

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Reporting Issuer

Chartwell Retirement Residences (“**Chartwell**”)
100 Milverton Drive, Suite 700, Mississauga, Ontario L5R 4H1

Item 2: Date of Material Change

November 15, 2017

Item 3: News Release

Two news releases were issued through Marketwired on November 15, 2017, copies of which are attached hereto as Schedule A and Schedule B. The news releases were also filed on SEDAR and are available under Chartwell’s profile on SEDAR at www.sedar.com.

Item 4: Summary of Material Change

On November 15, 2017, Chartwell announced that it entered into a definitive agreement relating to the purchase of five retirement communities in the Greater Edmonton Area, Alberta. Four of the retirement communities with 775 suites comprising 723 operational suites, plus a 52 suite addition to one community that is under construction (the “**Initial Portfolio**”) will be acquired for a purchase price of \$297.9 million. One community has 256 suites currently under development (the “**Development Property**”) and will be acquired on completion of the development for a purchase price of \$120.0 million (the acquisitions of the Initial Portfolio and the Development Property, together, the “**Acquisition**”). A copy of the news release relating to the Acquisition is attached hereto as Schedule A.

On November 15, 2017, Chartwell also announced that it has entered into an agreement with a syndicate of underwriters led by RBC Capital Markets and BMO Capital Markets to issue to the public in Canada, subject to regulatory approval, on a bought deal basis, 16,120,000 trust units (“**Trust Units**”), representing approximately \$245 million of gross proceeds, at a price of \$15.20 per Trust Unit (the “**Financing**”). A copy of the news release relating to the Financing is attached hereto as Schedule B.

Item 5: Full Description of Material Change

For a full description of the material change, see the news releases attached as Schedule A and Schedule B hereto.

Item 6: Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7: Omitted Information

Not applicable.

Item 8: Executive Officer

The executive officer of Chartwell who is knowledgeable about this material change and this material change report is Vlad Volodarski, Chief Financial Officer and Chief Investment Officer, at 905-501-4709.

Item 9: Date of Report

November 16, 2017

SCHEDULE A

News release related to the Acquisition.

See attached.



CHARTWELL AGREES TO ACQUIRE FIVE RETIREMENT RESIDENCES IN ALBERTA

MISSISSAUGA, ONTARIO – November 15, 2017 – Chartwell Retirement Residences (TSX:CSH.UN) ("Chartwell") announced today that it has entered into a definitive agreement relating to the purchase of five retirement communities comprising 1,031 suites in the Greater Edmonton Area, Alberta (the "Portfolio"). Four of the retirement communities have 775 suites comprising 723 operational suites, plus a 52 suite addition to one community that is under construction and expected to be completed in Q2 2018 (the "Initial Portfolio"). One community has 256 suites currently under development (the "Development Property"). The Initial Portfolio will be acquired for a purchase price of \$298.0 million representing an expected capitalization rate of approximately 6.2%.

The Initial Portfolio comprises 450 independent supportive living, 237 assisted living and 88 memory care suites, with 58% of the suites being private pay and 42% being funded by the Alberta Health Services. The properties feature large suites with full kitchens and modern amenities for its residents. The weighted average age of the Initial Portfolio is 6 years. (See Description of the Portfolio below.)

Chartwell has completed its due diligence and expects the closing of the acquisition of the Initial Portfolio to occur in Q4 2017, subject to customary closing conditions and third party consents ("Acquisition Closing"). Upon completion of the acquisition, all properties will be rebranded Chartwell.

The Development Property, which is currently at the foundation construction stage, is expected to be completed and acquired in Q4 2019. The purchase price for the Development Property is \$120.0 million, representing a stabilized capitalization rate of approximately 6.0%. The Development Property will be constructed pursuant to plans and specifications approved by Chartwell. The vendor will provide \$7.5 million of income support to Chartwell for up to two years after opening.

"We are very pleased to add these high quality properties to our portfolio and increase our presence in the strong Edmonton market," commented Brent Binions, Chartwell's President and CEO. "We are focused on ensuring a smooth transition of the acquired properties and looking forward to welcoming their residents and employees to the Chartwell family." Mr. Binions continued.

Chartwell believes the Portfolio acquisition will bring a number of benefits, including:

- (i) **Enhancing geographic diversification of its portfolio through expansion of its Western Canada platform:** After the acquisition of the Portfolio, Chartwell will increase its percentage of total seniors housing suites in Western Canada from 13% to 17% and will more than double its ownership in Alberta to 7% from 3%.
- (ii) **FFO per unit accretion:** The acquisition of the Initial Portfolio is expected to be accretive to Chartwell's Funds From Operations ("FFO") per unit, on a leverage neutral basis.
- (iii) **Multiple growth opportunities:**
 - a. **Organic growth:** Chartwell expects strong future organic growth in the Initial Portfolio due to continued lease-up of one property and a number of operating synergies;
 - b. **Acquisition of the Development Property:** A purchase agreement will be entered into on Acquisition Closing for the purchase of the 256 suite Development Property after its expected completion in Q4 2019;

- c. **Right of First Refusal on four additional residences with 382 suites in Edmonton:** Chartwell obtained a right of first refusal to purchase four additional retirement residences in Edmonton currently retained by the vendor of the Portfolio; and
- d. **Potential participation in future development activities by the vendor:** Chartwell and the vendor of the Portfolio entered into a three year non-competition agreement, which does not allow the vendor to undertake any further developments in the Greater Edmonton Area unless it offers Chartwell at least a 50% undivided interest, on mutually acceptable terms.

(iv) **High quality seniors housing Portfolio:** The Initial Portfolio has an average age of 6 years and consistently enjoys an excellent reputation and strong occupancies, in many cases with long wait lists.

“This acquisition is consistent with our strategy to grow our portfolio with newer, high quality, well located properties in our existing markets and particularly in Western Canada. We are confident that we will be able to build on the existing strong reputation that these properties have in their respective markets and further enhance services offered to their residents.” commented Vlad Volodarski, Chartwell’s Chief Financial Officer and Chief Investment Officer.

DESCRIPTION OF THE PORTFOLIO

The following table provides a summary description of the Portfolio. Upon the Acquisition Closing, and prior to closing of the Development Property, Chartwell will own and/or manage interests in 198 properties comprising approximately 28,250 suites located across Canada.

Property	City / Town	Age (Years) ⁽¹⁾	Suite Type ⁽²⁾				30-Sep-17 Occupancy
			ISL	AL	MC	Total	
Griesbach ⁽³⁾	Edmonton	11	137	89	42	268	100%
St. Albert	St. Albert	5	160	70	-	230	100%
Aspen House	Morinville	11	-	44	28	72	100%
Heritage Valley ^{(3) (4)}	Edmonton	1	153	34	18	205	47% ⁽⁵⁾
Initial Portfolio (excl. Development Property)		6	450	237	88	775	100% ⁽⁶⁾
<u>Development Property - Expected to be Acquired in 2019</u>							
Emerald Hills	Sherwood Park	n/a	184	-	72	256	n/a
Portfolio Total		5	634	237	160	1,031	n/a

Notes:

- 1) The number of years since the midpoint between the year constructed and the year of the most recent significant expansion or renovation
- 2) ISL = Independent Supportive Living (private pay), AL = Assisted Living (funded) and MC = Memory Care (funded)
- 3) Suite types shown pro-forma conversion of 34 funded AL suites into ISL suites, as these funded AL suites are expected to be transferred to Heritage Valley Phase 2 in 2018
- 4) Includes a 52 suite Phase 2 expansion currently under construction, with expected completion in Q2 2018
- 5) Occupancy on 153 suite operational Phase 1 only
- 6) Weighted average occupancy excludes Heritage Valley, which is in lease-up

FINANCIAL ADVISORS

RBC Capital Markets is acting as exclusive financial advisor to Chartwell in connection with the Portfolio acquisition. TD Securities Inc. and Greystone Real Estate Advisors, LLC are acting as financial advisors to the vendor.

ABOUT CHARTWELL

Chartwell is an unincorporated, open-ended trust which indirectly owns and operates a complete range of seniors housing communities from independent supported living through assisted living to long term care. It is the largest owner and operator of seniors residences in Canada. Chartwell's aim is to capitalize on the strong demographic trends present in its markets to maximize the value of its existing portfolio of retirement residences, and prudently avail itself of opportunities to grow internally and through accretive acquisitions.

Chartwell's Distribution Reinvestment Plan ("DRIP") allows unitholders to have their monthly cash distributions used to purchase units without incurring commission or brokerage fees, and receive bonus units equal to 3% of their monthly cash distributions. More information can be obtained at www.chartwell.com.

FORWARD LOOKING INFORMATION

This press release contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. 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 in this press release include statements relating to the acquisition of the Portfolio, including, without limitation, expectations regarding the capitalization rate of the Initial Portfolio and the Development Property, the anticipated timing of completion of the acquisition of the Initial Portfolio, the anticipated timing of completion of the acquisition of the Development Property, expectations that the acquisition of the Portfolio will enhance geographic diversity of Chartwell's portfolio, the extent to which the acquisition of the Initial Portfolio is expected to be accretive to FFO per unit, expectations regarding the growth of the Initial Portfolio, and expectations regarding timing of completion of construction and conversion of suites in the Initial Portfolio. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements.

While we anticipate that subsequent events and developments may cause our views to change, we do not intend to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this press release and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have 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 us. See "Risks and Uncertainties" in our management's discussion and analysis of results of operations and financial condition for the year ended December 31, 2016 and in our management's discussion and analysis of results of operations and financial condition for the three and nine months ended September 30, 2017, and risk factors highlighted in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form.

NON-GAAP MEASURES

Chartwell's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain financial measures to assess Chartwell's

financial performance, which are measures not defined in generally accepted accounting principles ("GAAP") under IFRS. The following measures, FFO, FFO per unit diluted, Same Property Adjusted NOI, Interest Coverage Ratio, and Net Debt to Adjusted EBITDA Ratio as well as other measures discussed elsewhere in this release, do not have a standardized definition prescribed by IFRS. They are presented because management believes these non-GAAP financial measures are relevant and meaningful measures of Chartwell's performance and as computed may differ from similar computations as reported by other issuers and may not be comparable to similarly titled measures reported by such issuers. For a full definition of these measures, please refer to the Q3 2017 MD&A available on Chartwell's website and at www.sedar.com.

For further information, please contact:

Vlad Volodarski
Chief Financial Officer and Chief Investment Officer
Tel: (905) 501-4709
Fax: (905) 501-9107
vvolodarski@chartwell.com

SCHEDULE B

News release related to the Financing.

See attached.



CHARTWELL ANNOUNCES A PUBLIC OFFERING OF \$245 MILLION OF TRUST UNITS

Not for distribution to U.S. newswire services or for dissemination in the United States

MISSISSAUGA, ONTARIO – November 15, 2017 - Chartwell Retirement Residences (TSX:CSH.UN) ("Chartwell") announced today that it has entered into an agreement with a syndicate of underwriters led by RBC Capital Markets and BMO Capital Markets (collectively the "**Underwriters**") to issue to the public in Canada subject to regulatory approval, on a bought deal basis, 16,120,000 trust units ("**Trust Units**"), representing approximately \$245 million of gross proceeds, at a price of \$15.20 per Trust Unit (the "**Financing**").

Chartwell has granted the Underwriters an over-allotment option exercisable at any time up to 30 days after closing of the offering, to acquire up to 1,612,000 additional Trust Units, representing approximately 10% of the Financing at the same offering price.

Chartwell intends to use approximately \$202.7 million of the proceeds of the Financing, net of the underwriters' fee and expenses attributable thereto, to finance, in part, the \$298.0 million purchase price for the acquisition of four retirement communities (the "**Initial Portfolio**") in the Greater Edmonton Area, Alberta and related closing costs of approximately \$6.2 million. The remainder of the purchase price and closing costs will be funded by the assumption by Chartwell of approximately \$101.4 million of existing mortgages on three properties of the Initial Portfolio with a weighted average term to maturity of 3.3 years and weighted average interest rate of approximately 4.0%. Completion of the acquisition of the Initial Portfolio is subject to customary closing conditions and third party consents. Details on the Initial Portfolio acquisition can be found in Chartwell's press release dated November 15, 2017 entitled "CHARTWELL AGREES TO ACQUIRE FIVE RETIREMENT RESIDENCES IN ALBERTA".

Chartwell intends to use the remaining net proceeds from the Financing, including the proceeds from the over-allotment option, if exercised by the Underwriters, to partially repay its secured revolving credit facility which has been drawn, in part, to continuously fund Chartwell's development pipeline, which currently comprises 1,152 suites in six projects under construction and two projects in pre-development.

Chartwell's pro forma ratio of consolidated indebtedness to aggregate adjusted assets as at September 30, 2017, after giving effect to the acquisition of the Initial Portfolio and the Financing (before any exercise of the over-allotment option), is estimated to be approximately 49.9%, or approximately 1.9 percentage points lower than this ratio as at September 30, 2017. The acquisition of the Initial Portfolio is expected to be accretive to Chartwell's Funds From Operations ("FFO") per unit, on a leverage neutral basis.

The Financing is being made pursuant to Chartwell's short form base shelf prospectus dated October 31, 2017. The terms of the Financing will be described in a prospectus supplement to be filed with Canadian securities regulators. Closing of the Financing is subject to customary conditions, including the approval of the Toronto Stock Exchange. The Financing is expected to close on or about November 24, 2017.

The Trust Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws, and accordingly may not be offered, sold or delivered, directly or indirectly, within the United States of America, its territories and possessions, any state of the United States and the District of Columbia, except pursuant to an exemption from the registration requirements of the 1933 Act. This press release does not constitute an offer to sell or a solicitation of an offer to buy any Trust Units in the United States.

ABOUT CHARTWELL

Chartwell is an unincorporated, open-ended trust which indirectly owns and operates a complete range of seniors housing communities from independent supported living through assisted living to long term care. It is the largest owner and operator of seniors residences in Canada. Chartwell's aim is to capitalize on the strong demographic trends present in its markets to maximize the value of its existing portfolio of retirement residences, and prudently avail itself of opportunities to grow internally and through accretive acquisitions.

Chartwell's Distribution Reinvestment Plan ("DRIP") allows unitholders to have their monthly cash distributions used to purchase units without incurring commission or brokerage fees, and receive bonus units equal to 3% of their monthly cash distributions. More information can be obtained at www.chartwell.com.

FORWARD LOOKING INFORMATION

This press release contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. 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. The forward-looking statements in this press release include, without limitation, statements relating to expectations regarding timing for completion of the Financing, FFO per unit accretion, pro forma ratio of consolidated indebtedness to aggregate adjusted assets, the anticipated use of the net proceeds of the Financing, and the manner in which the acquisition of the Initial Portfolio will be financed. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements.

While we anticipate that subsequent events and developments may cause our views to change, we do not intend to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this press release and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have 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 us. See "Risks and Uncertainties" in our management's discussion and analysis of results of operations and financial condition for the year ended December 31, 2016 and in our management's discussion and analysis of results of operations and financial condition for the three and nine months ended September 30, 2017, and risk factors highlighted in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form and in the prospectus supplement to be filed in connection with the Financing.

NON-GAAP MEASURES

Chartwell's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain financial measures to assess Chartwell's financial performance, which are measures not defined in generally accepted accounting principles ("GAAP") under IFRS. The following measures, FFO, FFO per unit diluted, Same Property Adjusted NOI, Interest Coverage Ratio and Net Debt to Adjusted EBITDA Ratio as well as other measures discussed

elsewhere in this release, do not have a standardized definition prescribed by IFRS. They are presented because management believes these non-GAAP financial measures are relevant and meaningful measures of Chartwell's performance and as computed may differ from similar computations as reported by other issuers and may not be comparable to similarly titled measures reported by such issuers. For a full definition of these measures, please refer to the Q3 2017 MD&A available on Chartwell's website and at www.sedar.com.

In addition, Chartwell's credit agreements and outstanding debentures contain numerous financial covenants. The calculation of the pro forma ratio of consolidated indebtedness to aggregate adjusted assets in this press release is based on the definitions of various financial metrics as reflected in the indenture governing Chartwell's outstanding debentures and may not be comparable to similar metrics used by other entities or to any GAAP measure. For a full description of certain of these covenants, please refer to the Q3 2017 MD&A available on Chartwell's website and at www.sedar.com.

For further information, please contact:

Vlad Volodarski
Chief Financial Officer and Chief Investment Officer
Tel: (905) 501-4709
Fax: (905) 501-9107
volodarski@chartwell.com