interest Payment Date.

(d) The Series 2012-1 Debentures will be subordinated to the Senior Indebtedness of Chartwell in accordance with the provisions of Article 5 of the Trust Indenture; provided, however, that nothing contained in this Indenture shall in any way or manner restrict Chartwell from incurring, directly or indirectly, any additional indebtedness, including indebtedness that ranks senior to the Series 2012-1 Debentures, or from mortgaging, pledging or charging real or personal property or properties of Chartwell or its Subsidiaries to secure any indebtedness.

(e) The Series 2012-1 Debentures will, effective as of the issue date thereof, be listed and posted for trading on the TSX and Chartwell will take all reasonable steps to cause such listing to be maintained so long as any such Series 2012-1 Debentures remain outstanding and to maintain its status as a reporting issuer (or the equivalent thereof) not in default of Applicable Securities Legislation.

(f) Upon and subject to the provisions and conditions of Article 6 of the Trust Indenture, the holder of each Series 2012-1 Debenture shall have the right, at such holder's option, at any time prior to 4:00 p.m. (Toronto time) on the earlier of the Maturity Date and the last Business Day immediately preceding the date specified by Chartwell for redemption of the Series 2012-1 Debentures by notice to the holders of Series 2012-1 Debentures in accordance with Section 2.2(c) above and Section 4.3 of the Trust Indenture (the earlier of which will be the "**Time of Expiry**" for the purposes of Article 6 of the Trust Indenture in respect of the Series 2012-1 Debentures), to convert the whole or, in the case of a Series 2012-1 Debenture of a denomination in excess of $1,000, any part which is $1,000 or an integral multiple thereof, of the principal amount of such Series 2012-1 Debenture into Freely Tradeable Trust Units at the Conversion Price for the Series 2012-1 Debentures in effect on the Date of Conversion. No Series 2012-1 Debentures may be converted at any time on or following the record date for determining Unitholders entitled to receive securities or other property in respect of an Income Trust Conversion Transaction if the issuance of Trust Units upon such conversion would prohibit Chartwell from being wound up on a tax-deferred basis as a result of there being Trust Units held by persons other than the Continuing Corporation or if the issuance of Trust Units would otherwise adversely affect the tax consequences associated with the Income Trust Conversion Transaction.

The Conversion Price for the Series 2012-1 Debentures in effect on the date hereof for each Trust Unit to be issued upon the conversion of Series 2012-1 Debentures shall be equal to $11.00 such that approximately 90.9091 Trust Units shall be issued for each $1,000 principal amount of Series 2012-1 Debentures so converted. No adjustment to the Conversion Price will be made for distributions on Trust Units issuable on conversion or for interest accrued on the Series 2012-1 Debentures surrendered for conversion, however holders converting their Series 2012-1 Debentures shall be entitled to receive, in addition to the applicable number of Freely Tradeable Trust Units, accrued and unpaid interest, if any, in respect thereof for the period from the last Interest Payment Date, up to and including the last record date in respect of the Trust Units set by Chartwell prior to the Date of Conversion for determining the Unitholders entitled to receive a distribution on the Trust Units; provided that in the event Chartwell has suspended regular distributions or an announcement has been made giving notice of the suspension of regular distributions to holders of Trust Units prior to the date on which a Debenture holder converts the Series 2012-1 Debentures held by such holder and such suspension is in effect on the Date of Conversion, then a Debenture holder, in addition to the applicable number of Trust Units to be received on conversion, will be entitled to receive accrued and unpaid interest for the period from the last Interest Payment Date prior to the Date of Conversion to and including the Date of Conversion. The Conversion Price applicable to, and the Trust Units, securities or other property receivable on the conversion of the Series 2012-1 Debentures, is subject to adjustment pursuant to the provisions of Section 6.4 of the Trust Indenture.

(g) On redemption or on maturity of the Series 2012-1 Debentures, Chartwell may, at its option and subject to the provisions of Section 4.6 of the Trust Indenture and Section 4.10 of the Trust Indenture as applicable, and subject to regulatory approval, if required, elect to satisfy its obligation to pay the principal amount of the Series 2012-1 Debentures, in whole or in part, by issuing and delivering Freely Tradeable Trust Units to the holders of Series 2012-1 Debentures. If Chartwell elects to exercise such option, it shall deliver a Redemption Notice or a maturity notice (the "**Maturity Notice**"), as the case may be, to the holders of the Series 2012-1 Debentures in the form of Schedule B attached hereto or Schedule C attached hereto, as applicable.

(h) The Series 2012-1 Debentures shall be issued as one or more Global Debentures in denominations of $1,000 and integral multiples of $1,000 and the Trustee is hereby appointed as registrar and transfer agent for the Series 2012-1 Debentures. Each Series 2012-1 Debenture and the certificate of the Trustee endorsed thereon shall be issued in substantially the form set out in Schedule A attached hereto, with such insertions, omissions, substitutions or other variations as shall be required or permitted by this Indenture and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the trustees of Chartwell executing such Global Debentures in accordance with Section 2.7 of the Trust Indenture, as conclusively evidenced by their execution of a Global Debenture. Each Series 2012-1 Debenture shall additionally bear such distinguishing letters and numbers as the Trustee shall approve. Notwithstanding the foregoing, a Series 2012-1 Debenture may be in such other form or forms as may, from time to time, be approved by a resolution of the trustees of Chartwell or as specified in an Officer's Certificate. The Series 2012-1 Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The Series 2012-1 Debentures shall be issued as Global Debentures and the Depository or Depositories for such Global Debentures in whose name the Global Debentures will be registered (and the Global Debentures may be registered in the name of a nominee of the Depository), and any circumstances other than or in addition to those set forth in Section 3.2 of the Trust Indenture in which any such Global Debenture may be exchanged for Series 2012-1 Debentures in registered form that are not Global Debentures, or transferred to and registered in the name of a person other than the Depository for such Global Debentures or a nominee thereof, shall be determined by Chartwell at the time of issue.

(i) Upon and subject to the provisions and conditions of Article 11 of the Trust Indenture, Chartwell may elect, from time to time, to satisfy its Interest Obligation, in whole or in part, on the Series 2012-1 Debentures on any Interest Payment Date by delivering Freely Tradeable Trust Units to the Trustee.

(j) Upon the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 2.2(j), holders of Series 2012-1 Debentures have a right to require Chartwell to purchase their Series 2012-1 Debentures. The terms and conditions of such right are set forth below:

(i) Upon the occurrence of a Change of Control, each holder of Series 2012-1 Debentures shall have the right (the "**Put Right**") to require Chartwell to purchase, on the date (the "**Put Date**") which is 30 days following the date upon which the Trustee delivers a Change of Control Notice (as defined below) to the holders of Series 2012-1 Debentures, all or any part of such holder's Series 2012-1 Debentures in accordance with the requirements of Applicable Securities Legislation at a price equal to 101% of the principal amount thereof (the "**Put Price**") plus accrued and unpaid interest on such Series 2012-1 Debentures up to, but excluding, the Put Date (less any tax required to be withheld) (collectively, the "**Total Put Price**").

(ii) Chartwell will, as soon as practicable after the occurrence of a Change of Control and in any event no later than five Business Days thereafter, give written notice to the Trustee of the Change of Control. Such written notice of Chartwell shall be in the form of Schedule D attached hereto and shall state whether the Total Put Price will be payable in cash or satisfied, in whole or in part, by the issuance of Freely Tradeable Trust Units as contemplated in Section 2.2(j)(xiii). The Trustee will, as soon as practicable thereafter, and in any event no later than two Business Days after receiving notice from Chartwell of the occurrence of a Change of Control, provide written notice to the holders of Series 2012-1 Debentures of a Change of Control (the "**Change of Control Notice**"). The Change of Control Notice shall be prepared by Chartwell and shall include: (A) a description of the Change of Control; (B) details of the Put Right under the terms of this Indenture; (C) details regarding whether the Total Put Price is to be paid in cash or, in whole or in part, in Freely Tradeable Trust Units; (D) a statement that each holder will be entitled to withdraw its election (the "**Election**") to require Chartwell to purchase such Series 2012-1 Debentures if the Trustee receives, no later than the close of business on the third Business Day immediately preceding the Put Date, a facsimile transmission or letter setting forth the name of such holder, the principal amount of the Series 2012-1 Debentures delivered for purchase and a statement that such holder is withdrawing his Election to have such Series 2012-1 Debentures purchased; and (E) a description of the rights of Chartwell to redeem untendered Series 2012-1 Debentures in accordance with Section 2.2(j)(iv) of this Indenture.

(iii) To exercise the Put Right, the holder of Series 2012-1 Debentures must deliver to the Trustee, not less than five Business Days prior to the Put Date, written notice of the holder's exercise of such right in the form attached as Schedule E attached hereto together with (a) the Series 2012-1 Debentures with respect to which the right is being exercised, duly endorsed for transfer, or (b) if the Series 2012-1 Debentures have been issued as Global Debentures, a duly endorsed form of transfer.

(iv) If 90% or more in aggregate principal amount of Series 2012-1 Debentures outstanding on the date Chartwell provides notice of a Change of Control to the Trustee have been tendered for purchase pursuant to the

Put Right in accordance with Section 2.2(j)(iii) of this Indenture, Chartwell has the right (but not the obligation) upon written notice provided to the Trustee prior to the Put Date, to redeem all the remaining outstanding Series 2012-1 Debentures on the Put Date at the Total Put Price (the "**90% Redemption Right**").

(v) Upon receipt of written notice that Chartwell shall exercise the 90% Redemption Right and acquire the remaining Series 2012-1 Debentures, the Trustee shall as soon as reasonably possible provide written notice to all holders of Series 2012-1 Debentures that did not previously exercise the Put Right that:

(A) Chartwell has exercised the 90% Redemption Right and will purchase all outstanding Series 2012-1 Debentures on the Put Date at the Total Put Price, including a calculation of such holder's Total Put Price;

(B) Such holders must transfer their Series 2012-1 Debentures to the Trustee on the same terms as those holders that exercised the Put Right and must send their respective Series 2012-1 Debentures, duly endorsed for transfer, or their duly endorsed form of transfer, as applicable, to the Trustee within 10 days after sending of such notice; and

(C) Subject to Section 2.2(j)(viii) of this Indenture, the rights of such holders under the terms of the Series 2012-1 Debentures cease as of the Put Date provided Chartwell has either paid the Total Put Price to, or to the order of, the Trustee and/or deposited with the Trustee Freely Tradeable Trust Units in lieu thereof as contemplated in Section 2.2(j)(xiii) of this Indenture, and thereafter the Series 2012-1 Debentures shall not be considered to be outstanding and the holder shall not have any right except to receive the Total Put Price upon surrender and delivery of such holders' Series 2012-1 Debentures in accordance with the Indenture.

(vi) Subject to Section 2.2(j)(xiii) of this Indenture, Chartwell shall, on or before 11:00 a.m., (Toronto time) on the Business Day immediately prior to the Put Date, deposit with the Trustee or any paying agent to the order of the Trustee by an electronic funds transfer of such sums of money on the Put Date, such sums of money as may be sufficient to pay the Total Put Price of the Series 2012-1 Debentures to be purchased or redeemed by Chartwell on the Put Date. The Trustee shall disburse such payments only upon receiving the required funds. To the extent requested by the Trustee, Chartwell shall also deposit with the Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Trustee in connection with such purchase and/or redemption, as the case may be. Every such deposit shall be irrevocable. From the sums so deposited, the Trustee shall pay or cause to be paid to the holders of such Series 2012-1

Debentures, the Total Put Price, and interest, if any, to which they are entitled on Chartwell's purchase or redemption. The Trustee shall not be responsible for calculating the amount owing but shall be entitled to rely on the written direction of Chartwell specifying the payments to be made.

(vii) In the event that one or more of such Series 2012-1 Debentures being purchased in accordance with this Section 2.2(j) becomes subject to purchase in part only, upon surrender of such Series 2012-1 Debentures for payment of the Total Put Price, Chartwell shall execute and the Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order, one or more new Series 2012-1 Debentures for the portion of the principal amount of the Series 2012-1 Debentures not purchased.

(viii) Series 2012-1 Debentures for which holders have exercised the Put Right and Series 2012-1 Debentures which Chartwell has elected to redeem in accordance with this Section 2.2(j) shall become due and payable at the Total Put Price on the Put Date, in the same manner and with the same effect as if it were the date of maturity specified in such Series 2012-1 Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Put Date, if the money and/or Freely Tradeable Trust Units, as applicable, necessary to purchase or redeem the Series 2012-1 Debentures shall have been deposited as provided in this Section 2.2(j) and affidavits or other proof satisfactory to the Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Series 2012-1 Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Trustee whose decision shall be final and binding upon all parties in interest.

(ix) In case the holder of any Series 2012-1 Debenture to be purchased or redeemed in accordance with this Section 2.2(j) shall fail on or before the Put Date to so surrender such holder's Series 2012-1 Debenture or duly endorsed form of transfer or shall not within such time accept payment of the moneys payable, or take delivery of certificates representing any Trust Units issuable in respect thereof, or give such receipt therefor, if any, as the Trustee may require, such moneys may be set aside in trust, or such certificates may be held in trust without interest, either in the deposit department of the Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and, to that extent, the Series 2012-1 Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the moneys so paid and deposited, or to take delivery of the certificates so deposited, upon surrender and delivery up of such holder's Series 2012-1 Debenture, of the money set aside plus accrued and unpaid interest to the Put Date and subsequent distribution and accretions, on such Trust Units, if any, as the case may be. In the event that any money, or certificates, required to be deposited hereunder with the Trustee or any depositary or paying agent on account of principal, premium, if any, or interest, if any, on Series 2012-1 Debentures issued hereunder shall remain so deposited for a period of ten years from the Put Date, then such moneys, or certificates, together with any accumulated interest thereon, shall at the end of such period be paid over or delivered over by the Trustee or such depositary or paying agent to Chartwell and the Trustee shall not be responsible to Debentureholders for any amounts owing to them and, subject to applicable law, thereafter the holder of a Series 2012-1 Debenture in respect of which such money was so repaid to Chartwell shall have no rights thereof except to obtain the payment of the money or certificates due from Chartwell, subject to any limitation period provided by the laws of Ontario. Notwithstanding the foregoing, the Trustee will pay any remaining funds deposited hereunder prior to the expiry of ten years after the Put Date to Chartwell upon receipt from Chartwell of an unconditional letter of credit from a Canadian chartered bank in an amount equal to or in excess of the amount of the remaining funds. If the remaining funds are paid to Chartwell prior to the expiry of ten years after the Put Date, Chartwell shall reimburse the Trustee for any amounts required to be paid by the Trustee to a holder of a Series 2012-1 Debenture pursuant to the Put Right after the date of such payment of the remaining funds to Chartwell but prior to ten years after the Put Date and such letter of credit shall be reduced to the extent of the amount of such reimbursement. If Chartwell fails to so reimburse the Trustee, the Trustee may draw on the letter of credit.

(x) Subject to the provisions above related to Series 2012-1 Debentures purchased in part, all Series 2012-1 Debentures redeemed and paid under this Section 2.2(j) shall forthwith be delivered to the Trustee and cancelled and no Series 2012-1 Debentures shall be issued in substitution therefor.

(xi) Chartwell will publicly announce the results of the purchases made pursuant to Section 2.2(j) as soon as practicable after the Put Date.

(xii) Chartwell will comply with all Applicable Securities Legislation in the event that the Trust is required to repurchase Series 2012-1 Debentures pursuant to Section 2.2(j).

(xiii) Notwithstanding any other provision of this Indenture, Chartwell shall be entitled at its option, subject to regulatory approval, to deposit with the Trustee or any paying agent to the order of the Trustee, in lieu of all or any portion of the moneys which would otherwise be required to be deposited with the Trustee hereunder, Freely Tradeable Trust Units for purposes of making payment of all or any portion of the Total Put Price, the number of such Freely Tradeable Trust Units to be obtained by dividing the Total Put Price by 95% of the Current Market Price in effect on the Put Date. No fractional Trust Units shall be issued as payment of the Total Put Price but in lieu thereof Chartwell shall satisfy fractional interests by a cash payment equal to the Current Market Price in effect on the Put Date. In all other respects, in paying the Total Put Price Chartwell shall be subject to the requirements of Section 2.2(j)(iv) and the Trustee shall, in making payment to holders of such Series 2012-1 Debentures pursuant to Section 2.2(j)(iv) of this Indenture of the Total Put Price, make payment using such Freely Tradeable Trust Units. In the event Chartwell exercises its right pursuant to this Section 2.2(j)(xiii) to deliver Freely Tradeable Trust Units, the provisions of paragraphs (c) to (k) inclusive of Section 4.10 of the Trust Indenture shall apply, *mutatis mutandis*.

(xiv) If Chartwell elects to satisfy its obligation, in whole or in part, to pay the Total Put Price by issuing Freely Tradeable Trust Units in accordance with this Section 2.2(j), and if the Total Put Price (or any portion thereof) to which a holder is entitled is subject to withholding taxes, the Trustee, on the written direction of Chartwell but for the account of the holder, shall sell, through the investment banks, brokers or dealers selected by Chartwell, out of the Freely Tradeable Trust Units issued by Chartwell for this purpose, such number of Freely Tradeable Trust Units that is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and shall remit same on behalf of Chartwell to the proper tax authorities within the period of time prescribed for this purpose under applicable laws.

2.3 Issue of Global Debentures

The Series 2012-1 Debentures shall be issued in whole as one Global Debenture registered in the name of CDS & Co., or in the name of such other entity as is requested by CDS, as Depository, or in such other name as may be designated by Chartwell in the written direction of Chartwell delivered to the Trustee at the time of issue of the Series 2012-1 Debentures, and in such event Chartwell shall execute and the Trustee shall certify and deliver the Global Debenture that shall:

(a) represent an aggregate amount equal to the principal amount of the outstanding Series 2012-1 Debentures represented by the Global Debenture;

(b) be delivered by the Trustee to such Depository or pursuant to such Depository's instructions; and

(c) bear a legend substantially to the following effect:

"THIS CERTIFICATE IS REGISTERED IN THE NAME OF CDS & CO. AS NOMINEE OF CDS CLEARING AND DESPOSITORY SERVICES INC. ("**CDS**"). UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS TO CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS). ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR

TO ANY PERSON IS WRONGFUL SINCE THE REIGSTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND ITS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE."

2.4 Book-Based System

(a) Registrations of ownership and transfers of the Series 2012-1 Debentures will be made only through the Book-Based System.

(b) The rights of holders of any beneficial interest in the Series 2012-1 Debentures represented by a Global Debenture (including the right to receive a certificate or other instrument evidencing an ownership interest in such Series 2012-1 Debentures) will be exercised only through CDS, acting for this purpose as agent of Chartwell, or by proxy issued by CDS or its clearing agency participants and will be limited to those rights established by applicable law and agreements between CDS and its participants and between such participants and holders of such interests.

(c) Neither Chartwell nor the Trustee will be under any obligation to deliver, nor will the holder of an interest in the Series 2012-1 Debentures represented by a Global Debenture have any right, except as provided in Section 2.4(d) of this Indenture, to require the delivery of a certificate evidencing a Series 2012-1 Debenture to the holder of the interest in such Series 2012-1 Debenture.

(d) Chartwell will deliver to the Trustee definitive Series 2012-1 Debentures in fully registered form to be issued to beneficial holders, will allow transfers of Series 2012-1 Debentures other than within the Book-Based System and will make, or cause to be made, payments or distributions required to be made under this Second Supplemental Indenture to beneficial holders if:

   (i) Chartwell is required to do so by applicable law;

   (ii) the Book-Based System ceases to exist;

   (iii) CDS notifies Chartwell that it is no longer willing or able to discharge properly its responsibilities as depositary or if at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and Chartwell and Trustee are unable to find a qualified successor; or

   (iv) Chartwell elects in its sole discretion to terminate the record entry system through CDS for any reason (including, without limitation, in circumstances where Chartwell considers it impracticable or inefficient to effect any distribution of Series 2012-1 Debentures through the Book-Based System or through the facilities of CDS).

(e) While the Series 2012-1 Debentures are represented by a Global Debenture, Chartwell and the Trustee will deal with CDS for all purposes, including the making of payments on the Series 2012-1 Debentures, as the sole holder of the Series 2012-1 Debentures and the authorized representative of the beneficial holders of the Series 2012-1 Debentures. In particular, the Trustee will give only to CDS all notices or other communications required to be provided to holders of Series 2012-1 Debentures.

2.5 Additional Amounts

Chartwell will not be required to pay an additional amount on the Series 2012-1 Debentures in respect of any tax, assessment or government charge withheld or deducted.

2.6 Trustee, etc.

The Trustee will be the trustee, authenticating agent, paying agent, transfer agent and registrar for the Series 2012-1 Debentures.

ARTICLE 3
MISCELLANEOUS

3.1 Contractual Right of Rescission

In the event that the short form prospectus (the "**Prospectus**") of Chartwell dated March 2, 2012 qualifying the distribution of the Series 2012-1 Debentures, or any amendment thereto, contains a misrepresentation (as defined under applicable securities laws), original purchasers of the Series 2012-1 Debentures that have exercised the conversion privilege described in Section 2.2(f) hereof and converted their Series 2012-1 Debentures into Trust Units will have a contractual right of rescission against Chartwell entitling them to receive from Chartwell, upon surrender to Chartwell of the Trust Units issued upon such conversion, the amount paid for such Series 2012-1 Debentures, provided that such right of recession is exercised within 180 days of the date of purchase of the Series 2012-1 Debentures under the Prospectus. The foregoing contractual right of rescission shall be subject to the defences described under section 130 of the *Securities Act* (Ontario), which is incorporated herein by reference, *mutatis mutandis*, and any other defence or defences available to Chartwell under applicable laws, rules and instruments. No action shall be commenced to enforce the foregoing right of rescission more than 180 days after the date of purchase of the Series 2012-1 Debentures under the Prospectus.

3.2 Continuing Corporation

Notwithstanding any other provision in the Trust Indenture, if Chartwell becomes a Continuing Corporation, in addition to the adjustment to the terms of the conversion privilege provided for in Section 6.4(d) of the Trust Indenture, the Series 2012-1 Debentures shall, without the consent of any holder of 2012-1 Debentures, become debentures of the Continuing Corporation having substantially the same terms as the 2012-1 Debentures and which shall be valid and binding obligations of the Continuing Corporation.

3.3 Trustee Accepts Trusts

The Trustee accepts the trusts declared in this Second Supplemental Indenture and agrees to perform the same upon the terms and conditions set out in this Second Supplemental Indenture and in accordance with the Trust Indenture.

3.4 Trustee Not Bound to Act

The Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Trustee, in its sole judgment, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Trustee, in its sole judgement, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days written notice to Chartwell, provided (i) that the Trustee's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.

3.5 Force Majeure

Except for the payment obligations of Chartwell contained herein, neither party shall be liable to the other, or held in breach of this Second Supplemental Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Second Supplemental Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 3.5.

3.6 Counterparts

This Second Supplemental Indenture may be executed in several counterparts, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument.

3.7 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Debenture attached hereto as Schedule A, be drawn up in the English language only. Chacune des parties aux présentes reconnaît qu'elle a demandé que la présente convention et tous les documents s'y rattachant, notamment le texte des débentures joint aux présentes à titre d'annexe A, soient rédigés en anglais seulement.

[Signature Page Follows]

IN WITNESS WHEREOF the parties have executed this Second Supplemental Indenture under the hands of their proper officers.

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST, by its authorized signatory

By: "*Vlad Volodarski*"
Vlad Volodarski
Chief Financial Officer

COMPUTERSHARE TRUST COMPANY OF CANADA

By: "*Lisa Kudo*"
Name: Lisa Kudo
Title: Corporate Trust Officer

By: "*Danny Snider*"
Name: Danny Snider
Title: Corporate Trust Officer

SCHEDULE A
FORM OF SERIES 2012-1 DEBENTURE

"THIS CERTIFICATE IS REGISTERED IN THE NAME OF CDS & CO. AS NOMINEE OF CDS CLEARING AND DESPOSITORY SERVICES INC. ("**CDS**"). UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS TO CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS). ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REIGSTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND ITS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE."

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST
(A TRUST GOVERNED BY THE LAWS OF ONTARIO)

SERIES 2012-1 5.7% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES DUE March 31, 2018

No. ● CUSIP 16140UAC4
ISIN CA16140UAC41

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST ("**CHARTWELL**") for value received hereby acknowledges itself indebted and, subject to the provisions of the Trust Indenture dated as of November 28, 2006 between Chartwell and Computershare Trust Company of Canada (the "**Trustee**") and the second supplemental indenture dated as of March 9, 2012 between Chartwell and the Trustee (collectively, the "**Indenture**"), promises to pay to the registered holder hereof on March 31, 2018 (the "**Maturity Date**") or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture the principal sum of _______________________________________ DOLLARS in lawful money of Canada on presentation and surrender of this Series 2012-1 Debenture at the main branch of the Trustee in Toronto, Ontario, in accordance with the terms of the Indenture and, subject as hereinafter provided, to pay interest on the principal amount hereof from the date hereof, or from the last Interest Payment Date on which interest shall have been paid or made available for payment hereon, whichever is later, at the rate of 5.7% per annum, in like money in arrears in equal semi-annual instalments (less any tax required by law to be withheld) on March 31 and September 30 in each year, except the first payment which shall be made on September 30, 2012 will include accrued and unpaid interest for the period from and including March 9, 2012 to but excluding September 30, 2012 and, the last such payment to fall due on March 31, 2018, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, compounded semi-annually.

Interest hereon shall be payable by electronic funds transfer to the registered holder hereof and, subject to the provisions of the Indenture, the making of such transfer of funds shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Series 2012-1 Debenture.

This Series 2012-1 Debenture is one of the Debentures of Chartwell issued or issuable in one or more series under the provisions of the Indenture. The authorized principal amount of the Series 2012-1 Debentures are limited to an aggregate principal amount of $135,000,000 in lawful money of Canada and the authorized principal amount of Additional Debentures which may be issued under the Indenture is unlimited. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Series 2012-1 Debentures are or are to be issued and held and the rights and remedies of the holders of the Series 2012-1 Debentures and of Chartwell and of the Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Series 2012-1 Debenture by acceptance hereof assents.

The Series 2012-1 Debentures are issuable only in denominations of $1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Series 2012-1 Debentures of any denomination may be exchanged for an equal aggregate principal amount of Series 2012-1 Debentures in any other authorized denomination or denominations.

The whole, or if this Series 2012-1 Debenture is in a denomination in excess of $1,000 any part of which is $1,000 or an integral multiple thereof, of the principal of this Series 2012-1 Debenture is convertible, at the option of the holder hereof, upon surrender of this Series 2012-1 Debenture at the Designated Office, at any time but not after 4:00 p.m. (Toronto time) on the earlier of the Maturity Date and the last Business Day immediately preceding the date specified for redemption of this Series 2012-1 Debenture, into Freely Tradeable Trust Units of Chartwell (without adjustment to the Conversion Price for distributions on Trust Units issuable on conversion or for interest accrued on the Series 2012-1 Debentures surrendered for conversion however holders converting their Series 2012-1 Debentures shall be entitled to receive, in addition to the applicable number of Freely Tradeable Trust Units, accrued and unpaid interest, if any, in respect thereof as provided in the Indenture) at a conversion price of $11.00 (the "Conversion Price") per Trust Unit, being a rate of approximately 90.9091 Trust Units for each $1,000 principal amount of Series 2012-1 Debentures, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Trust Units will be issued on any conversion but in lieu thereof, Chartwell will satisfy such fractional interest by a cash payment equal to the Conversion Price of such fractional interest determined in accordance with the Indenture.

The Series 2012-1 Debenture may be redeemed at the option of Chartwell on the terms and conditions set out in the Indenture at the redemption price therein set out. This Series 2012-1 Debenture is not redeemable prior to March 31, 2015, except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On and after March 31, 2015 but prior to March 31, 2017 this Series 2012-1 Debenture is redeemable in whole at any time or in part from time to time, at the option of Chartwell provided that Chartwell files with the Trustee on the day that the Redemption Notice in respect of this Series 2012-1 Debenture is first given, an Officer's Certificate of Chartwell certifying that the weighted average trading price per Trust Unit on the Toronto Stock Exchange (or elsewhere in accordance with the Indenture) for 20 consecutive trading days ending on the fifth trading day preceding the date on which such notice is given, is not less than 125% of the Conversion Price then in effect. On and after March 31, 2017 and prior to the Maturity Date, this Series 2012-1 Debenture may be redeemed by Chartwell in whole at any time or in part from time to time, a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest in respect thereof for the period up to but excluding, the Redemption Date from the latest Interest Payment Date.

No 2012-1 Debentures may be converted at any time on or following the record date for determining Unitholders entitled to receive securities or other property in respect of an Income Trust Conversion Transaction (as defined in the Indenture) if the issuance of Trust Units upon such conversion would prohibit Chartwell from being wound up on a tax deferred basis as a result of there being Trust Units held by persons other than the Continuing Corporation (as defined in the Indenture) or if the issuance of Trust Units would otherwise adversely affect the tax consequences associated with the Income Trust Conversion Transaction.

This Series 2012-1 Debenture is a Global Debenture within the meaning of the Indenture hereinafter referred to and is registered in the name of a Depository or a nominee thereof. This Series 2012-1 Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Upon the occurrence of a Change of Control, each holder of Series 2012-1 Debentures may require (the "**Put Right**") Chartwell to purchase on the date (the "**Put Date**") that is 30 days following the giving of notice by the Trustee of the Change of Control the whole or any part of such holder's Series 2012-1 Debentures at a price equal to 101% of the principal amount of such Series 2012-1 Debentures plus accrued and unpaid interest up to, but excluding, the Put Date. Chartwell, at its option, may elect to satisfy such purchase price either by payment in cash or by the issuance of Trust Units of Chartwell. If 90% or more of the principal amount of all Series 2012-1 Debentures outstanding on the date Chartwell provides notices of a Change of Control to the Trustee have been tendered for purchase pursuant to the Put Right, Chartwell has the right (but not the obligation) to redeem all the remaining outstanding Series 2012-1 Debentures on the Put Date and at the same price and in the same form.

As more specifically provided in the Indenture, if a take-over bid for Series 2012-1 Debentures, within the meaning of the *Securities Act* (Ontario) is made and not less than 90% of the principal amount of all the Series 2012-1 Debentures (other than Series 2012-1 Debentures held at the date of the take-over bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Series 2012-1 Debentures of those holders who did not accept the offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Series 2012-1 Debentures.

Chartwell may, on notice as provided in the Indenture, at its option and (subject to any applicable regulatory approval), elect to satisfy the obligation to repay the principal amount of this Series 2012-1 Debenture on the Maturity Date, on redemption or in satisfaction of the Put Right by the issue of that number of Freely Tradable Trust Units obtained by dividing the principal amount of this Series 2012-1 Debenture by 95% of the Current Market Price on the Maturity Date, the date fixed for redemption or the Put Date, as the case may be.

The indebtedness evidenced by this Series 2012-1 Debenture, and by all other Series 2012-1 Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of Chartwell, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, as defined in the Indenture, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed. This Series 2012-1 Debenture is subordinate to claims or creditors of the Chartwell's Subsidiaries, except to the extent Chartwell is a creditor of such Subsidiaries ranking at least *pari passu* with such other creditors.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding hereunder (or in certain circumstances, specific series of Debentures) resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding (or specific series), which resolutions or instruments may have the effect of amending the terms of this Series 2012-1 Debenture or the Indenture.

The Indenture contains provisions disclaiming any personal liability on the part of holders of Trust Units or annuitant or beneficiary of a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, or deferred profit sharing plan, or the trustees, officers or agents of Chartwell in respect of any obligation or claim arising out of the Indenture or this Series 2012-1 Debenture and limiting recourse for such obligation or claim only to the assets from time to time of Chartwell.

This Series 2012-1 Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal office of the Trustee in Toronto, Ontario and in such other place or places as Chartwell with the approval of the Trustee may designate. No transfer of this Series 2012-1 Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their attorney duly appointed by an instrument in form and substance satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee may prescribe and upon surrender of this Series 2012-1 Debenture for cancellation. Thereupon a new Series 2012-1 Debenture or Series 2012-1 Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

At no time may non-residents of Canada be the beneficial owners (on either a basic or fully-diluted basis) of more than 49% of Trust Units, whether by way of conversion of Debentures to Trust Units, repayment of Debentures by issuance of Trust Units, or otherwise and Chartwell has notified the Trustee, if necessary, and the Transfer Agent of this restriction in writing. The Trustee shall, upon receipt of a written direction of Chartwell, deliver to the registered owners of Debentures a form of declaration as to the jurisdictions in which beneficial owners of Debentures are resident and shall require the completion and return of such declarations from each registered owner. If Chartwell notifies the Trustee in writing that, as a result of such declarations as to beneficial ownership, the beneficial owners (on either a basic or fully diluted basis) of more than 49% of the Trust Units are, or may be, non-residents or that such a situation is imminent, Chartwell may require the Trustee to make a public announcement thereof and Chartwell may instruct, in writing, the Trustee not to accept a subscription for

Debentures from or issue or register a transfer of Debentures to a Person unless the Person provides a declaration that the Person is not a non-resident and does not hold his or her Debentures for the benefit of a non-resident. If, notwithstanding the foregoing, Chartwell notifies the Trustee in writing that more than 49% of the Trust Units are on either a basic or fully diluted basis beneficially owned by non-residents, Chartwell may give written instructions to the Trustee to send a notice to non-resident owners of Debentures and holders of Debentures for the benefit of non-residents, chosen in inverse order to the order of acquisition or registration of the Debentures or in such manner as the Trustee or Chartwell may consider equitable and practicable, requiring them to sell their Debentures or a portion thereof within a specified period of not more than 60 days. If the Debentureholders receiving such notice have not sold the specified number of Debentures or provided Chartwell and the Trustee with satisfactory evidence that they are not non-residents and do not hold Debentures for the benefit of a non-resident within such period, Chartwell may give written instructions to the Trustee that it shall, on behalf of such Debentureholder, and each such Debentureholder hereby grants a power of attorney to: (a) Chartwell to, sell or redeem such Debentures; and (b) the Trustee and Chartwell to, in the interim, suspend the rights attached to such Debentures. Upon such sale or redemption, the affected holders shall cease to be holders of Debentures and their rights shall be limited to receiving the net proceeds of sale or redemption upon surrender of such Debentures.

No liability shall accrue to Chartwell or the Trustee if a Debenture owned by a non-resident is sold at a loss to such person.

This Series 2012-1 Debenture shall not become obligatory for any purpose until it shall have been certified by the Trustee under the Indenture.

The Indenture is and this Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Capitalized words or expressions used in this Series 2012-1 Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture. **In the event that the terms and conditions stated in this Debenture conflict, or are inconsistent with, the terms and conditions of the Indenture, the Indenture shall prevail and take priority.**

IN WITNESS WHEREOF CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST has caused this Debenture to be signed by its authorized signatory as of the ● day of ●, 2012.

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST

Name:
Title:

TRUSTEE'S CERTIFICATE

This Series 2012-1 Debenture is one of the 5.7% Convertible Unsecured Debentures due March 31, 2018 referred to in the Indenture within mentioned.

Date:

Computershare Trust Company of Canada

By:

(Authorized Officer)

REGISTRATION PANEL

(No writing hereon except by Trustee)

Date of Registration	In Whose Name Registered	Signature of Trustee

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ______________________, whose address and social insurance number, if applicable, are set forth below, this Series 2012-l Debenture (or $_____________ principal amount hereof) of CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST standing in the name(s) of the undersigned in the register maintained by Chartwell with respect to such Series 2012-1 Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Series 2012-1 Debenture in such register, with full power of substitution in the premises.

Date:	
Address of Transferee:	
(Street Address, City, Province and Postal Code)	
Social Insurance Number of Transferee, if applicable:	

If less than the full principal amount of the within Series 2012-1 Debenture is to be transferred, indicate in the space provided the principal amount (which must be $1,000 or an integral multiple thereof, unless you hold an Series 2012-1 Debenture in a non-integral multiple of $1,000, in which case such Series 2012-1 Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Series 2012-1 Debenture in every particular without alteration or any change whatsoever. The signature must be guaranteed by an authorized officer of a Schedule 1 Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Medallion Signature Guarantee Program.
2. The registered holder of this Series 2012-1 Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Series 2012-1 Debenture.

Signature of Guarantor	
Authorized Officer	Signature of transferring registered holder
Name of Institution	

CONVERSION NOTICE

TO:	CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST
Note:	All capitalized terms used herein have the meaning ascribed thereto in the Indenture, unless otherwise indicated.

The undersigned registered holder of 5.7% Convertible Unsecured Subordinated Debentures bearing Certificate No. ______ irrevocably elects to convert such Debentures (or principal $_____________ amount thereof) in accordance with the terms of the Indenture and tenders herewith the Debentures, and, if applicable, directs that the Trust Units of Chartwell Seniors Housing Real Estate Investment Trust issuable upon a conversion be issued and delivered to the person indicated below.

Dated:	(Signature of Registered Holder)

If less than the full principal amount of this Debenture is being converted, indicate in the space provided the principal amount (which must be $1,000 or integral multiples thereof) to be converted.

NOTE: If Trust Units are to be issued in the name of a person other than the holder, the signature must be guaranteed by an authorized officer of a Schedule 1 Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Medallion Signature Guarantee Program.

The registered holder of this Series 2012-1 Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the conversion of this Series 2012-1 Debenture.

(Print name in which Trust Units are to be issued, delivered and registered)

Name:	
(Address)	(City, Province and Postal Code)
Name of guarantor:	
Authorized signature:	

SCHEDULE B
FORM OF REDEMPTION NOTICE

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST
5.7% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
REDEMPTION NOTICE

To: Holders of 5.7% Convertible Unsecured Subordinated Debentures (the "**Series 2012-1 Debentures**") of Chartwell Seniors Housing Real Estate Investment Trust ("**Chartwell**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the trust indenture (the "**Indenture**") dated as of November 28, 2006 between Chartwell and Computershare Trust Company of Canada (the "**Trustee**") as supplemented by the second supplemental indenture dated March 9, 2012 between Chartwell and the Trustee (the "**Second Supplemental Indenture**"), that $● aggregate principal amount of Series 2012-1 Debentures outstanding will be redeemed as of ● (the "**Redemption Date**"), upon payment of a redemption amount of $● for each $1,000 principal amount of Debentures, being equal to the aggregate of (i) $●, and (ii) all accrued and unpaid interest thereon to but excluding the Redemption Date (collectively, the "**Redemption Price**").

The Redemption Price (less applicable tax required to be withheld, if any) will be payable upon presentation and surrender of the Series 2012-1 Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario
M5J 2Y1
Attention: Corporate Actions

The interest upon the principal amount of Series 2012-1 Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price (less applicable tax required to be withheld, if any), shall not be made on presentation for surrender of such Series 2012-1 Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price, plus accrued and unpaid interest, pursuant to the Indenture.

[Pursuant to Section 4.6 of the Indenture, Chartwell hereby irrevocably elects to satisfy its obligation to pay to holders of Series 2012-1 Debentures the Redemption Price, [in whole/in part,] by issuing and delivering or causing to be delivered to the holders that number of Freely Tradeable Trust Units obtained by dividing the aggregate principal amount of Series 2012-1 Debentures by 95% of the Current Market Price of the Trust Units on the Redemption Date. $● aggregate principal amount of Series 2012-1 Debentures will be redeemed by Chartwell pursuant to its Unit Redemption Right. In the event that Chartwell elects to issue and deliver Trust Units as aforesaid, Chartwell shall send to the Trustee the

Freely Tradeable Trust Units (in book-based or certificated form) to which the holder is entitled.]

No fractional Trust Units shall be delivered upon the exercise by Chartwell of the Unit Redemption Right but, in lieu thereof, Chartwell shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Trust Units on the Redemption Date (less any tax required to be deducted, if any).] [Delete as appropriate.]

In this connection, upon presentation and surrender of the Series 2012-1 Debentures for payment on the Redemption Date, Chartwell shall, on the Redemption Date, make delivery to the Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the holders, the number of Freely Tradeable Trust Units (in book-based or certificated form) to which holders are entitled and cash equal to all accrued and unpaid interest to the Redemption Date together with the cash equivalent in lieu of all fractional Trust Units.

DATED: ●

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST by its authorized signatory

Per: ________________________________

SCHEDULE C
FORM OF MATURITY NOTICE

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST
5.7% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

MATURITY NOTICE

To: Holders of 5.7% Convertible Unsecured Subordinated Debentures (the "**Series 2012-1 Debentures**") of Chartwell Seniors Housing Real Estate Investment Trust ("**Chartwell**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated

Notice is hereby given pursuant to Section 2.2(g) of the Second Supplemental Indenture (as defined below) and Section 4.10(b) of the trust indenture (the "**Indenture**") dated as of November 28, 2006 between Chartwell and Computershare Trust Company of Canada, as trustee (the "**Trustee**"), as supplemented by the second supplemental indenture dated as of March 9, 2012 (the "**Second Supplemental Indenture**") between Chartwell and the Trustee, that the Series 2012-1 Debentures are due and payable as of March 31, 2018 (the "**Maturity Date**") and Chartwell hereby advises the holders of Series 2012-1 Debentures that it will deliver to holders of the Series 2012- 1 Debentures in lawful money of Canada an amount equal to the principal amount of the outstanding Series 2012-1 Debentures together with accrued and unpaid interest thereon (less applicable tax required to be withheld, if any). **[Pursuant to Section 2.2 (g) of the Second Supplemental Indenture and Section 4.10 of the Indenture, Chartwell hereby irrevocably elects to satisfy its obligation to repay, [in whole/in part,] by issuing and delivering to the holders that number of Freely Tradeable Trust Units equal to the number obtained by dividing the aggregate principal amount of such Debentures by 95% of the Current Market Price of Trust Units on the Maturity Date. $● aggregate principal amount of Debentures will be repaid by Chartwell pursuant to its Unit Repayment Right.] [Delete as appropriate.]** In the event that Chartwell elects to issue and deliver Trust Units as aforesaid, upon presentation and surrender of the Debentures, Chartwell shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Trust Units, (less applicable tax required to be withheld, if any) and shall, on the Maturity Date, send to the Trustee the Freely Tradeable Trust Units (in book-based or certificated form) to which the holder is entitled.

DATED: ●

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST by its authorized signatory

Per: ______________________________

SCHEDULE D
FORM OF CHANGE OF CONTROL NOTICE

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST
5.7% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

CHANGE OF CONTROL NOTICE

To: Holders of 5.7% Convertible Unsecured Subordinated Debentures (the "**Series 2012-1 Debentures**") of Chartwell Seniors Housing Real Estate Investment Trust ("**Chartwell**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the trust Indenture (the "**Indenture**") dated as of November 28, 2006 between Chartwell and Computershare Trust Company of Canada, as trustee (the "**Trustee**") and Second Supplemental Indenture (the "**Second Supplemental Indenture**") between Chartwell and the Trustee dated as of March 9, 2012, unless otherwise indicated

Notice is hereby given pursuant to Section 2.2(j) of the Second Supplemental Indenture, that:

(a) a Change of Control occurred on ●, 20● details of which are the following: **[Insert details of Change of Control]**;

(b) each holder of 2012-1 Debentures shall have the right (the "**Put Right**") to require Chartwell to purchase, on ●, 20●, **[being the date which is 30 days following the date upon which the Trustee has delivered this Change of Control Notice to the holders]** (the "**Put Date**"), all or any part of your Series 2012-1 Debentures in accordance with Applicable Securities Legislation at a price equal to 101% of the principal amount of your 2012-1 Debentures (the "**Put Price**") plus accrued and unpaid interest thereon up to, but excluding, the Put Date (collectively, the "**Total Put Price**");

(c) Chartwell shall satisfy the Total Put Price **[in cash or in whole or in part, in Freely Tradeable Trust Units] [details to be inserted]**;

(d) you are entitled to withdraw your election to require Chartwell to purchase your Series 2012-1 Debentures by providing notice to the Trustee by facsimile transmission or letter advising the Trustee of such withdrawal no later than the close of business on the third Business Day immediately preceding the Put Date, such notice to the Trustee shall include your name, the principal amount of the Series 2012-1 Debentures delivered for purchase and a statement that you are withdrawing your election to have such Series 2012-1 Debentures purchased.

Be advised that if 90% or more in aggregate principal amount of Series 2012-1 Debentures outstanding on the date of this Change of Control Notice have been tendered for purchase pursuant to the Put Right, Chartwell has the right (but not the obligation) upon written notice to the Trustee prior to the Put Date to redeem all remaining outstanding Series 2012-1 Debentures on the Put Date at the Total Put Price.

[In the event that Chartwell elects to issue and deliver Trust Units as aforesaid, upon presentation and surrender of the Series 2012-1 Debentures, Chartwell shall pay or cause to be paid in cash to the holder all accrued and unpaid interest to the Maturity Date, together with the cash equivalent representing fractional Trust Units (less applicable tax required to be withheld, if any), and shall, on the Maturity Date, send to the Trustee Freely Tradeable Trust Units (in book-based or certificated form) to which the holder is entitled.] [Delete as appropriate.]

CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST by its authorized signatory

Per: ______________________________

SCHEDULE E
FORM OF NOTICE OF PUT EXERCISE

PUT EXERCISE NOTICE

To: CHARTWELL SENIORS HOUSING REAL ESTATE INVESTMENT TRUST

Note: All capitalized terms used herein have the meaning ascribed thereto in the Trust Indenture and the Second Supplemental Indenture mentioned below as applicable, unless otherwise indicated.

The undersigned registered holder of 5.7% Convertible Unsecured Subordinated Debentures bearing Certificate No. ● revocably elects to put such Series 2012-1 Debentures (or $● principal amount thereof*) to Chartwell Seniors Housing Real Estate Investment Trust ("**Chartwell**") to be purchased by Chartwell on ● (the "**Put Date**") in accordance with the terms of the Trust Indenture dated as of November 28, 2006 between Chartwell and Computershare Trust Company of Canada (the "**Trustee**"), as trustee, (the "**Indenture**") as supplemented by the second supplemental indenture dated as of March 9, 2012 between Chartwell and the Trustee (the "**Second Supplemental Indenture**") at a price of $● for each $1,000 principal amount of Series 2012-1 Debentures plus all accrued and unpaid interest hereon to, but excluding, the Put Date (collectively, the "**Total Put Price**") and tenders herewith the Series 2012-1 Debentures.

Dated:

____________________________ __________________________________
(Signature of Registered Holder)

* If less than the full principal amount of the Series 2012-1 Debentures, indicate in the space provided the principal amount which must be $1,000 or integral multiples thereof.

The Total Put Price will be payable either in cash, by Freely Tradeable Trust Units or any combination thereof at the option of Chartwell in accordance with the Second Supplemental Indenture upon presentation and surrender of the Series 2012-1 Debentures with this form on the Put Date at the following corporate trust office:

Computershare Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario
M5J 2Y1
Attention: Corporate Actions

The interest upon the principal amount of Series 2012-1 Debentures put to Chartwell shall cease to be payable from and after the Put Date unless payment of the Total Put Price (less applicable tax required to be withheld, if any) shall not be made on presentation for surrender of such Series 2012-1 Debentures at the above mentioned corporate trust office on the Put Date or prior to the setting aside of the Total Put Price pursuant to the Indenture and the Second Supplemental Indenture.