ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2018

March 1, 2019

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EXPLANATORY NOTES

The information in this AIF is stated as at March 1, 2019, unless otherwise indicated.

For an explanation of the capitalized terms and expressions and certain defined terms, please refer to the "Glossary" at the end of this AIF.

All references in this AIF to "Chartwell", "we", "our" and "us", unless the context otherwise requires, mean Chartwell Retirement Residences and its subsidiaries. For ease of reference, the term "Chartwell" has then been used extensively throughout this AIF in reference to the ownership, operation and development of seniors housing residences and the seniors housing operations management business of Chartwell. Chartwell owns all of the debt and equity of CSH Trust, which in turn controls the Operator. Actual direct ownership interests are held by, and the operation of the seniors housing residences management business is conducted by, the Operator. The Operator holds both freehold interests and long-term leasehold interests. For ease of reference, the terms "own", "owned" or "ownership" in reference to Chartwell's Properties include such long-term leasehold interests and joint venture interests.

All references in this AIF to "suite" when used in relation to a seniors housing residence that is an ISL Residence or an AL Residence mean a separate living unit comprising living room/bedroom areas generally in a congregate living setting; and when used in relation to a LTC Residence mean a long-term care bed in such a residence. Based on the nature of the Operator's business, suites may be reconfigured from time to time to meet residents' needs, such that the actual number of suites within a residence may vary from time to time. Additionally, all references to "income-producing" suites mean suites which are available for lease, whether in Lease-Up or Stabilized. For the purposes of segmented financial reporting and management's discussion and analysis, Chartwell categorizes residences as LTC Residences based on the predominant level of care provided, the type of licensing and funding provided, and Chartwell's internal management responsibility. For the purposes of this AIF, residences are classified as LTC Residences solely on the basis of the predominant level of care provided, and accordingly, the number of LTC Residences reported is higher than referred to in Chartwell's management's discussion and analysis.

All references to "dollars" or "$" are to Canadian dollars, unless otherwise indicated.

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

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by Chartwell as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Chartwell's estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein as well as the following:

(a) Chartwell's business strategy;

(b) information related to the expected completion date of communities under development;

(c) Chartwell's ability to renew maturing debt in due course;

(d) the impact of new laws and regulations in Canada, and the likelihood of continued funding of Chartwell programs by government agencies; and

(e) taxes that are expected to be payable in future years under the SIFT Rules.

While Chartwell anticipates that subsequent events and developments may cause Chartwell's views to change, Chartwell does not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents Chartwell's views as of the date of this AIF and such information should not be relied upon as representing Chartwell's views as of any date subsequent to the date of this document. Chartwell has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. **There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.** These factors are not intended to represent a complete list of the factors that could affect us. See "Risk Factors" in this AIF, "Risks and Uncertainties" in our management's discussion and analysis of results of operations and financial condition for the year ended December 31, 2018, and risk factors highlighted in materials filed with the securities regulatory authorities in Canada from time to time.

CHARTWELL

Chartwell is an unincorporated, open-ended trust which indirectly owns and operates a complete range of seniors housing communities from independent living through assisted living to long-term care. It is the largest owner and operator of senior residences in Canada. Chartwell's principal objective is to deliver exceptional services and quality care to its residents and ensure high resident and family satisfaction, which Chartwell believes is the best way to enhance occupancy and grow revenues. Chartwell intends 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.

CORPORATE STRUCTURE

Name and Incorporation

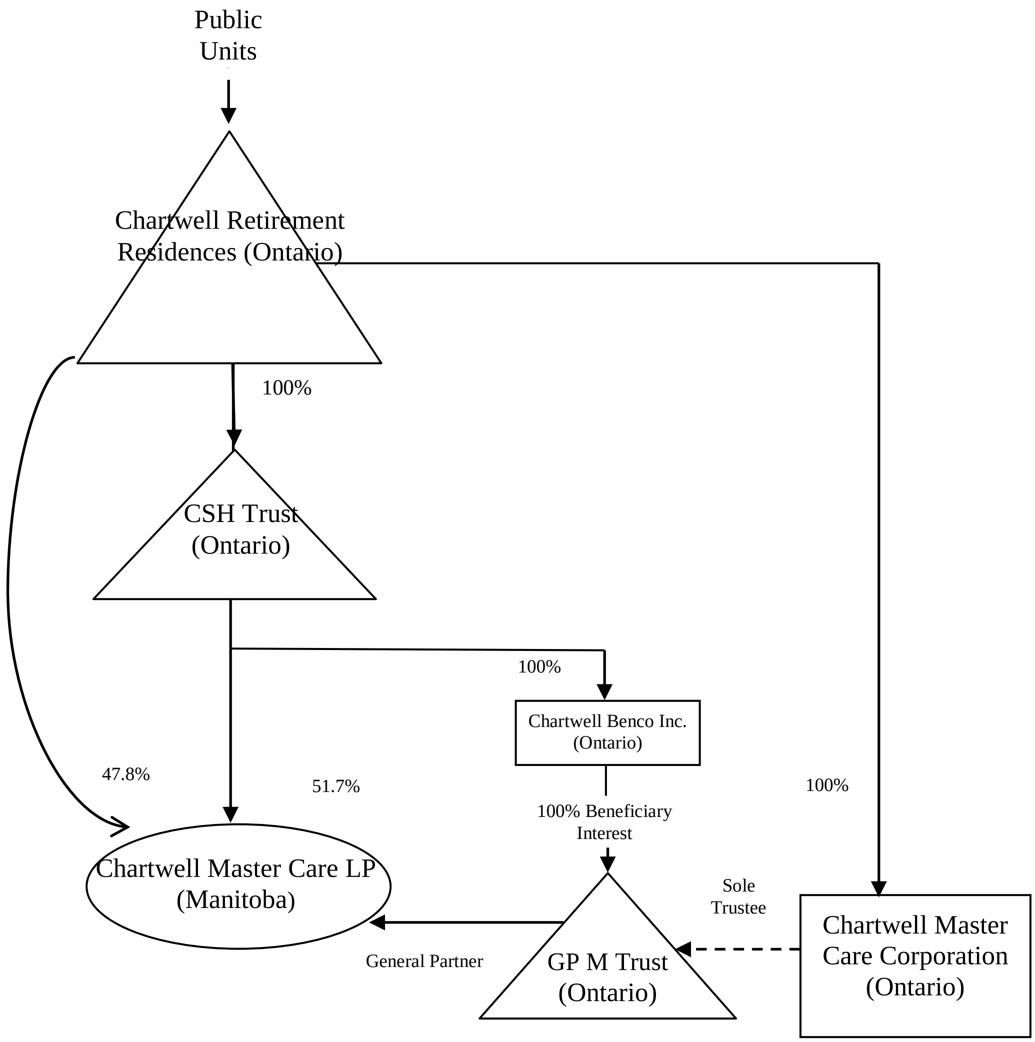
Chartwell is an unincorporated open-ended trust governed by the laws of the Province of Ontario, created as of July 7, 2003 and subsisting under the Declaration of Trust. Chartwell's head office is located at 100 Milverton Drive, Suite 700, Mississauga, Ontario, L5R 4H1. Chartwell was created to indirectly acquire and hold 100% of the outstanding Class A Master LP Units and 100% of the common shares of CMCC. Chartwell completed its IPO on November 14, 2003.

CSH Trust is an unincorporated open-ended trust governed by the laws of the Province of Ontario and created as of September 8, 2003 and subsisting under the CSH Trust Declaration. Chartwell owns all of the CSH Trust Units. CSH Trust was created to acquire 100% of the issued and outstanding Class A Master LP Units and 100% of the issued and outstanding common shares of Benco. As a result of internal reorganizations completed in 2012, 2015 and 2018, CSH Trust holds 51.7% and Chartwell holds 47.8% of the issued and outstanding Class A Master LP Units. Master LP is a limited partnership created under the laws of the Province of Manitoba as of September 30, 2003 and subsisting under the Master LP Partnership Agreement. Master LP, together with its subsidiaries and General Partner (collectively, together with entities in which Master LP directly or indirectly has a joint venture interest, the "Operator") carries on the business of the operation of seniors housing residences.

The general partner of Master LP is GP M Trust, a trust established under the laws of the Province of Ontario as of 2003. GP M Trust's sole trustee is CMCC, a corporation formed under the laws of the Province of Ontario and wholly-owned by Chartwell. GP M Trust's sole beneficiary is Benco, which is wholly owned by CSH Trust.

Intercorporate Relationships

The following chart illustrates, on a simplified basis, the intercorporate relationships of Chartwell as at **March 1, 2019.**



GENERAL DEVELOPMENT OF THE BUSINESS

History of the Business

Chartwell was created as of July 7, 2003 and is now subsisting under the Declaration of Trust. Chartwell completed the IPO on November 14, 2003.

The following is a summary of the significant events that have influenced Chartwell's business in each of the past three years.

2016

On March 15, 2016, Chartwell acquired the 105-suite Duke of Devonshire Retirement Residence in Ottawa, Ontario for $63.7 million. The purchase price was settled by the assumption of a $33.4 million mortgage bearing interest at 4.41% per annum and maturing in September 2024, with the balance paid in cash.

On April 12, 2016, Chartwell issued a redemption notice to the holders of the 5.7% convertible unsecured subordinated debentures due March 31, 2018 (the "2012 Debentures") with an outstanding principal balance of $131.9 million. Under the terms of the 2012 Indenture governing these debentures, before May 16, 2016 (the "Redemption Date") the holders had the right to convert their debentures into Units at a conversion price of $11.00 per unit. Chartwell elected to satisfy its redemption obligations for any unconverted 2012 Debentures by issuing Units at 95% of the market price on the Redemption Date, as provided for in the 2012 Indenture.

On April 21, 2016, Chartwell acquired from its joint-venture partner its 50% interest in the 97-suite Chartwell Kamloops Retirement Residence located in Kamloops, British Columbia. The purchase price was $5.9 million, representing the agreed upon value of the 50% interest of $11.1 million, net of the partner's share of the mortgage debt of $5.2 million. The assumed mortgage bears interest at 3.95% per annum and matures on October 1, 2019. Chartwell is now the sole owner of this residence.

On May 2, 2016, Chartwell acquired the 109-suite Wedgewood Retirement Resort in Brockville, Ontario. The purchase price includes 0.5 acres of vacant land for the potential development of approximately 40 additional suites. The aggregate purchase price of $37.1 million was settled by the assumption of a $19.8 million mortgage bearing interest at 4.29% per annum and maturing in April 2017, with the balance paid in cash.

On June 1, 2016, Chartwell acquired the 127-suite Lord Lansdowne Retirement Residence in Ottawa, Ontario. The aggregate purchase price of $68.4 million was settled by the assumption of a $19.9 million mortgage bearing interest at 4.56% per annum and maturing March 1, 2020, with the balance paid in cash.

On June 17, 2016, Chartwell completed an agreement with Bank of Montreal to implement an additional, stand-alone Canadian credit facility. This credit facility had a maximum borrowing capacity of $50.0 million and a maturity date of June 1, 2018. This credit facility was replaced with the 2017 Credit Facilities on May 29, 2017.

On June 28, 2016, Chartwell announced that it completed the disposition of three non-core retirement residences in the Province of Québec totaling 392 suites (Appartements du Marquis résidence pour retraités, Marquis de Tracy résidence pour retraités, both located in Sorel Tracy, Québec, and Le Riverain résidence pour retraités located in Granby, Québec). The purchaser assumed the existing mortgages of $17.9 million, bearing a weighted average interest rate of 3.99% per annum and a weighted average term to maturity of approximately 6.2 years. $1.8 million was made available to the purchaser after closing upon satisfaction of certain post-closing obligations.

On June 30, 2016, Chartwell, Welltower and an affiliate of The Daniels Corporation ("Daniels") entered into a new joint venture arrangement to develop The Sumach by Chartwell ("The Sumach"), a 332-suite ISL building in Toronto, Ontario. Welltower and Chartwell each own a 45% interest and Daniels owns a 10% interest in this project.

In connection with the development by Batimo of two new phases on the Saint-Eustache Campus, in July 2016, existing net operating income guarantees in place were extended to protect the income from those phases in the Campus that Chartwell owns and the caps on existing guarantees were removed.

On September 1, 2016, Chartwell acquired a 100% interest in the 121-suite Tiffin House Retirement Residence in Midland, Ontario. The purchase price before closing costs was $31.5 million and was settled in cash.

During 2016, Chartwell issued 79,454 Units pursuant to the EUPP, 105,452 Deferred Units pursuant to the Deferred Unit Plan, 230,157 Restricted Units pursuant to its Restricted Unit Plan and 1,418,778 Units under Chartwell's Distribution Reinvestment Plan.

2017

In the first quarter of 2017, Chartwell entered into a new joint venture arrangement with Signature Retirement Living ("Signature") to develop a 165-suite retirement residence in Kingston, Ontario. Chartwell owns a 60% interest and Signature owns the remaining 40% interest in the project.

On February 1, 2017, Chartwell acquired The Orchards Retirement Residence, a 107-suite retirement residence located in Vineland, Ontario. The purchase price was $22.0 million before closing costs and was settled in cash.

On March 1, 2017, Chartwell acquired a 4.7 acre parcel of land in Mississauga, Ontario for a purchase price of $6.6 million. The purchase price was settled by the issuance of $0.5 million of Class B Master LP Units, with the remaining balance paid in cash. The land is being used to construct an approximately 130,000 square foot office building to serve as Chartwell's head office, replacing Chartwell's current leased space.

On March 2, 2017, Chartwell acquired Hilldale Gardens Retirement Residence, a 66-suite retirement residence located in Thunder Bay, Ontario. The purchase price of $6.9 million was settled in cash.

On March 10, 2017, Chartwell announced the redevelopment of Chartwell Guildwood Retirement Residence including its temporary closure effective July 31, 2017. The planned redevelopment of Guildwood, owned jointly by Chartwell and Welltower, contemplates a 171-suite residence that includes ISL and memory care suites with an estimated reopening in 2020.

On March 20, 2017, Mr. Thomas Schwartz stepped down as a director of CMCC and as trustee of CSH Trust to focus on other business pursuits. Sharon H. Sallows, a director of CMCC was subsequently elected as a Trustee of CSH Trust and V. Ann Davis was elected as a director of CMCC at the Unitholder meeting on May 24, 2017.

On May 3, 2017, Chartwell completed the sale of Chartwell Castel Royal résidence pour rétraites, a 250-suite retirement residence located in Cote Saint-Luc, Québec for a purchase price of $23.5 million, of which $2.5 million is being held in escrow for a period of two years after closing to support the purchaser's rental income and certain renovation costs. All amounts were released from escrow in 2018 with $700,000 being returned to Chartwell. Former Director, Mr. Thomas Schwartz, was an officer and director of the purchaser of this property, and had declared his conflict and recused himself from any discussions or decision-making relating to this sale.

On May 29, 2017, Chartwell established two new credit facilities with a syndicate of Canadian financial institutions totalling $300.0 million with accordion options for an additional $150.0 million (the "2017 Credit Facilities"). The 2017 Credit Facilities have three-year terms, now maturing in May 2021 with annual extension options and replaced the previous $200.0 million and $50.0 million credit facilities which were scheduled to mature in June 2018. The first credit facility is a $100.0 million unsecured facility which can be increased by up to $50.0 million during the term (the "Unsecured Credit Facility"). The second credit facility is a $200.0 million secured facility which can be increased by up to $100.0 during the term (the "Secured Credit Facility"). Chartwell exercised the accordion option under the Secured Credit Facility on November 21, 2017.

On June 9, 2017, Chartwell issued $200.0 million aggregate principal amount of 3.786% Series A senior unsecured debentures due December 11, 2023 (the "Series A Debentures"). DBRS assigned a 'BBB (low)' credit rating with a 'Stable' trend to the Series A Debentures. The proceeds of the Series A Debenture offering were used to fund acquisitions, repay amounts outstanding on Chartwell's credit facilities and for general trust purposes.

On July 4, 2017, Chartwell acquired a portfolio of three properties in Ontario totalling 522 suites. The purchase price of $121.0 million settled in cash. The acquired residences are Lakeshore Place Retirement Residence, located in

Burlington Ontario and Stillwater Creek Retirement Residence and Riverpark Place Retirement Residence, each located in Ottawa, Ontario.

On July 21, 2017, Chartwell completed the acquisition of an 85% interest in Chartwell Le Teasdale (Phase I) résidence pour retraités from its development partner, Batimo. Batimo retained a 15% interest in the property. Chartwell Le Teasdale résidence pour retraités I is a 343-suite residence located in Terrebonne, Québec. The purchase price for the 85% interest was $60.8 million and was settled through the assumption of a construction loan in the amount of $37.1 million, and the settlement of Chartwell's mezzanine loan in the amount of $5.9 million, with the balance paid in cash.

On October 25, 2017, Chartwell and Batimo entered into a definitive agreement with a third party to sell Chartwell Les Monarques résidence pour rétraites (Phase I and II) located in St. Eustache, Québec. Phase I is a 169-suite retirement residence and Phase II is a 98-suite retirement residence. Chartwell owned an 85% interest in Phase I and Batimo owned the remaining 15% interest in Phase I and 100% of Phase II. Chartwell's share of the sale price, before closing costs and other adjustments, was $13.5 million payable in cash, and the closing occurred on May 11, 2018.

On October 26, 2017, Chartwell announced that it would cease operation of the retirement residence known as Chartwell Ballycliffe Retirement Residence in Ajax, Ontario effective February 28, 2018. This retirement residence is adjacent to Chartwell Ballycliffe Long Term Care Residence.

On November 15, 2017, Chartwell entered into a definitive agreement relating to the purchase of five retirement communities comprising 1,031 suites in the Edmonton, Alberta area (the "Edmonton Portfolio"). Four of the retirement communities have an aggregate of 775 suites, comprising 723 operational suites, plus a 52-suite addition to one community that was under construction and subsequently completed in May 2018 (the "Initial Edmonton Portfolio"). The fifth community has 256 suites currently under development (the "Edmonton Development Property"). The Initial Edmonton Portfolio was acquired for a purchase price of $297.4 million and closed in the second quarter of 2018. The Edmonton Development Property is expected to be completed and acquired in the fourth quarter of 2019. The purchase price for the Edmonton Development Property is $120.0 million. The vendor will provide $7.5 million of income support to Chartwell for up to two years after opening of the Edmonton Development Property.

On November 24, 2017, Chartwell completed a bought deal public offering of 17,732,000 Units (inclusive of 1,612,000 Units issued pursuant to the exercise in full of the over-allotment option) at a price of $15.20 per Unit for total gross proceeds of approximately $269.5 million. Approximately $202.7 million of the net proceeds of this offering were used to finance, in part, the $297.4 million purchase price for the acquisition of the Initial Edmonton Portfolio and related costs of approximately $6.2 million, and a portion of the net proceeds were used to partially repay the Secured Credit Facility.

In 2017, Chartwell completed the development of a 131-suite retirement residence located in Oakville, Ontario known as Chartwell Waterford Retirement Residence as well as a 136 bed LTC facility in Nanaimo, British Columbia known as Chartwell Malaspina Care Residence.

During 2017, Chartwell issued 89,778 Units pursuant to the EUPP, 98,721 Deferred Units pursuant to the Deferred Unit Plan, 230,405 Restricted Units pursuant to its Restricted Unit Plan and 1,348,980 Units under Chartwell's Distribution Reinvestment Plan.

2018

On January 15, 2018, Chartwell sold the lands located at 388 Machleary Street, Nanaimo, British Columbia. The lands were the former location of Chartwell Malaspina Care Residence. Residents relocated to a newly developed residence in June 2017.

On February 6, 2018, Chartwell completed the disposition of three non-core retirement residences in the Province of Québec totalling 509 suites. Chartwell St. Genevieve résidence pour retraités, with 198 suites, is located in Québec City, Chartwell L'Ermitage résidence pour retraités, with 215 suites, is located in Drummondville, and Chartwell Vincent D'Indy résidence pour retraités with 96 suites, is located in Outremont. The aggregate sale price for Chartwell's interest in these properties was of $32.0 million and was settled in cash. L'Ermitage was co-owned 50% with Welltower.

On March 7, 2018, Chartwell acquired a parcel of land in Oshawa, Ontario adjacent to Chartwell Wynfield Retirement Residence for $6.0 million for the development of a 202-suite ISL apartment residence plus memory care living.

On April 23, 2018, Chartwell completed the previously announced acquisition of the Initial Edmonton Portfolio.

On April 27, 2018, Chartwell issued $150.0 million aggregate principal amount of 4.211% Series B senior unsecured debentures due April 28, 2025 (the "Series B Debentures"). DBRS assigned a 'BBB (low)' credit rating with a 'Stable' trend to the Series B Debentures. The proceeds of the Series B Debenture offering were used to repay a portion of existing indebtedness under Chartwell's secured revolving credit facility.

On May 11, 2018, Chartwell completed the disposition of Les Monarques résidences pour retraités, in St. Eustache, Québec. The aggregate sale price for Chartwell's interest was $13.5 million before closing costs and was settled in cash.

On June 1, 2018, Chartwell acquired Caleb Manor, a 104-suite ISL residence in Edmonton, Alberta for a purchase price of $20.0 million, which was rebranded as Chartwell Hawthorn Retirement Residence.

In June 2018, Chartwell completed the development of Chartwell Bankside Apartments in Kitchener, Ontario. This development is comprised of 58 IL apartments and is currently 58% leased. Development costs were $18.6 million.

On September 26, 2018, Chartwell acquired a 90% interest in 1.33 acres of vacant land in Pickering, Ontario. The purchase price for the 90% interest was $5.5 million.

On September 27, 2018, Chartwell acquired a 100% interest in 1.39 acres of vacant land in Calgary, Alberta. The purchase price for the property was $5.75 million.

During the year ended December 31, 2018, Chartwell settled with the Canada Revenue Agency on an audit matter for the 2013 to 2015 taxation years. The settlement resulted in additional taxable income in the 2013 to 2017 taxation years that was offset by additional tax depreciation claimed for PP&E and the utilization of non-capital losses available for carryforward.

In 2018, Chartwell completed the construction of Chartwell Le Teasdale (Phase II), a 221-suite retirement residence in Terrebonne, Quebec as well as St. Gabriel located in Longueuil, Québec, a 345-suite retirement residence.

During 2018, Chartwell issued 115,348 Units pursuant to the EUPP, 101,464 Deferred Units pursuant to the Deferred Unit Plan, 272,331 Restricted Units pursuant to its Restricted Unit Plan and 1,460,800 Units under Chartwell's Distribution Reinvestment Plan.

Recent Developments

In January 2019, Chartwell purchased the remaining interest not already owned in Chartwell Oak Ridges Retirement Residence and Chartwell Clair Hills Retirement Residence for the purchase price of $10.1 million and took over management of the two residences.

In January 2019, Chartwell also completed the construction of Chartwell Carlton Retirement Residence, located in Burnaby, British Columbia, a 105-suite ISL development.

On March 1, 2019, Chartwell decided to increase the monthly Distribution to $0.050 per Unit, effective for the March 31, 2019 Distribution payable on April 15, 2019.

Interests of Management and Others in Material Transactions

To Chartwell's knowledge there are no existing or potentially material conflicts of interest between Chartwell or a subsidiary of Chartwell and any director or officer of Chartwell or of a subsidiary of Chartwell, other than as described under "General Development of the Business – History of the Business – 2017".

DESCRIPTION OF THE BUSINESS

Some of the industry data provided in this section was prepared by third parties. Although Chartwell has no reason to believe such information is inaccurate or incomplete, Chartwell cannot guarantee the accuracy or completeness of such information.

Seniors Housing Industry in Canada

Types of Residences

Seniors in Canada continue to enjoy and demand an expanding range of housing alternatives and service choices. Broadly speaking, the seniors housing industry serves the needs of Canadians aged 75 and over seeking housing outside the family home, though there are variations in markets and jurisdictions. In very general terms, the types of seniors housing residences can be grouped in the following categories described below.

- **Independent Supportive Living (ISL) Residences:** These residences are designed for seniors and include retirement apartments/suites/townhouses/bungalows with household general services. Personal care services are available and can be included in monthly fees or purchased a la carte. Most Chartwell retirement homes are ISL Residences. **Independent Living (IL) Residences** are residences designed for autonomous seniors and include retirement suites/townhouses/bungalows with availability of providing meals and general services. Personal care services are not available in these residences. Throughout this AIF, the term "ISL Residences" includes IL Residences as a subset thereof, unless otherwise noted.

- **Assisted Living (AL) Suites/Floors or Residences:** These residences ("AL Residences"), floors and/or suites are designed for seniors who require personal care services. These services are included in residences' monthly fees and are most often delivered on a separate floor or wing of an ISL residence. In some jurisdictions government and/or government agencies may pay for the care services portion of the monthly fees. **Memory Care Suites** are suites designed for seniors who have Alzheimers or other forms of dementia and require personal care services. These services are included in residences' monthly fees and are most often delivered on a separate floor or wing of an ISL residence. In some jurisdictions the government may pay for the care services portion of monthly fees.

- **Long-Term Care (LTC) Residences:** These are residences for people who cannot live independently and require professional nursing care on a daily basis and 24-hour supervision. Typically, LTC residences ("LTC Residences") are licensed or authorized as government-regulated and/or funded residences, generally have controlled admission policies and must meet government design and operating standards. Suites can be shared, semi-private or private. In most cases, LTC residents pay only a portion of their fees and the government subsidizes their care, programs and nursing supplies.

Characteristics of Industry

Fragmentation and Consolidation

The seniors housing sector in Canada is fragmented, with the three largest participants (at June 30, 2018) accounting for approximately 14.3% of the retirement housing and long- term care suites. This accounting is based on beds under management as well as owned beds. While the industry remains fragmented, consolidation of ownership has over the past decade resulted in a higher level of professional management, cost efficiencies and access to capital, which have improved the quality of services and choices available in the industry.

The following table sets out the top three retirement (ISL and AL) and LTC operators as of June 30, 2018:

Existing Retirement & Long-Term Care Home Properties (1),(2),(3) as at June 30, 2018

	No. of Properties Operated(4),(5)	No. of Beds Operated(4),(5)
Chartwell Retirement Residences	195	27,992
Revera Inc.	182	21,461
Extendicare Inc.	120	15,538
Largest-Three Operators	497	64,991
Largest-Three Operators: Concentration Ratio(5)		**14.3%**

(1) Excludes properties under development

(2) Includes managed properties for third-parties

(3) Excludes holdings in the U.S.

(4) For properties which include both retirement home and LTC components, each component is included as an individual property entry

(5) Estimate of number of properties operated and number of beds operated in Canada are compiled by Chartwell based on publicly available information as well as information supplied by CBRE Limited

Barriers to Entry

The successful operation of any type of seniors housing residence demands a broad range of expertise. The operational skill sets required include property management, hotel services (food, service and housekeeping), social activation, management of health care programs, sales, marketing and community relations, labour relations, liaising with government, regulators and other professionals and supply chain management. Established industry leaders can attract and retain key managers, professionals and front-line staff to provide all of these needed skills by offering better career paths, working conditions and management support than smaller operators. Larger operators also enjoy economies of scale in purchasing and can afford better marketing and branding strategies. For new entrants to the seniors housing sector, obtaining financing can be difficult since lenders consider the prospective operator's level of experience when assessing any loan application. Management believes that Chartwell has the requisite experience and expects to have a continued competitive advantage in accessing capital and financing compared with many small operators.

Stability and Nature of Income

Given the favourable demographics, the seniors housing industry in Canada should benefit from sustained demand. While revenues in the seniors housing industry are not immune from economic factors (notably the ability of a senior to sell his or her home, interest rates on retirees' savings and concerns about the funding of pension plans), the decision to select seniors housing is often driven by an individual's immediate needs rather than being a discretionary decision.

It has been management's experience that, as long as living arrangements are satisfactory, seniors and their families generally prefer to remain in a particular retirement residence setting unless changing health status demands otherwise. Affordability is not generally an issue once a particular residence is selected.

Risks and Rewards

The risks and rewards associated with seniors housing depend in part on the types of residences which are owned or operated. ISL and AL Residences are similar to apartments in that space for living accommodation is rented, but they also offer various levels of services. The principal factors affecting a residence's occupancy levels and revenues are the size of the seniors population in the surrounding area, the income of the seniors in that area and the existing comparable supply of seniors housing in that market. Effective sales and marketing strategies can positively influence revenues and occupancy rates.

Profit margins for ISL and AL Residences are generally higher than for LTC Residences. The ownership and operation of LTC Residences tend to involve lower revenue risk and generate lower profit margins than other types of seniors housing because of government regulations and higher levels of care and costs. Furthermore, where government funding is involved, much of it is considered “pass through” monies which must be spent or returned to the government. The greatest risks for all types of seniors housing residences are in the development phase, which includes land assembly, zoning approvals, construction and Lease-Up.

For a detailed review of risk factors relating to Chartwell, see “Risk Factors”.

Regulation in Canada

Long-Term Care

The long-term care sector is regulated by government in all provinces of Canada. In order for an LTC Residence to receive government funding when such funding is provided, such residence must be licensed or approved by applicable government bodies. LTC Residences must generally be built to specified design criteria and funding is generally tied to the level of delivery of mandated care services. Licences for LTC Residences are controlled based on, among other criteria, government-perceived local demand and budget constraints. All provinces in which Chartwell carries on business have LTC Residences operated by charitable, municipal and government operators, as well as by private operators.

The effect of government licensing has resulted in more standardized facility design and program options in LTC Residences. While licensing is not accompanied by government funding in some provinces, regulation has nonetheless served to control growth in supply. Thus, in most markets, LTC Residences enjoy stable high occupancy rates and do not typically need to compete for residents. Admission to an LTC Residence at subsidized rates is controlled by provincial agencies. However, provinces across Canada offer a different range of services and cost coverage. Federal funding for long-term care comes from a block transfer to provinces – there is no targeted federal funding for long-term care. As a result, provinces are responsible for system design, allocation of funding, and development of policy, standards and regulations.

British Columbia

The delivery of long-term care and LTC Residences in British Columbia are governed by the CCALA, addressing both community care facilities and registered living residences. In British Columbia, LTC Residences are referred to as “community care facilities”, which includes “a premises or part of a premises in which a person provides care to three or more persons who are not related by blood or marriage to the person” and other premises or parts of a premises used in conjunction with a community care facility for the purpose of providing care or as designated by the Lieutenant Governor in Council.

In providing direct care and supervision to persons in care, operators under the CCALA are obligated to protect and promote the health, safety, dignity, and well-being of persons in care, employ only persons of good character who meet the standards for employees specified in the regulations to the CCALA, display the licence in the prescribed manner, display the rights of adult persons in care in a prominent place in the facility, appoint a manager for the community care facility, and provide a forum for persons in care and family members and substitute decision makers through the establishment of resident and family councils for LTC Residences.

The CCALA and the regulations thereunder affect Chartwell’s operations as it regulates a variety of operational matters, including: care and supervision, hygiene and communicable disease control, licensing, medication, nutrition and food services, the physical facility (including equipment and furnishings), policies and procedures, programs, records and reporting and staffing.

Fees for subsidized beds in LTC Residences in British Columbia are based on the income level of the client. An individual may pay up to 80% of their after-tax income toward the cost of housing and hospitality services, subject to a minimum and maximum monthly rate. Base global funding is allocated to regional health authorities on a population needs-based funding model. Health authorities then receive new funding according to the population’s relative health needs at which point the authority determines the appropriate allocation of funds to hospital, home and community care. Admissions to LTC Residences are managed by the local health authority and an individual may apply for admission through the local health authority.

Alberta

LTC Residences in Alberta are referred to as "nursing homes" and are governed by the ANHA and, pursuant to the Nursing Homes General Regulation, by the *Continuing Care Health Service Standards* and *Long-Term Care Accommodation Standards*. All facilities that provide 24-hour supervision and care must be licensed under the ANHA. The *Continuing Care Health Service Standards* set standards applicable to all publicly-funded providers of home care, supportive living or long-term care, expanding on obligations set by the ANHA. The *Long-Term Care Accommodation Standards* apply to all long-term care accommodations under the ANHA. Residents in LTC Residences pay an accommodation fee; however, LTC health services in Alberta are publicly-funded and provided through Alberta Health Services. Chartwell does not currently operate any LTC Residences in Alberta.

Ontario

All LTC Residences in Ontario are governed by the LTC Act. The aim of the LTC Act is to ensure that residents may live with dignity and in security, safety and comfort and have their physical, psychological, social, spiritual and cultural needs adequately met. Aspects of the LTC Act which affect Chartwell's LTC Residences include: licensing procedures based on standards for licence review; the granting of licences for fixed terms of up to 30 years, depending on bed classifications; the granting of replacement licences to be based on a home's structural classification that will be issued for a maximum of 30 years; duties imposed on licensees; defined expectations and requirements for key services to be provided in residences, including the requirement that a registered nurse be on site 24 hours a day, seven days a week; requirements for the qualification, training and orientation of staff, volunteers and persons who provide direct services to residents; and unannounced annual inspections of residences. Notice is provided three years prior to the end of a licence term as to whether a new licence will be issued. Such decisions will take into account the public interest and community needs.

Regulations under the LTC Act address issues relating to the operation of LTC Residences, including: (a) plans of care; (b) key high risk areas of resident care; (c) prevention of abuse and neglect; (d) minimizing the restraining of residents; (e) residents' rights, care and services; (f) admission of residents; (g) residents' and family councils; (h) funding; (i) licensing; (j) municipal homes and first nations homes; (k) compliance and enforcement; and (l) administration.

LTC Residences receive funding from the provincial government based on the delivery of mandated care services, the relative level of assessed care required by the residents in the LTC Residence, the LTC Residence's occupancy level, and the residents' financial status. Long-term care is publicly funded on a "cost-shared" basis with residents whereby the government does not pay the full cost of long-term care and sets the portion that residents must pay the home. Residents may have an opportunity to qualify for a subsidy if basic accommodations for a particular resident are not affordable. Admissions are managed by Local Health Integration Networks.

Québec

In Québec, LTC Residences are known as nursing homes or "centres d'hébergement et de soins de longue durée" (CHSLD) and provide 24-hour supervision and nursing care for individuals with complex care needs, unable to live independently. Admissions are managed by Local Community Service Centres known as "Centres locaux de services communautaires" (CLSC). In contrast to some other jurisdictions, an income/asset test is not a standard component of the admissions assessment. The "Régie de l'assurance maladie du Québec" (Health Insurance Board of Québec) will conduct an assessment and establish the cost that the resident must pay for his or her placement based on various factors. Chartwell does not currently operate any LTC Residences in Québec.

ISL and AL

All of Chartwell's ISL Residences and AL Residences meet or exceed in all material respects, applicable legislative standards and applicable minimum industry-wide voluntary standards relating to such properties.

Most ISL Residences and AL Residences across Canada are also typically subject to applicable tenant protection regulation on the accommodation portion of their monthly fees, health care regulation in relation to the care provided and public health and safety regulations. The residences themselves are also subject to provincial building codes and fire safety provisions.

In addition to regulation at the provincial level, municipalities within the provinces where Chartwell operates also impose licensing requirements pursuant to local by-laws and require inspection by local public health and fire safety authorities. The principal requirement of such licensing by-laws is generally the payment of nominal licensing fees and the undertaking of various inspections.

British Columbia

In British Columbia, the CCALA provides consumer protection and regulation of all ISL and AL Residences. All types of seniors housing providing a certain level of care in British Columbia must be registered with the Assisted Living Registry. AL Residences are regulated under the CCALA and are defined as “premises or part of a premises, other than a community care facility, in which housing, hospitality services, and at least one but not more than two prescribed services are provided by or through the operator to three or more adults who are not related by blood or marriage to the operators” or as designated by the Lieutenant Governor in Council. AL Residences are available in British Columbia through publicly-subsidized and private-pay operators. In publicly-subsidized AL Residences, an individual will pay a monthly rate based on income, calculated as 70% of “after tax income” (as defined by the Continuing Care Fees Regulation).

Alberta

In Alberta, the SLALA governs ISL Residences and AL Residences, which must be licensed in order to operate. These residences must also meet the *Supportive Living Accommodation Standards*. Under the SLALA, all supportive living services need to be licensed when the operator provides accommodation to four or more adults and provides or arranges for services related to the safety and security of residents, and provides at least one meal a day or housekeeping services.

Ontario

In Ontario, under the RH Act, operators of ISL Residences or AL Residences, referred to as “retirement homes”, are required to be licensed by the RHRA. Licences granted under the RH Act are not transferable and may be revoked should the persons operating the residences fail to meet the requirements of the RH Act. Other measures outlined in the RH Act include: (a) granting the RHRA the power to conduct inspections, investigations and enforcement, including issuing financial penalties if necessary; (b) the establishment of mandatory care and safety standards, as well as requirements for emergency plans, infection control and prevention programs, assessment of care needs and care planning, police background checks and training for staff; (c) the establishment of a residents’ bill of rights, including the right to know the true cost of care and accommodation and the residents’ right to participate fully in making decisions regarding care; (d) the requirement to establish a policy that promotes zero tolerance of abuse or neglect; and (e) the inclusion of whistle-blower protection provisions shielding persons disclosing information to the RHRA regarding the operation of a retirement home from any retaliation.

Québec

In Québec, under the Québec Act and regulations, operators of ISL Residences or AL Residences are required to be licensed by the regional health authority. Certificates of compliance granted under the Québec Act and regulations are not transferable and may be revoked should the persons operating the residences fail to meet operating standards for private seniors’ residence. A certificate of compliance must be renewed every four years. Other measures outlined in Québec law include: (a) granting the Minister of Health and Social Services and regional health authorities the power to conduct inspections, investigations and enforcement, including issuing financial penalties if necessary; and (b) the establishment of mandatory care and safety standards, as well as requirements for emergency plans, infection control and prevention programs, assessment of care needs and care planning, and police background checks and training for staff. In Québec, all private seniors’ residences are classified into one of two categories: (i) those offering services to “independent elderly persons”; and (ii) those offering services to “semi-independent elderly persons”.

Recent Amendments to Regulations

On December 6, 2018, the Ontario government passed the *Restoring Trust, Transparency and Accountability Act, 2018* affecting a number of pieces of legislation including the *Residential Tenancies Act, 2006* ("RTA"). The RTA was amended to provide a new exemption from the rent control guidelines for rental units that were not occupied for residential purposes on or before November 15, 2018.

On November 21, 2018 the Ontario government passed the *Making Ontario Open for Business Act, 2018* repealing many of the changes to the *Employment Standards Act* introduced with the enactment of the *Fair Workplaces, Better Jobs Act, 2017* in 2017. The changes include pausing the minimum wage increase until 2020 at which time increases will be tied to inflation. Effective January 1, 2019, the Québec and British Columbia governments also made changes to the provincial employment/labour standards legislation that among other things expands employee leave entitlement.

On November 27, 2018 the British Columbia government passed the *Health Sector Statutes Repeal Act* which repeals the *Health and Social Services Delivery Improvement Act* and the *Health Sector Partnership Agreement Act*. The Act is expected to come into force by way of regulation in 2019 and will restore successorship and common employer protections to health sector workers and may impact the cost of contracts with third party service providers.

Business Strategies of Chartwell

In 2018 Chartwell updated its business strategy to establish Chartwell's operating targets for the next five years and to define the scope of Chartwell's business and its competitive advantage. Chartwell believes this clearly-defined strategy will support a better alignment of initiatives and resources across the organization and will help managers and staff choose and prioritize their activities.

The following is Chartwell's strategy statement:

"In 2023 we will achieve in our retirement residences, Employee Engagement of 55% (highly engaged), Resident Satisfaction of 67% (very satisfied) and Same Property Occupancy of 95% to drive strong IFFOPU growth by providing exceptional resident experiences through personalized services in our mid to upscale residences in urban and suburban locations."

Objectives:

We believe that only highly engaged employees will deliver the great resident experiences that drive high resident satisfaction scores. We know that very satisfied residents are much more likely to recommend their residence to their friends and be Chartwell ambassadors in their communities. We know that the majority of our new residents move in based on such recommendations. Therefore, by focusing our efforts and investments in the areas of employee engagement and resident satisfaction we expect to generate high occupancy rates, which in turn are expected to drive strong growth in cash flows. We elected to measure this cash flow growth by utilizing an Internal Funds from Operations ("IFFO") metric on a per unit basis ("IFFOPU"). IFFO is calculated by adding to FFO the following: (a) lease up losses and imputed financing costs related to our development properties, (b) income taxes and (c) income guarantees on newly acquired properties. The reconciliation of IFFO to FFO, explanations and rationale for adjustments can be found on page 45 of the Management Discussion and Analysis for the year ended December 31, 2018 ("MD&A").

Scope and Competitive Advantage

The following further explains and defines the scope of Chartwell's business strategy:

Exceptional resident experience - Our customer is our resident. Our Unique Value Proposition is an exceptional resident experience and we achieve it by providing personalized services. Our service standards are 'Safety, Respect, Efficiency and WOW'.

Personalized services – We treat each resident as a unique individual. We get to know them well before they come to reside with us and we tailor our service offering to their individual preferences and needs.

Our residences – We own, operate and develop our residences. With a few specific exceptions we do not manage residences for third parties, nor do we invest in residences managed by others.

Upscale and Mid-market – We target mid to upscale retirement market. We do not operate residences with base-level services and a limited staff complement due to high operating risks. We do not operate residences with premium upscale services due to the small size and narrow focus of this niche market.

Urban and suburban – We target residences in urban and suburban areas and will not operate in markets with populations less than 25,000 within a 10 km radius of our residences. In addition, to achieve management efficiencies we will not operate residences that generate less than $1 million of Net Operating Income at stabilized occupancy. We expect to continue to operate in the four most populous provinces of Canada (Ontario, Québec, British Columbia and Alberta) where we strive to be market leaders.

This strategy statement is centered on our retirement segment, which represents 84% of our total suites and 90% of our Net Operating Income.

We are committed to maintaining our long term care operations which generate stable cash flows, meaningful economies of scale and significant operating expertise, particularly in the area of nursing care. Our LTC teams have been consistently implementing programs to drive employee engagement and resident satisfaction in their highly regulated environment. These “Rising above the Regs” programs resulted in a 43% Employee Engagement score and a 49% Resident Satisfaction score in 2018, compared to 36% and 44%, respectively, in 2017. Our LTC five-year targets are 50% Highly Engaged Employees and 57% of Very Satisfied Residents.

Chartwell’s strategies for organic growth, acquisition growth and development growth will be consistent with its business strategy.

Management of Residences for Third Party Clients

Chartwell manages residences for third party clients on a limited scale. Chartwell does not expect to grow this part of its business through one-off management contracts. However, Chartwell may consider strategic portfolio management and co-investment opportunities with institutional or other well capitalized partners in the future.

Chartwell – Relationship with Welltower

In February 2012, Master LP entered into an agreement with Welltower Canada to purchase the Maestro Properties for a net purchase price of approximately $931.0 million (the “Maestro Acquisition”). Chartwell and Welltower formed a Co-Ownership for the acquisition and entered into a Co-Ownership Agreement to govern the Co-Ownership.

Under the terms of the Co-Ownership Agreement, Chartwell and Welltower share equally in the risks and rewards of the investment in the Co-Owned Properties, with Chartwell being the property manager of all the Maestro Properties. The co-ownership structure provides for major decisions to be made by a board comprising equal members from Chartwell and Welltower. Dispute resolution and liquidity mechanisms are included.

Under the terms of the Co-Ownership Agreement, the parties are subject, with limited exceptions, to certain non-competition restrictions within specified geographic zones surrounding the Maestro Properties. Chartwell and Welltower have agreed to offer to each other the opportunity to co-invest in additional Canadian seniors housing properties within these geographic zones. In addition, Welltower has granted Chartwell the option to purchase a 50% interest in the two Welltower Properties at the higher of fair market value and Welltower’s investment in the Welltower Properties during the term of the Co-Ownership Agreement, provided that Chartwell continues to manage the Welltower Properties. The Maestro Properties are managed by Chartwell pursuant to the Management Agreement, which provides for: (a) a base fee equal to 5% of gross revenue from each property to be paid to Chartwell; and (b) an incentive fee equal to 10% of outperformance, or a reduction of 10% of underperformance, relative to approved annual operating targets, to be paid to Chartwell provided that the total management fee paid to Chartwell does not exceed 6% and is not less than 4% of gross revenue from the Maestro Properties.

In respect of the two Welltower Properties, the Management Agreement had an initial term of three years, with one-year renewal options at Welltower's election. Both Chartwell and Welltower have the right to terminate the Management Agreement on 180 days' notice in respect of the Welltower Properties. In respect of the Co-Owned Properties, the Management Agreement had an initial term of three years and renewed on April 2, 2018 for a one-year renewal term. The relationship between Chartwell and Welltower in the Guildwood redevelopment is based on the same Co-Ownership Agreement terms.

The relationship between Chartwell and Welltower in the Sumach project is based on the same Co-Ownership Agreement terms as described above with necessary adjustments to include Daniels as a 10% owner.

Chartwell – Relationship with Batimo

Chartwell and Batimo are co-owners of an ISL residence, Chartwell L'Unique (Phases I and II), and a medical office building, all located in Saint-Eustache, Québec and of Chartwell Le Teasdale résidence pour retraités Phase I, located in Terrebonne, Québec. Chartwell manages and owns an 85% interest in these properties and Batimo owns the remaining 15%. Chartwell provides operations management services to Batimo for Batimo's 100%-owned Chartwell L'Unique (Phase III), Chartwell Le Prescott, Chartwell Le Montcalm, Chartwell Le Teasdale (Phase II) and Chartwell Le St-Gabriel. Chartwell also provides marketing and pre-leasing management services to Batimo with respect to its development of Chartwell Le St-Gabriel. Chartwell Greenfield Park and Chartwell L'Envol have extended mezzanine loans to entities affiliated with Batimo for the development of Chartwell L'Unique (Phase III), Chartwell Teasdale (Phase II), Chartwell Le St-Gabriel, Chartwell L'Envol and Chartwell Greenfield Park. In addition, Chartwell has agreed to provide marketing and pre-leasing and operations management services for the following Batimo projects in pre-development: Chartwell L'Envol in Cap Rouge, Chartwell Charlesbourg in Québec City and Chartwell Atwater in Montreal.

Pursuant to Chartwell's agreements with Batimo, upon achievement of certain conditions, Batimo may require Chartwell to acquire an 85% interest in the Batimo development properties which Chartwell manages, at 99% of the fair market value ("FMV") as defined in the agreements (the "Batimo Option"). The Batimo Option is for a five-year period commencing when the related property achieves a minimum 90% occupancy level for two consecutive months. Upon expiry of the Batimo Option, Chartwell has a two-year option to acquire an 85% interest in the property at FMV. As of the date of this AIF, there are nine projects with 2,744 suites that are subject to this arrangement. In some cases, Chartwell provides mezzanine loans in respect of Batimo development projects (see "Description of the Business – Loans Receivable").

Corporate Social Responsibility

Chartwell's Corporate Social Responsibility program benchmarks commitments and progress in five key areas: Resident Experience, Employee Engagement, Corporate Governance, Community Investment, and Environmental Stewardship.

Resident Experience

Chartwell's greatest responsibility is the care and service it provides to its residents. With the support of trained and dedicated staff in Chartwell's retirement homes and long term care homes, we strive to offer seniors a safe and rewarding way of life that provides them a socially engaging and supportive environment. Chartwell recognizes the individuality of its clientele and works to ensure that its programs are flexible, adaptive and tailored to specific needs.

- In 2017, Chartwell implemented several initiatives to drive customer satisfaction in our residences. Project 'Welcome to Chartwell' had a very positive impact on how we support our new residents in their first 90 days at Chartwell. In 2018, customer satisfaction scores increased to 58% "Very Satisfied" from 53% in 2017 (note: this percentage does not include residents who were merely "satisfied').

- Offered in all of Chartwell's homes across Canada, our Life Enrichment program LiveNow is designed to engage the mind, body and spirit of all Chartwell residents and is part of its continued emphasis on improving the resident experience. The program focuses on building connections and engaging people in meaningful experiences.

- Through the Moments That Matter program, Chartwell residents are encouraged to share a special moment they've been dreaming about with staff who try to make it happen. Feedback shows that fulfilling these small, but important, moments has a positive impact on a senior's life and wellbeing.

- Chartwell's Memory Living Program establishes a culture that focuses on the social impact of dementia and is designed to respond to the unique needs of its residents. Chartwell has seven Memory Living neighbourhoods across Ontario serving more than 190 people who are living with dementia.

Employee Engagement

Chartwell believes that its employees make a difference in the lives of its residents every day. Chartwell values the dedication, commitment and professionalism of its close to 15,000 employees across Canada, and is committed to attracting and retaining the best employees in the seniors housing sector by providing a rewarding and fulfilling work environment.

- In 2018, Chartwell employee engagement score increased to 47% "Strongly Agree" from 41% in 2017 (note, this percentage does not include merely "engaged" employees).

- Chartwell continues to focus on talent management and a succession planning framework to build leadership capacity and strengthen retention.

- Chartwell has launched the national manager's award program to recognize outstanding leadership among residence management teams.

- Chartwell continues to place emphasis on the onboarding of new employees and ongoing training for all staff.

- Chartwell's new corporate office is being built with employee health and wellbeing as a primary consideration. Features of the new building will include:

  a) an underfloor heating and cooling system which provides fresher air and localized heating and cooling;

  b) the installation of specialized glass which tints in the sunlight, reducing glare, eliminating the need for blinds, increasing the exposure of our employees to natural sunlight, and greatly reducing heat-transfer;

  c) wellness areas for employees; and

  d) ergonomic solutions for all employees, including sit-stand desks and more opportunities to move throughout the day.

Corporate Governance

Chartwell is committed to sound corporate governance practices that include accountability, transparency and integrity in all facets of our operations. These practices are overseen by our Board of Directors and Senior Executive team, who strive to adhere to the highest levels of ethics and oversight.

- Chartwell has been recognized in the *Globe and Mail's* Board Games publication, which rates corporate boards based on governance criteria, as having one of the highest ranked corporate boards in Canada and as the best governed real estate company in Canada.

- Chartwell has maintained a strong record of recruiting and retaining the best talent, including women in leadership positions, with women occupying 40% of the executive leadership roles at Chartwell and with three of our eight board members being women.

- 53 % of our Vice-Presidents and Senior Vice-Presidents are women.

- Chartwell has established a target of maintaining at least 1/3 of its Board members as women.

- Chartwell has a robust board diversity and renewal policy and have ensured significant and continuous renewal on our Board since the IPO. For additional disclosure regarding Chartwell's diversity and board renewal program, refer to Chartwell's Management Information Circular, available on SEDAR (www.sedar.com).

Community Investment

Chartwell believes in building and sustaining strong community relationships. Chartwell is proud of its charitable giving partnerships and community initiatives, which are directed toward projects that support seniors in meaningful ways including lifestyle, health, safety and shelter.

- Chartwell launched its charitable partnership with Wish of a Lifetime Canada at the end of 2015. Since that time, Chartwell has donated more than $500,000 ($200,000 in 2018 alone) to Wish of a Lifetime Canada and through our partnership over 70 wishes have been granted to deserving Canadian seniors, including Chartwell and non-Chartwell residents. It has been documented that wish fulfillment can have tremendous positive outcomes on a senior's health, purpose and sense of value after having a wish granted.

- Chartwell has recently participated in and contributed to a study published in the Seniors Housing & Care Journal relating to customer service and meeting resident needs and demands in retirement residences.

- Chartwell is an industry partner for York University's Canadian Innovation Hub for Biological and Computational Vision (HBCV) project supporting vision and visualization research.

- Chartwell has partnered with Kidney Care Foundation to donate its older vehicles to help in the advancement of kidney health and the reduction and elimination of the burden of kidney diseases. To date, Chartwell has donated 27 vehicles.

- Chartwell has partnered with Diabetes Canada to promote Clothesline, a dedicated Chartwell 1-800 # phone line for people and seniors who are downsizing to schedule a free pickup and the donation of unwanted clothing and small household items.

- Chartwell is an industry partner of Age-Well, an organization dedicated to the creation of technologies and services that benefit older adults and caregivers.

Environmental Stewardship

Chartwell uses management opportunities, where possible, that will help ensure its operations and services are provided in a sustainable manner. Chartwell will continue to explore ways to meet the needs of the present without compromising the needs of the future.

- Chartwell is building a new corporate office to high sustainability and low energy consumption standards, and will include many 'green' features in the new development, including locally sourced materials and products, high efficiency heating and cooling systems and reduced usage of building materials particularly concrete through innovative engineering solutions. These solutions include:

  a) The installation of View Dynamic glass, which tints in the sunlight, reducing glare, eliminating the need for blinds, increasing the exposure of its employees to natural sunlight, and greatly reducing heat-transfer;

  b) The use of bubble deck technology on certain areas of the building, reducing the amount of concrete transported and used in construction by 60 truckloads;

c) Installing charging stations for vehicles and covered parking for bicycles; and

d) Using an under-floor heating and cooling system to reduce energy usage and provide fresher air to employees.

- Chartwell has transitioned from paper to electronic board and management presentations and reports, reducing our paper consumption by an estimated one million sheets per year.

- Chartwell builds its new retirement and long term care residences with energy efficient systems and equipment such as LED lighting, high efficiency boilers and energy smart appliances, among other innovative features.

- Existing buildings are retrofitted with energy efficient systems, equipment and materials such as, but not limited to, LED lighting, high efficiency boilers and Low-E windows.

- Chartwell intends to continue to identify areas where our staff can support everyday actions to reduce our energy use.

- Chartwell intends to continue to update energy-efficient infrastructure systems in new developments and capital renovation projects.

- Chartwell has developed and is implementing a sustainable waste management program to improve service, streamline operations, and enhance diversion opportunities.

Management and Employees

A typical 100-suite ISL or LTC Residence has the following management team: general manager/administrator, director of care/health and wellness manager, lifestyle and program manager, office/business manager, food services manager and maintenance manager. In addition, ISL Residences each employ a retirement living consultant. An ISL Residence typically has approximately 40 additional frontline staff (including: full and part-time nurses, cooks, dietary aides, activities staff and housekeepers). A typical 100-bed LTC Residence would have approximately 120 full and part-time frontline staff including nurses. Staffing in a Memory Care or AL wing or floor will be higher than in a typical ISL Residence.

The management team at each of Chartwell's residences is responsible for day-to-day operations, sales and marketing, overseeing inspections, monitoring staffing, implementing policies and reporting on the residence's performance. The staff in each residence are employed by that particular residence, although they are subject to Chartwell's policies and procedures. Chartwell, through the Operator and its subsidiaries, directly and indirectly employs approximately 14,600 people, of which approximately 80% are represented by labour unions. Generally, the collective bargaining unit representing employees in any one residence does not currently represent employees in any other residence. There are many different unions representing different residences that Chartwell owns or manages. Chartwell's residences, with unionized employees, have generally enjoyed good relationships with the applicable unions, and Chartwell expects to continue these positive relationships. The residences that Chartwell operates are generally subject to legislation that prohibits both strikes and lock-outs, and requires compulsory arbitration to settle labour disputes. In jurisdictions where strikes and lockouts may be permitted, specific essential services regulations apply which ensure the continuation of resident care and most services.

Properties and Management Business as at December 31, 2018

Summary of Chartwell Properties Owned and Managed

	Properties	Majority IL (2)		Majority ISL (2)		Majority AL (2)		Majority MC (2)		Majority LTC (2)		Total	
		Properties	Suites (1)	Properties	Suites (1)	Properties	Suites (1)	Properties	Suites (1)	Properties	Suites (1)	Properties	Suites (1)
100% Owned By Chartwell	142	7	745	109	13,726	1	65	-	-	25	3,284	142	17,820
Partially Owned by Chartwell (3)	44	3	434	41	7,745	-	-	-	-	-	-	44	8,179
Total Owned	186	10	1,179	150	21,471	1	65	-	-	25	3,284	186	25,999
Managed Properties	11	-	-	7	1,653	-	-	-	-	4	608	11	2,261
Total Owned and Managed	197	10	1,179	157	23,124	1	65	-	-	29	3,892	197	28,260

(1) As of December 31, 2018. The number of suites within a property may vary from time to time as suites may be reconfigured to meet residents' needs.

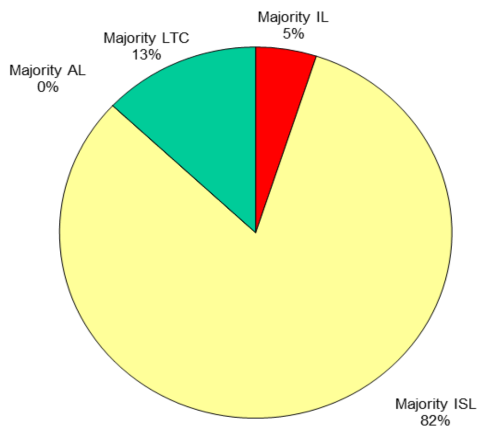
(2) Where a community provides more than one level of care, it has been designated according to the predominant level of care provided, type of licensing and funding received and internal management responsibility.

(3) We have a 50% ownership interest in these properties with the exception of four Canadian retirement properties and one medical office building in which we have an 85% ownership interest.

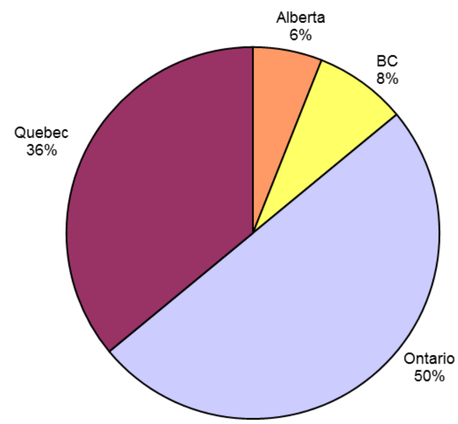
Composition of Portfolio of Owned Suites

At December 31, 2018 by:

Level of Care



Geographic Location



Management of Residences for Third-Party Clients

Management of residences for select third-party clients involves undertaking on behalf of owners, all aspects of the management of a seniors housing residence. Such management includes hiring of general managers/administrators and staff on behalf of the residence's owner, marketing, purchasing, financial administration, record-keeping and regulatory compliance. Fees payable for such services are generally based on a percentage of residence revenue. While most management contracts provide for a term of five years, the term can vary. Notwithstanding the expressed term, however, management contracts may also provide that they can be terminated upon 90 days' notice.

The fees payable to Chartwell for operations management services are typically 2.5-3% of gross revenues for LTC Residences and 4-5% of gross revenues for ISL and AL Residences, often with incentives and penalties where the managed property over or under performs.

As of March 1, 2019, Chartwell manages eleven properties in which Chartwell has no ownership interest, of which five are owned by Batimo, two by Welltower and four by third parties.

Properties Owned and Managed by Chartwell

The table on the following pages provides information regarding the seniors housing properties owned and managed by Chartwell.

Properties Owned and Managed by Chartwell Retirement Residences as at December 31, 2018

Property	Segment	Country	Prov	Region	Location	Year Built	Extension(s)		Independent Living (IL) (1)	Independent Supported Living (ISL) (2)	Assisted Living (AL) (3)	Memory Care (MC) (4)	Long Term Care (LTC) (5)	Total	Chartwell Ownership
ONTARIO															
EAST															
Chartwell Bon Air Long Term Care Residence	LTC	CA	ON	EAST	Cannington	1974			-	9	-	-	55	64	100%
Chartwell Champlain Long Term Care Residence	LTC	CA	ON	EAST	L'Orignal	1973			-	-	-	-	60	60	100%
Chartwell Lancaster Long Term Care Residence	LTC	CA	ON	EAST	Lancaster	1978			-	-	-	-	60	60	100%
Chartwell Bayview Retirement Residence	RET	CA	ON	EAST	Belleville	1997			-	59	-	-	-	59	100%
Chartwell Belcourt résidence pour retraités	RET	CA	ON	EAST	Orléans	1984	1999		39	68	-	-	-	107	50%
Chartwell Bridlewood Retirement Residence	RET	CA	ON	EAST	Gloucester	2002			-	61	-	-	-	61	100%
Chartwell Chateau Cornwall Retirement Residence	RET	CA	ON	EAST	Cornwall	2005			-	100	-	-	-	100	100%
Chartwell Conservatory Pond Retirement Residence	RET	CA	ON	EAST	Kingston	2005			-	85	-	-	-	85	100%
Chartwell Duke of Devonshire Retirement Residence	RET	CA	ON	EAST	Ottawa	2009			-	79	25	-	-	104	100%
Chartwell Empress Kanata Retirement Residence	RET	CA	ON	EAST	Kanata	2001			-	64	-	23	-	87	100%
Chartwell Hartford Retirement Residence	RET	CA	ON	EAST	Morrisburg	1988	2007		-	91	-	-	-	91	100%
Chartwell Héritage résidence pour retraités	RET	CA	ON	EAST	Ottawa	1979	1999	2004	84	87	-	-	-	171	50%
Chartwell Jackson Creek Retirement Residence	RET	CA	ON	EAST	Peterborough	2002			-	68	-	-	-	68	100%
Chartwell Kanata Retirement Residence	RET	CA	ON	EAST	Kanata	1998			-	82	-	-	-	82	100%
Chartwell Lord Lansdowne Retirement Residence	RET	CA	ON	EAST	Ottawa	2007			-	103	24	-	-	127	100%
Chartwell McConnell Retirement Residence	RET	CA	ON	EAST	Cornwall	2005			121	89	-	-	-	210	50%
Chartwell New Edinburgh Square Retirement Residence	RET	CA	ON	EAST	Ottawa	1994	2006		-	120	-	-	-	120	100%
Chartwell Quail Creek Retirement Residence	RET	CA	ON	EAST	Renfrew	1988	2009		-	93	-	-	-	93	100%
Chartwell Rideau Place Retirement Residence	RET	CA	ON	EAST	Ottawa	1988			-	111	-	-	-	111	100%
Chartwell Riverpark Retirement Residence	RET	CA	ON	EAST	Nepean	1995			-	96	65	-	-	161	100%
Chartwell Rockcliffe Retirement Residence	RET	CA	ON	EAST	Ottawa	2008			-	110	17	-	-	127	100%
Chartwell Rosedale Retirement Residence	RET	CA	ON	EAST	Brockville	1997			-	69	-	-	-	69	100%
Chartwell Stillwater Creek Retirement Residence	RET	CA	ON	EAST	Nepean	2001			40	102	58	-	-	200	100%
Chartwell Van Horne Retirement Residence	RET	CA	ON	EAST	Smiths Falls	1998			-	60	-	-	-	60	100%
Chartwell Wedgewood Retirement Community	RET	CA	ON	EAST	Brockville	2007			-	82	27	-	-	109	100%
Chartwell Willowdale Retirement Residence	RET	CA	ON	EAST	Smiths Falls	1988			-	64	-	-	-	64	100%
GTA															
Chartwell Aurora Long Term Care Residence	LTC	CA	ON	GTA	Aurora	1975	2003		-	-	-	-	235	235	100%
Chartwell Ballycliffe Long Term Care	LTC	CA	ON	GTA	Ajax	1972	1980		-	-	-	-	100	100	100%
Chartwell Gibson Long Term Care Residence	LTC	CA	ON	GTA	North York	1972	2006		-	-	-	-	202	202	100%
Chartwell Pine Grove Long Term Care and Retirement Residence	LTC	CA	ON	GTA	Woodbridge	2013			-	11	-	-	96	107	100%
Chartwell Trilogy Long Term Care Residence	LTC	CA	ON	GTA	Scarborough	2003			-	-	-	-	197	197	100%
Chartwell Waterford Long Term Care Residence	LTC	CA	ON	GTA	Oakville	2002			-	-	-	-	168	168	100%
Chartwell Wenleigh Long Term Care Residence	LTC	CA	ON	GTA	Mississauga	2001			-	-	-	-	161	161	100%
Chartwell Westbury Long Term Care Residence	LTC	CA	ON	GTA	Etobicoke	2004			-	-	-	-	187	187	100%
Chartwell White Eagle Long Term Care Residence	LTC	CA	ON	GTA	Toronto	1972			-	-	-	-	56	56	100%
Chartwell Woodhaven Long Term Care Residence	LTC	CA	ON	GTA	Markham	2003			-	-	-	-	192	192	100%
Chartwell Wynfield Long Term Care Residence	LTC	CA	ON	GTA	Oshawa	2003			-	-	-	-	172	172	100%
Chartwell Alexander Muir Retirement Residence	RET	CA	ON	GTA	Newmarket	1991			-	84	-	-	-	84	50%
Chartwell Avondale Retirement Residence	RET	CA	ON	GTA	Toronto	2006			-	79	-	-	-	79	50%
Chartwell Barton Retirement Residence	RET	CA	ON	GTA	Newmarket	2000			-	82	-	-	-	82	100%
Chartwell Centennial Retirement Residence	RET	CA	ON	GTA	Oshawa	2002			-	76	-	-	-	76	100%
Chartwell Colonial Retirement Residence	RET	CA	ON	GTA	Whitby	1996			-	96	-	-	-	96	100%
Chartwell Constantia Retirement Residence	RET	CA	ON	GTA	Thornhill	2006			-	121	-	-	-	121	50%
Chartwell Gibson Retirement Residence	RET	CA	ON	GTA	North York	1982			-	70	-	-	-	70	100%
Chartwell Grenadier Retirement Residence	RET	CA	ON	GTA	Toronto	1985			-	185	73	-	-	258	100%
Chartwell Harwood Retirement Residence	RET	CA	ON	GTA	Ajax	2015			-	130	-	-	-	130	100%
Chartwell Heritage Glen Retirement Residence	RET	CA	ON	GTA	Mississauga	1980			-	323	-	-	-	323	100%
Chartwell Hollandview Trail Retirement Residence	RET	CA	ON	GTA	Aurora	2009			-	88	37	-	-	125	100%
Chartwell Lansing Retirement Residence	RET	CA	ON	GTA	Toronto	1992			-	100	-	-	-	100	50%
Chartwell Montgomery Village Retirement Residence	RET	CA	ON	GTA	Orangeville	2012			-	136	-	-	-	136	100%
Chartwell Oakville Retirement Residence	RET	CA	ON	GTA	Oakville	2009			-	147	-	-	-	147	50%
Chartwell Park Place Retirement Residence	RET	CA	ON	GTA	Aurora	1991			-	92	-	-	-	92	100%
Chartwell Parkway Retirement Residence	RET	CA	ON	GTA	Pickering	1997			-	76	-	-	-	76	100%
Chartwell Pickering City Centre Retirement Residence	RET	CA	ON	GTA	Pickering	2007			-	117	-	-	-	117	100%
Chartwell Regency Retirement Residence	RET	CA	ON	GTA	Mississauga	2003			-	81	-	-	-	81	100%
Chartwell Robert Speck Retirement Residence	RET	CA	ON	GTA	Mississauga	2008			-	113	-	-	-	113	100%
Chartwell Rouge Valley Retirement Residence	RET	CA	ON	GTA	Markham	2004			-	89	-	-	-	89	100%
Chartwell Scarlett Heights Retirement Residence	RET	CA	ON	GTA	Etobicoke	2007			-	180	-	28	-	208	50%
Chartwell Valley Vista Retirement Residence	RET	CA	ON	GTA	Vaughan	2009			-	140	-	-	-	140	100%
Chartwell Wynfield Retirement Residence	RET	CA	ON	GTA	Oshawa	2012			-	84	23	-	-	107	100%
Chartwell Waterford Retirement Residence	RET	CA	ON	GTA	Oakville	2017			-	98	-	33	-	131	100%
Oak Ridges Retirement Community	RET	CA	ON	GTA	Richmond Hill	2012			-	110	19	-	-	129	100%
NORTH															
Chartwell Barclay House Retirement Residence	RET	CA	ON	NORTH	North Bay	1987			-	66	-	-	-	66	100%
Chartwell Barrington Retirement Residence	RET	CA	ON	NORTH	Barrie	1999			-	72	-	-	-	72	100%
Chartwell Chateau Georgian Retirement Residence	RET	CA	ON	NORTH	Timmins	1988			-	61	-	-	-	61	100%
Chartwell Collegiate Heights Retirement Residence	RET	CA	ON	NORTH	Sault Ste. Marie	2002	2008		-	107	-	-	-	107	100%
Chartwell Georgian Traditions Retirement Residence	RET	CA	ON	NORTH	Collingwood	2007	2015		-	78	-	22	-	100	100%
Chartwell Glacier Ridge Retirement Residence	RET	CA	ON	NORTH	Thunder Bay	2002			-	80	-	-	-	80	100%
Chartwell Isabella Retirement Residence	RET	CA	ON	NORTH	Thunder Bay	2011			-	94	-	-	-	94	100%
Chartwell Hilldale Retirement Residence	RET	CA	ON	NORTH	Thunder Bay	2007			-	66	-	-	-	66	100%
Chartwell James Street Retirement Residence	RET	CA	ON	NORTH	Bracebridge	1990	1996	2003	-	73	-	-	-	73	100%
Chartwell Meadowbrook Retirement Community	RET	CA	ON	NORTH	Lively	2000			72	90	-	-	-	162	100%
Chartwell Muskoka Traditions Retirement Residence	RET	CA	ON	NORTH	Huntsville	2008			5	101	-	-	-	106	100%
Chartwell Pinewood Retirement Residence	RET	CA	ON	NORTH	Pembroke	1984			-	48	-	-	-	48	100%
Chartwell Rogers Cove Retirement Residence	RET	CA	ON	NORTH	Huntsville	1995			-	58	-	-	-	58	100%
Chartwell Southwind Retirement Residence	RET	CA	ON	NORTH	Sudbury	2004			-	82	-	-	-	82	100%
Chartwell Thunder Bay Retirement Residence	RET	CA	ON	NORTH	Thunder Bay	2009			7	102	-	-	-	109	100%
Chartwell Tiffin Retirement Residence	RET	CA	ON	NORTH	Midland	2014			-	49	42	23	-	114	100%
Chartwell Westmount on William Retirement Residence	RET	CA	ON	NORTH	Sudbury	1988			-	86	-	-	-	86	100%
Chartwell Whispering Pines Retirement Residence	RET	CA	ON	NORTH	Barrie	2006			-	108	-	-	-	108	50%

Properties Owned and Managed by Chartwell Retirement Residences as at December 31, 2018

Property	Segment	Country	Prov	Region	Location	Year Built	Extension(s)	Independent Living (IL) (1)	Independent Supported Living (ISL) (2)	Assisted Living (AL) (3)	Memory Care (MC) (4)	Long Term Care (LTC) (5)	Total	Chartwell Ownership
WEST														
Chartwell Aylmer Long Term Care Residence	LTC	CA	ON	WEST	Aylmer	2013		-	-	-	-	64	64	100%
Chartwell Brant Centre Long Term Care Residence	LTC	CA	ON	WEST	Burlington	2002		-	-	-	-	175	175	100%
Chartwell Elmira Long Term Care Residence	LTC	CA	ON	WEST	Elmira	2002		-	-	-	-	48	48	100%
Chartwell Elmira Retirement Residence	LTC	CA	ON	WEST	Elmira	2002		-	64	-	-	-	64	100%
Chartwell London Long Term Care Residence	LTC	CA	ON	WEST	London	2003		-	-	-	-	95	95	100%
Chartwell Niagara Long Term Care Residence	LTC	CA	ON	WEST	Niagara-on-the-Lake	1973		-	-	-	-	124	124	100%
Chartwell Parkhill Long Term Care Residence	LTC	CA	ON	WEST	Parkhill	2013		-	-	-	-	64	64	100%
Chartwell Royal Oak Long Term Care Residence	LTC	CA	ON	WEST	Kingsville	2004		-	-	-	-	160	160	100%
Chartwell Westmount Long Term Care Residence	LTC	CA	ON	WEST	Kitchener	2002		-	-	-	-	160	160	100%
Chartwell Willowgrove Long Term Care Residence	LTC	CA	ON	WEST	Ancaster	2004		-	-	-	-	169	169	100%
Chartwell Anne Hathaway Retirement Residence	RET	CA	ON	WEST	Stratford	1998		-	61	-	-	-	61	100%
Chartwell Bankside Seniors Apartments	RET	CA	ON	WEST	Kitchener	2018		58	-	-	-	-	58	100%
Chartwell Bankside Terrace Retirement Residence	RET	CA	ON	WEST	Kitchener	1996		-	99	-	-	-	99	100%
Chartwell Christopher Terrace Retirement Residence	RET	CA	ON	WEST	Burlington	1988		-	71	-	-	-	71	50%
Chartwell Deerview Crossing Retirement Residence	RET	CA	ON	WEST	Hamilton	2014		-	91	-	28	-	119	100%
Chartwell Georgian Retirement Residence	RET	CA	ON	WEST	Dundas	1995		-	63	-	-	-	63	100%
Chartwell Kingsville Retirement Residence	RET	CA	ON	WEST	Kingsville	1993		-	98	-	-	-	98	50%
Chartwell Lakeshore Retirement Residence	RET	CA	ON	WEST	Burlington	1997		-	118	42	-	-	160	100%
Chartwell Leamington Retirement Residence	RET	CA	ON	WEST	Leamington	2005		-	82	-	-	-	82	50%
Chartwell Martha's Landing Retirement Residence	RET	CA	ON	WEST	Burlington	2000		-	57	-	-	-	57	100%
Chartwell Oak Park LaSalle Retirement Residence	RET	CA	ON	WEST	Lasalle	2005		-	113	-	-	-	113	100%
Chartwell Oak Park Terrace Retirement Residence	RET	CA	ON	WEST	Windsor	1998		-	112	-	-	-	112	100%
Chartwell Orchards Retirement Residence	RET	CA	ON	WEST	Vineland	2014		-	65	41	-	-	106	100%
Chartwell Oxford Gardens Retirement Residence	RET	CA	ON	WEST	Woodstock	2009	2012	-	187	-	-	-	187	100%
Chartwell Queen's Square Retirement Residence	RET	CA	ON	WEST	Cambridge	2000		-	80	-	-	-	80	100%
Chartwell Riverside Retirement Residence	RET	CA	ON	WEST	London	2009		17	121	-	-	-	138	50%
Chartwell Royal Marquis Retirement Residence	RET	CA	ON	WEST	Windsor	2007		-	83	-	-	-	83	50%
Chartwell Royal on Gordon Retirement Residence	RET	CA	ON	WEST	Guelph	2008		14	98	-	-	-	112	50%
Chartwell Royalcliffe Retirement Residence	RET	CA	ON	WEST	London	2011		-	146	-	-	-	146	50%
Chartwell St. Clair Beach Retirement Residence	RET	CA	ON	WEST	Tecumseh	2013		-	115	-	-	-	115	100%
Chartwell Terrace on the Square Retirement Residence	RET	CA	ON	WEST	Waterloo	1999		-	89	-	-	-	89	100%
Chartwell Tranquility Place Retirement Residence	RET	CA	ON	WEST	Brantford	1995	2007 2015	73	145	-	-	-	218	50%
Chartwell Wellington Park Retirement Residence	RET	CA	ON	WEST	Guelph	2006		-	116	-	-	-	116	100%
Chartwell Westmount Retirement Residence	RET	CA	ON	WEST	Kitchener	2012		-	77	24	-	-	101	100%
Clair Hills Retirement Community	RET	CA	ON	WEST	Waterloo	2012		-	100	20	-	-	120	100%
TOTAL ONTARIO								**530**	**8,732**	**537**	**157**	**3,000**	**12,956**	
BRITISH COLUMBIA														
Chartwell Birchwood Retirement Residence	RET	CA	BC	BC	Chilliwack	1987	2007	-	80	-	-	-	80	100%
Chartwell Carlton Gardens Care Residence	RET	CA	BC	BC	Burnaby	2012		-	-	-	-	128	128	100%
Chartwell Carrington House Retirement Residence	RET	CA	BC	BC	Mission	2003		-	126	-	-	-	126	100%
Chartwell Carrington Place Retirement Residence	RET	CA	BC	BC	Vernon	2003	2010	-	142	-	-	-	142	100%
Chartwell Cedarbrooke Retirement Residence	RET	CA	BC	BC	Mission	2009		138	-	-	-	-	138	100%
Chartwell Chatsworth Retirement Residence	RET	CA	BC	BC	Kelowna	2006		-	103	-	-	-	103	100%
Chartwell Churchill House Retirement Residence	RET	CA	BC	BC	North Vancouver	2006		-	98	-	-	-	98	50%
Chartwell Crescent Gardens Retirement Community	RET	CA	BC	BC	Surrey	1997		-	88	-	-	75	163	100%
Chartwell Hampton House Retirement Residence	RET	CA	BC	BC	Chilliwack	2006		98	-	-	-	-	98	100%
Chartwell Imperial Place Retirement Residence	RET	CA	BC	BC	Surrey	1991		-	104	-	-	-	104	50%
Chartwell Kamloops Retirement Residence	RET	CA	BC	BC	Kamloops	2006		-	97	-	-	-	97	100%
Chartwell Langley Gardens Retirement Community	RET	CA	BC	BC	Langley	2000		-	89	-	-	92	181	100%
Chartwell Langley Gardens Retirement Community (At Village Square)	RET	CA	BC	BC	Langley	2002		-	56	35	-	-	91	100%
Chartwell Lynnwood Retirement Residence	RET	CA	BC	BC	Chilliwack	1998		121	-	-	-	-	121	100%
Chartwell Malaspina Care Residence	RET	CA	BC	BC	Nanaimo	1942	1992 2017	-	-	-	-	136	136	100%
Chartwell Renaissance Retirement Residence	RET	CA	BC	BC	Langley	2006		128	-	-	-	-	128	50%
Chartwell Ridgepointe Retirement Residence	RET	CA	BC	BC	Kamloops	2011		109	-	-	-	-	109	100%
Chartwell Willow Retirement Community	RET	CA	BC	BC	Maple Ridge	2002		-	99	-	14	20	133	100%
TOTAL BRITISH COLUMBIA								**594**	**1,082**	**35**	**14**	**451**	**2,176**	
ALBERTA														
Chartwell Aspen House Retirement Residence	RET	CA	AB	ALB	Morinville	2006		-	72	-	-	-	72	100%
Chartwell Colonel Belcher Retirement Residence	RET	CA	AB	ALB	Calgary	2001		-	175	-	-	-	175	100%
Chartwell Country Cottage Retirement Residence	RET	CA	AB	ALB	Sherwood Park	1999		-	48	-	-	-	48	100%
Chartwell Eau Claire Care Residence	RET	CA	AB	ALB	Calgary	2002		-	125	-	24	-	149	100%
Chartwell Fountains of Mission Retirement Residence	RET	CA	AB	ALB	Calgary	2004		96	-	-	-	-	96	50%
Chartwell Griesbach Retirement Residence	RET	CA	AB	ALB	Edmonton	2007		-	268	-	-	-	268	100%
Chartwell Harbours Retirement Residence	RET	CA	AB	ALB	Calgary	2002		116	-	-	-	-	116	100%
Chartwell Hawthorn Retirement Residence	RET	CA	AB	ALB	Edmonton	2006		-	104	-	-	-	104	100%
Chartwell Heritage Valley Retirement Residence	RET	CA	AB	ALB	Edmonton	2017		-	205	-	-	-	205	100%
Chartwell Royal Park Retirement Residence	RET	CA	AB	ALB	Calgary	1998		105	-	-	-	-	105	100%
Chartwell St. Albert Retirement Residence	RET	CA	AB	ALB	St. Albert	2012		-	230	-	-	-	230	100%
Chartwell Wild Rose Retirement Residence	RET	CA	AB	ALB	Edmonton	2000		-	66	-	-	-	66	100%
TOTAL ALBERTA								**317**	**1,293**	**-**	**24**	**-**	**1,634**	
QUEBEC														
Chartwell Appartements de Bordeaux	RET	CA	QC	QC	Québec	2006		-	149	-	-	-	149	100%
Chartwell Belvédères de Lachine résidence pour retraités	RET	CA	QC	QC	Montréal	2007		-	229	23	12	-	264	50%
Chartwell Bois-de-Boulogne résidence pour retraités	RET	CA	QC	QC	Montréal	1989		-	158	38	23	-	219	50%
Chartwell Cité-Jardin I & II résidence pour retraités	RET	CA	QC	QC	Gatineau	2001	2004	-	284	-	-	-	284	100%
Chartwell Cité-Jardin IIIA résidence pour retraités	RET	CA	QC	QC	Gatineau	2006		-	170	-	-	-	170	100%
Chartwell Cité-Jardin IIIB résidence pour retraités	RET	CA	QC	QC	Gatineau	2007		-	-	65	-	-	65	100%
Chartwell Cité-Jardin IV résidence pour retraités	RET	CA	QC	QC	Gatineau	2007		-	172	-	-	-	172	100%
Chartwell Cité-Jardin V résidence pour retraités	RET	CA	QC	QC	Gatineau	2007		-	171	-	-	-	171	100%
Chartwell Domaine Cascade résidence pour retraités	RET	CA	QC	QC	Shawinigan	1988		-	203	-	-	-	203	100%
Chartwell Domaine de Bordeaux résidence pour retraités	RET	CA	QC	QC	Québec	2003		-	106	45	-	-	151	100%
Chartwell Domaine des Trembles résidence pour retraités	RET	CA	QC	QC	Gatineau	2008		-	201	37	-	-	238	50%
Chartwell Domaine Harmonie résidence pour retraités	RET	CA	QC	QC	Boucherville	2005		-	150	26	-	-	176	50%
Chartwell Faubourg Giffard résidence pour retraités	RET	CA	QC	QC	Québec	2009		-	351	29	-	-	380	50%
Chartwell Jardins de la Gare résidence pour retraités	RET	CA	QC	QC	Saint-Hyacinthe	1942	1995	-	233	-	-	33	266	100%

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Chartwell Jardins Laviolette résidence pour retraités	RET	CA	QC	QC	Trois-Rivières	2002		-	308	-	-	-	308	50%
Chartwell Jardins Notre-Dame résidence pour retraités	RET	CA	QC	QC	Gatineau	2008		-	151	-	-	-	151	100%
Chartwell Le Duplessis résidence pour retraités	RET	CA	QC	QC	Trois-Rivières	1989	2003	-	222	-	-	-	222	100%
Chartwell Le Teasdale résidence pour retraités	RET	CA	QC	QC	Terrebonne	2016		-	311	32	-	-	343	85%
Chartwell Le Wellesley résidence pour retraités	RET	CA	QC	QC	Pointe-Claire	1986		-	157	-	-	-	157	50%
Chartwell Les Écores résidence pour retraités	RET	CA	QC	QC	Laval	1965		-	181	16	-	-	197	50%
Chartwell L'Unique résidence pour retraités	RET	CA	QC	QC	Saint-Eustache	2012		-	169	-	-	-	169	85%
Chartwell L'Unique residence pour retraites Phase II	RET	CA	QC	QC	Saint-Eustache	2015		-	90	-	-	-	90	85%
Chartwell Manoir Archer résidence pour retraités	RET	CA	QC	QC	Québec	1999		-	211	36	-	-	247	50%
Chartwell Manoir et Cours de L'Atrium résidence pour retraités	RET	CA	QC	QC	Québec	2001		-	568	48	-	-	616	50%
Chartwell Manoir Kirkland résidence pour retraités	RET	CA	QC	QC	Kirkland	1977		-	189	-	-	-	189	100%
Chartwell Manoir Pointe-aux-Trembles résidence pour retraités	RET	CA	QC	QC	Montréal	1988	2004	-	246	-	-	-	246	50%
Chartwell Manoir Saint-Jérôme résidence pour retraités	RET	CA	QC	QC	Saint-Jérôme	2003		-	513	-	-	-	513	50%
Chartwell Monastère d'Aylmer résidence pour retraités	RET	CA	QC	QC	Gatineau	1999	2005	-	207	56	-	-	263	100%
Chartwell Notre-Dame de Hull résidence pour retraités	RET	CA	QC	QC	Gatineau	2000	2005	-	150	73	-	-	223	100%
Chartwell Notre-Dame Victoriaville résidence pour retraités	RET	CA	QC	QC	Victoriaville	1996		-	155	55	-	-	210	50%
Chartwell Oasis Saint-Jean résidence pour retraités	RET	CA	QC	QC	Saint-Jean-sur-Richelieu	1988	2006	-	245	73	-	-	318	100%
Chartwell Résidence Principale résidence pour retraités	RET	CA	QC	QC	Cowansville	1997	2002 2005	-	176	19	-	-	195	100%
Chartwell Résidence St-Pierre résidence pour retraités	RET	CA	QC	QC	Rouyn-Noranda	2003	2004 2005	-	117	-	-	-	117	100%
Chartwell Seigneuries du Carrefour résidence pour retraités	RET	CA	QC	QC	Sherbrooke	2007		-	264	-	-	-	264	100%
Chartwell Ste-Marthe résidence pour retraités	RET	CA	QC	QC	Saint-Hyacinthe	2004	2008	-	170	20	-	-	190	100%
Chartwell Villa Chicoutimi résidence pour retraités	RET	CA	QC	QC	Saguenay	2000		-	194	-	-	-	194	50%
Chartwell Villa de l'Estrie résidence pour retraités	RET	CA	QC	QC	Sherbrooke	1998		-	246	-	-	-	246	50%
Chartwell Villa Jonquière résidence pour retraités	RET	CA	QC	QC	Saguenay	1997		-	173	26	-	-	199	50%
Chartwell Villa Rive-Sud résidence pour retraités	RET	CA	QC	QC	Longueuil	1987		-	223	-	-	-	223	50%
Chartwell Villa Saguenay résidence pour retraités	RET	CA	QC	QC	Saguenay	1999		-	211	24	-	-	235	50%
TOTAL QUEBEC								-	8,424	741	35	33	9,233	
TOTAL PROPERTIES OWNED								1,441	19,531	1,313	230	3,484	25,999	
MANAGED PROPERTIES														
Cawthra Gardens Long Term Care Residence	MGT	CA	ON	GTA	Mississauga	2005		-	-	-	-	192	192	0%
Chartwell Pembroke Heritage Retirement Residence	MGT	CA	ON	NORTH	Pembroke	2003		-	142	-	-	-	142	0%
Chartwell Stonehaven Retirement Residence	MGT	CA	ON	EAST	Kanata	2008		52	123	-	-	-	175	0%
Queens Garden Long Term Care Residence	MGT	CA	ON	WEST	Hamilton	2001		-	-	-	-	128	128	0%
Regina Gardens Long Term Care Residence	MGT	CA	ON	WEST	Hamilton	2003		-	-	-	-	128	128	0%
Villa Forum Long Term Care Residence	MGT	CA	ON	GTA	Mississauga	1999		-	-	-	-	160	160	0%
Chartwell L'Unique residence pour retraites Phase III	MGT	CA	QC	QC	Saint-Eustache	2017		-	163	-	-	-	163	0%
Chartwell Le Montcalm résidence pour retraités	MGT	CA	QC	QC	Candiac	2017		-	283	-	-	-	283	0%
Chartwell Le Prescott residence pour retraites	MGT	CA	QC	QC	Vaudreuil-Dorion	2017		-	324	-	-	-	324	0%
Chartwell Le St-Gabriel residence pour retraites	MGT	CA	QC	QC	St. Hubert	2018		-	313	32	-	-	345	0%
Chartwell Le Teasdale II résidence pour retraités	MGT	CA	QC	QC	Terrebonne	2018		-	221	-	-	-	221	0%
TOTAL PROPERTIES MANAGED								52	1,569	32	-	608	2,261	
TOTAL PROPERTIES OWNED AND MANAGED								1,493	21,100	1,345	230	4,092	28,260	
COMMERCIAL BUILDINGS														
Chartwell Polyclinique des Generations	RET	CA	QC	QC	Saint-Eustache	2012		-	-	-	-	-	-	85%
TOTAL COMMERCIAL BUILDINGS								-	-	-	-	-	-	
TOTAL PROPERTIES OWNED AND MANAGED INCLUDING COMMERCIAL BUILDINGS								1,493	21,100	1,345	230	4,092	28,260	

(1) Independent living ("IL") - Age-qualified suites/ townhouses/ bungalows with availability of providing meals and dining, housekeeping and laundry services without personal care services/personal assistance available.
(2) Independent supported living ("ISL") - Age-qualified suites/ townhouses/ bungalows with dining, housekeeping and laundry services with personal assistance services available.
(3) Assisted living ("AL") - Age-qualified suites with a base level of personal assistance services included in the service fee, in a separate wing, floor or building. Additional care services may be added on top of base fee.
(4) Memory care ("MC") - Age-qualified suites with personal care services included in base fee for persons with Alzheimer's disease or some other form of dementia, in a separate/secure wing, floor or building.
(5) Long term care ("LTC") – Access to 24-hour nursing care or supervision in a secure setting, assistance with daily living activities and high levels of personal care. Admission and funding is overseen by local government agencies in each province.

Loans Receivable

At December 31, 2018, Chartwell had five loans receivable from Batimo totalling $15.0 million. These include a mezzanine loan of $2.7 million for the development of a 163-suite retirement residence on the Saint-Eustache Campus (Chartwell L'Unique Phase III), a mezzanine loan of $3.6 million for the development of a 345-suite retirement residence in Longueuil, Québec (Chartwell Le St- Gabriel) a new mezzanine loan of $4.0 million for the development of a 221-suite addition to an existing residence in Terrebone, Québec (Chartwell Le Teasdale, Phase II) and a mezzanine loan of $4.2 million for the development of a 360-suite retirement residence (Chartwell L'Envol Retirement Residence) in Québec City, Québec. These mezzanine loans each bear interest at the rate of 10% per annum and are secured by first and second mortgages on Batimo's interests in certain operating and development seniors' housing projects and vacant land, as well as by Batimo's corporate guarantee, and have a five-year term to maturity which can be extended by an additional two years subject to satisfaction of certain conditions. Also, a bridge loan for $0.5 million bearing interest at 8% was extended to Batimo and is due on October 31, 2019. All loans to Batimo contain certain cross-collateralization and cross-default provisions. Pursuant to the terms of the mezzanine loan advances, Chartwell has certain purchase rights on properties being developed by the borrowers.

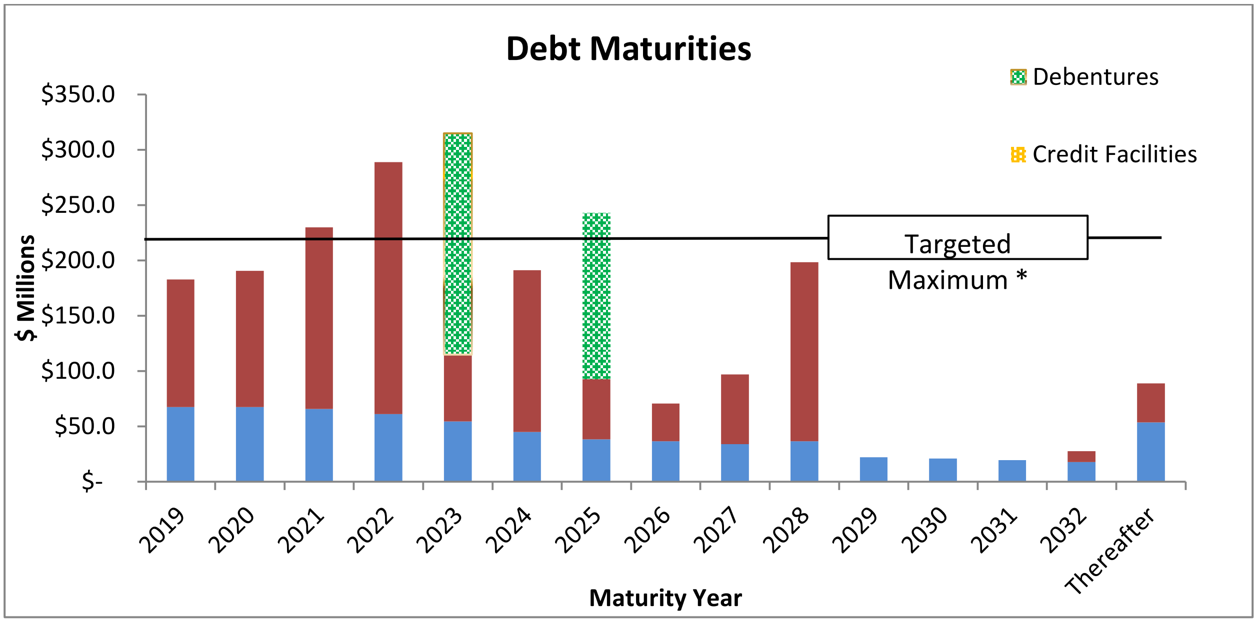
Financing

Chartwell manages its mortgage portfolio to reduce interest costs while ensuring it is not overly exposed to interest rate volatility risk. Chartwell takes a portfolio approach to its mortgage debt, proactively staggering maturities to reduce risk while taking advantage of the current low interest rate environment. Chartwell's target is to have no more than 10% of its mortgage portfolio mature in any given year. Chartwell is required to comply with limitations on its debt contained in the Declaration of Trust and under the terms of its borrowing agreements and the Supplemental Indentures. As at December 31, 2018, Chartwell was in compliance in all material respects with the debt restrictions under the Declaration of Trust (see "Investment Guidelines and Operating Policies of Chartwell") and under the terms of its borrowing agreements and the Supplemental Indentures. As at December 31, 2018, the weighted average interest rate on outstanding mortgage indebtedness was 3.80%.

Chartwell's residences are eligible for government-backed mortgage insurance administered by CMHC. As a result, Chartwell is able to obtain lower interest rates than those available under conventional mortgages and the overall renewal risk for mortgage refinancing is reduced as the mortgage insurance premium is transferable between CMHC approved lenders and is effective for the full amortization period of the underlying mortgage. As at December 31, 2018, 68% of Chartwell's mortgage portfolio was CMHC insured.

A large borrower agreement was entered into between Chartwell and CMHC on December 5, 2015 (the "LBA"), which allows for continued access to CMHC-insured financing and streamlines the CMHC application process. The LBA provides for, among other things, the cross-collateralization of mortgage loans for Chartwell's largest CMHC-insured mortgage lenders, secured by the registration of fixed and floating charge debentures on each such lender's pool of charged Chartwell properties. Such debentures are subordinate to the charges securing the related mortgage loans and senior to the charges securing the credit facility. The LBA also contains certain financial covenants related to minimum adjusted equity requirements, maximum indebtedness, debt service coverage and minimum capital and maintenance investments in the properties securing CMHC-insured loans.

The following chart summarizes future debt principal repayments, including maturities, as at December 31, 2018:



** 10% of total principal debt = $218.7million*

On May 29, 2017, Chartwell entered into agreements with a syndicate of Canadian financial institutions for the 2017 Credit Facilities totalling $300 million, consisting of the Secured Credit Facility and the Unsecured Credit Facility. The 2017 Credit Facilities replaced the existing $200 million and $50 million credit facilities which would have matured in June 2018. On November 21, 2017, Chartwell exercised the $100 million accordion option of the Secured Credit Facility. See Material Contracts – Credit Agreements.

CHARTWELL, CSH TRUST AND MASTER LP

General

Under the Declaration of Trust, Chartwell is restricted to investing in only the securities of CSH Trust, Master LP, CMCC and their respective associates. Chartwell qualifies as a mutual fund trust under the Tax Act and is expected to continue to so qualify at all material times in the future. Chartwell has been established for an indeterminate term. The following is a summary, which does not purport to be complete, of the material attributes of the Voting Units and certain provisions of the Declaration of Trust. Reference should be made to the Declaration of Trust, available on SEDAR (www.sedar.com), for the full text of its provisions and a complete description of the Voting Units.

Voting Units are not shares in Chartwell. Holders of Voting Units in Chartwell do not have statutory rights like a shareholder in an OBCA corporation or a CBCA corporation normally associated with the ownership of shares of a corporation, including, for example, the right to bring "oppression" or "derivative" actions. The Voting Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such act or any other legislation. Furthermore, Chartwell is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Description of the Units

The Declaration of Trust provides for the issuance of an unlimited number of Units. Each Unit represents a Unitholder's proportionate undivided ownership interest in Chartwell. No Unitholder has or is deemed to have any right of ownership in any of Chartwell's assets. Each whole Unit confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in any Distributions to Unitholders by Chartwell, whether of net income, net realized capital gains or other amounts and, in the event Chartwell is terminated, in any distribution to Unitholders out of Chartwell's net assets remaining after all liabilities have been satisfied. Units will be fully paid and non-assessable when issued (unless issued on an installment receipt basis) and are transferable. Except as set out below under "Redemption Right", the Units have no conversion, retraction, redemption or pre-emptive rights. Issued and outstanding Units may be subdivided or consolidated.

Description of the Special Voting Units

The Declaration of Trust also provides for the issuance of an unlimited number of Special Voting Units that carry voting rights relating to Chartwell for persons holding Class B Master LP Units or other shares, units or other securities that are directly or indirectly exchangeable for Units. Each Special Voting Unit entitles the holder thereof to a number of votes at any meeting of Unitholders equal to the number of Units which may be obtained upon the exchange of the exchangeable shares, units or other securities, including the Class B Master LP Units, to which the Special Voting Units relate.

The Special Voting Units are subject to such other rights and limitations as may be determined by the Chartwell Trustees at the time of issuance of any such Special Voting Units. Holders of Special Voting Units shall be entitled to nominal distributions in proportion to the consideration payable on the redemption of such Special Voting Units. The Special Voting Units are not transferable separately from the Class B Master LP Units, or other securities to which they relate, and are automatically transferred upon the transfer of such securities. Upon the exchange or surrender of Class B Master LP Units for Units, the corresponding Special Voting Units are automatically redeemed by Chartwell for a nominal amount and are immediately cancelled.

Chartwell Trustees

The Declaration of Trust provides that Chartwell's board of trustees shall consist of a minimum of one and a maximum of 11 trustees. The number of Chartwell Trustees may be changed by the Voting Unitholders or by the Chartwell Trustees, provided that the Chartwell Trustees may not, between meetings of Voting Unitholders, unless otherwise approved by a majority of the Chartwell Trustees, appoint an additional Chartwell Trustee if, after such appointment, the total number of Chartwell Trustees would be greater than one and one-third times the number of Chartwell Trustees in office immediately following the last annual meeting of Voting Unitholders. Subject to certain conditions, a vacancy occurring among the Chartwell Trustees may be filled by resolution of the remaining Chartwell Trustees, so long as they constitute a quorum, or by Voting Unitholders at a meeting of the Voting Unitholders. Pursuant to policies adopted by the Chartwell Trustees, the Chartwell Trustees are to be elected individually by resolution passed by a majority of the votes cast at a meeting of the Voting Unitholders. The Chartwell Trustees elected at an annual meeting will be elected for terms expiring at the next annual meeting and will be eligible for re-election. A Chartwell Trustee elected to fill a vacancy will be elected for the remaining term of the Chartwell Trustee he or she is succeeding. Chartwell Trustees may be removed with or without cause by a majority of the votes cast at a meeting of Voting Unitholders or with cause by two-thirds of the remaining Chartwell Trustees.

The standard of care and duties of the Chartwell Trustees provided in the Declaration of Trust are similar to those imposed on a director of a corporation governed by the OBCA. Accordingly, each Chartwell Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of Chartwell and the Voting Unitholders, as a whole, and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Any written instrument which is, in the judgment of the Chartwell Trustees, a material obligation shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, by way of lawsuit or otherwise, the private property of any of the Chartwell Trustees, Voting Unitholders, annuitants or beneficiaries under a plan of which a Voting Unitholder acts as a trustee or carrier, or officers, employees or agents of Chartwell, but that only property of Chartwell or a specific portion thereof shall be bound. Chartwell, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by Chartwell upon the acquisition of real property. Chartwell Trustees are provided with an indemnity from Chartwell consistent with indemnities provided to corporate directors.

Meetings of Voting Unitholders

The Declaration of Trust provides that meetings of Voting Unitholders are required to be called and held annually, for the purpose of: (a) electing the Chartwell Trustees; (b) appointing auditors of Chartwell for the ensuing year; (c) directing the election of nominees of Chartwell to serve as CSH Trustees; (d) directing the election of nominees of

Chartwell to serve as Directors; (e) generally, any other matter which requires a resolution of Voting Unitholders; and (f) transacting such other business as the Chartwell Trustees may determine or as may be properly brought before the meeting. All meetings of Voting Unitholders shall be held in Canada.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Chartwell Trustees and must be convened, except in certain circumstances, if requisitioned in writing by Voting Unitholders representing not less than 5% of the votes attached to all outstanding Voting Units. A requisition must state in reasonable detail the business proposed to be transacted at the meeting and must be sent to each Chartwell Trustee and to the principal office of Chartwell. Voting Unitholders have the right to obtain a list of Voting Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the OBCA. If the Chartwell Trustees do not call a meeting within 21 days after receiving the requisition, any Voting Unitholder who signed the requisition may call a meeting. Chartwell shall reimburse a Voting Unitholder for expenses reasonably incurred by them in requisitioning, calling and holding the meeting, except in certain circumstances. In certain circumstances, a Chartwell Trustee or Voting Unitholder may apply to court to order a meeting of Voting Unitholders to be called, held and conducted in the manner that the court directs.

Voting Unitholders may attend and vote at all meetings of the Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 25% of the votes attached to all outstanding Voting Units shall constitute a quorum for the transaction of business at all such meetings. At any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of the Voting Unitholders, shall be dissolved, but in any other case, the meeting will stand adjourned to a day not less than seven days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Voting Unitholders present either in person or by proxy shall be deemed to constitute a quorum.

Voting Unitholders who hold 1% or more of the outstanding Voting Units and satisfy certain other eligibility criteria may submit proposals for consideration at the annual meeting of Voting Unitholders, subject to compliance with the process and procedures set out in the Declaration of Trust, including, in the case of nominations for election of Chartwell Trustees, Chartwell's advance notice policy.

The Declaration of Trust provides that without the authorization of at least $66^2/_3$% of the votes cast at a meeting of Voting Unitholders called for such purpose, the Chartwell Trustees and the Directors shall not, among other things: (a) authorize any combination, merger, amalgamation or arrangement of Chartwell; (b) dispose of all or substantially all of the assets of Chartwell; or (c) liquidate or dissolve the Operator, except in conjunction with an internal reorganization.

Rights of the Unitholders

The rights of the Unitholders as investors in Chartwell and the attributes of the Units are governed by Chartwell's Declaration of Trust. Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a common shareholder of a corporation governed by the CBCA, there do exist some differences.

The Declaration of Trust includes provisions intended to limit the liability of Unitholders for liabilities and other obligations of Chartwell, although no statutory provisions historically confirmed the limited liability status of Unitholders in a manner comparable to shareholders of a CBCA corporation. However, the *Trust Beneficiaries' Liability Act, 2004* was enacted in Ontario, and provides that Unitholders of Chartwell are not liable, as beneficiaries of a trust, for any act, default, obligation or liability of Chartwell or the Chartwell Trustees, with reference to activities or obligations of Chartwell or the Chartwell Trustees occurring or arising after December 16, 2004. The Act has not yet been judicially considered and it is possible that reliance on the Act by a Unitholder could be successfully challenged on jurisdictional or other grounds.

Many of the provisions of the CBCA respecting the governance and management of a corporation have been incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to the exercise of voting rights by shareholders of a CBCA corporation and to elect trustees and to appoint auditors. The Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Unitholders and trustees, the quorum for and procedures at such meetings, the right of Unitholders to submit proposals for consideration at such meetings and the right of investors to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. Matters for which Unitholder approval is required under the Declaration of Trust are generally less extensive than the rights conferred on shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by CSH Trust or Master LP. These Unitholder approval rights are supplemented by provisions of applicable securities laws that are applicable to Chartwell (for example, approval requirements relating to related party or other transactions that are subject to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*). The Declaration of Trust includes provisions concerning trustee independence, the composition of board committees, including the audit committee, limitations on delegation of authority by the Trustees and conflicts of interest, which are based on provisions of the CBCA and are supplemented by applicable securities laws.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the corporation can carry on; or (b) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in Chartwell are entitled to redeem their Units in accordance with the Declaration of Trust. Unitholders do not have recourse to a statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or unfairly disregard the interests of the securityholders and other certain parties. Shareholders of a CBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in certain circumstances whereas Unitholders could rely only on the general provisions of the Declaration of Trust which permit the winding up of Chartwell with the approval of a special resolution of the Unitholders. Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust allows for the calling of a meeting to consider the appointment of an inspector to investigate the Chartwell Trustees' performance of their responsibilities and duties, upon the written request of holders of 25% of the outstanding Units, but any such process would not be subject to court oversight or the other investigative procedures, rights and remedies available under the CBCA. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with leave of a court. The Declaration of Trust does not include a comparable right of the Unitholders to commence or participate in legal proceedings in Chartwell's name.

Purchases of Units

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

Redemption Right

Units are redeemable at any time on demand by the holders thereof upon delivery to Chartwell of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Chartwell Trustees, together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to Chartwell and to CDS. Upon receipt of the redemption notice by Chartwell, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per Unit ("Redemption Price") equal to the lesser of: (a) 90% of the "market price" of the Units on the principal market on which the Units are quoted for trading during the 10-day trading period ending immediately prior to the date on which the Units were surrendered for redemption (the "Redemption Date"); and (b) 100% of the "closing market price" on the principal market on which the Units are listed for trading on the Redemption Date.

For the purposes of this calculation, "market price" means the amount equal to the weighted average of the trading prices of the Units on the applicable market or exchange for each of the trading days on which there was a trade during the specified trading day period; provided that if there was trading on the applicable exchange or market for fewer than five of the trading days during the specified trading day period, the "market price" will be the average of the following prices established for each of the trading days during the specified trading period: the average of the last bid and last asking prices of the Units for each day on which there was no trading and the weighted average trading prices of the Units for each day that there was trading. The "closing market price" means an amount equal to: (a) the closing price of the Units on the applicable market or exchange if there was a trade on the specified date and the applicable exchange or market provides a closing price; (b) an amount equal to the weighted average of the highest and lowest prices of the Units on the applicable market or exchange if there was trading on the specified date and the exchange or other market provides only the highest and lowest prices of Units traded on a particular day; or (c) the weighted average of the last bid and last asking prices of the Units on the applicable market or exchange if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which shall be determined by the Chartwell Trustees in their sole discretion.

The aggregate Redemption Price payable by Chartwell in respect of any Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (a) the total amount payable by Chartwell in respect of such Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000 (provided that such limitation may be waived at the discretion of the Chartwell Trustees); (b) at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Chartwell Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; (c) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date.

Cash payable on redemptions will be paid *pro rata* to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the foregoing limitations, then the balance of the Redemption Price for such Units shall, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* of assets held by Chartwell. Where Chartwell makes a distribution *in specie* on the redemption of a Unitholder's Units, Chartwell currently intends to allocate to that Unitholder any capital gain or income realized by Chartwell on or in connection with such distribution.

Chartwell believes that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. Securities distributed by Chartwell on an *in specie* distribution of assets on a redemption will not be listed on any exchange, no market is expected to develop in such securities and such securities may be subject to resale restrictions under applicable securities laws. Such securities may not be qualified investments under the Tax Act for Plans.

Takeover Bids

The Declaration of Trust contains provisions to the effect that if a takeover bid or issuer bid is made for all of the issued and outstanding Units (including securities then currently convertible, exchangeable or exercisable for Units) within the meaning of the *Securities Act* (Ontario) and not less than 90% of all the issued and outstanding Units (other than Units held at the date of the takeover bid or issuer bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the offer, on the same terms as those offered to the Unitholders who accepted the takeover bid.

Issuance of Units

Chartwell may issue new Units and other securities of Chartwell (including Special Voting Units issued in conjunction with the issuance of Class B Master LP Units or securities convertible into or exchangeable for Units or other securities of Chartwell or warrants, options or other rights to acquire Units or other securities of Chartwell) (the "Other Issuable Securities") from time to time, in such manner, for such consideration and to such person, persons or class of persons as the Chartwell Trustees shall determine. Unitholders do not have any pre-emptive rights whereby additional Units or Other Issuable Securities proposed to be issued are first offered to existing Unitholders. If the Chartwell Trustees determine that Chartwell does not have enough cash to satisfy the full amount of any Distribution, the payment may include the issuance of additional Units or Other Issuable Securities having a value equal to the difference between the amount of such Distribution and the amount of cash which the Chartwell Trustees have determined is available for the payment of such Distribution. In addition, Units or Other Issuable Securities may be issued pursuant to the Distribution Reinvestment Plan, the EUPP, the Deferred Unit Plan and any option plan or long-term incentive plan established by Chartwell from time to time. New Units or Other Issuable Securities may also be issued for cash through public offerings, through rights offerings to existing Unitholders (i.e., in which Unitholders receive rights to subscribe for new Units or Other Issuable Securities in proportion to their existing holdings of the Units or Other Issuable Securities, which rights may be exercised or sold to other investors), through private placements (i.e., offerings to specific investors which are not made generally available to the public or existing Unitholders) or as a result of conversion rights exercised under convertible securities, including warrants and subscription receipts. Chartwell may also issue new Units or Other Issuable Securities as consideration for the acquisition of new properties or assets by it. The price or the value of the consideration for which Units or Other Issuable Securities may be issued will be determined by the Chartwell Trustees, and, where the Chartwell Trustees so determine, generally in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of Units or Other Issuable Securities and subject to applicable regulatory approvals.

The Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Notwithstanding the foregoing, where tax is required to be withheld from a Unitholder's share of the distribution, the consolidation will result in such Unitholder holding that number of Units equal to: (a) the number of Units held by such Unitholder prior to the distribution plus the number of Units received by such Unitholder in connection with the distribution (net of the number of whole and part Units withheld on account of withholding taxes); multiplied by (b) the fraction obtained by dividing the aggregate number of Units outstanding prior to the distribution by the aggregate number of Units that would be outstanding following the distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any Unitholder.

Limitation on Ownership

For Chartwell to maintain its status as a "mutual fund trust" under the Tax Act, Chartwell must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, at no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49% of the Units and the Chartwell Trustees shall inform the transfer agent and registrar of this restriction. The Chartwell Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Chartwell Trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the Chartwell Trustees may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a non-resident. If, notwithstanding the foregoing, the Chartwell Trustees determine that more than 49% of the Units are held by non-residents, the Chartwell Trustees may send a notice to non-resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Chartwell Trustees may consider equitable and practicable, requiring them to sell or redeem their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold or redeemed the specified number of Units or have not provided the Chartwell Trustees with satisfactory evidence that they are not non-residents within such period, Chartwell may, on behalf of such Unitholders sell or redeem such Units and, in the interim, shall suspend the voting and Distribution rights attached to such Units, if any. Upon such sale or redemption the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale or redemption. The Chartwell Trustees shall have no liability for the amount received provided they act in good faith.

Information and Reports

Chartwell will furnish to Voting Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Voting Unitholders' tax returns under the Tax Act and equivalent provincial legislation. Prior to each annual and/or special meeting of Voting Unitholders, the Chartwell Trustees will provide the Voting Unitholders (along with notice of such meeting) information similar to that required to be provided to shareholders of a public corporation governed by the OBCA. A Unitholder has the right to examine the Declaration of Trust, minutes of meetings and resolutions of

Unitholders and the securities register of Chartwell during normal business hours upon submission of a request and affidavit, together with payment of reasonable fees, in the manner as contemplated by the Declaration of Trust.

Amendments to Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast in respect of the amendment at a meeting of the Voting Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by unanimous consent of the Voting Unitholders or by a majority of the votes cast in respect of the amendment at a meeting of the Voting Unitholders called for such purpose.

The following amendments, among others, require the approval by at least two-thirds of the votes cast by Voting Unitholders in respect of the amendment at a meeting:

(a) an exchange, reclassification or cancellation of all or part of the Voting Units;

(b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Voting Units;

(c) the constraint on the issue, transfer or ownership of the Voting Units or the change or removal of such constraint;

(d) the sale or transfer of Chartwell's assets as an entirety or substantially as an entirety (other than as part of an internal reorganization of Chartwell's assets as approved by the Chartwell Trustees);

(e) the termination of Chartwell; and

(f) except as described herein, the amendment of Chartwell's investment guidelines and operating policies.

Any amendment to the Declaration of Trust to increase the number of votes of Voting Unitholders required to remove a Chartwell Trustee requires the unanimous consent of Voting Unitholders.

The Chartwell Trustees may, without the approval of the Voting Unitholders, make certain amendments to the Declaration of Trust, including amendments:

(a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over (i) the Chartwell Trustees or Chartwell, (ii) Chartwell's status as a "mutual fund trust" or "registered investment" under the Tax Act, or (iii) the distribution of Voting Units;

(b) which, in the opinion of the Chartwell Trustees, provide additional protection for the Voting Unitholders;

(c) to remove any conflicts or inconsistencies in the Declaration of Trust, or of a minor or clerical nature, or to make minor corrections which are, in the opinion of the Chartwell Trustees, necessary or desirable and not prejudicial to the Voting Unitholders;

(d) which, in the opinion of the Chartwell Trustees, are necessary or desirable as a result of changes in IFRS (including accounting guidelines) or taxation or other laws;

(e) necessary or desirable to enable Chartwell to issue Voting Units for which the purchase price is payable in instalments; or

(f) for any purpose (except one in respect of which a vote is specifically otherwise required) which, in the opinion of the Chartwell Trustees, is not prejudicial to Voting Unitholders and is necessary or desirable.

Pursuant to the terms of the Declaration of Trust, the Chartwell Trustees shall submit any amendment to the Declaration of Trust that has not been approved by the Voting Unitholders pursuant to section 12.1 of the Declaration of

Trust, other than amendments pursuant to section 4.5, 12.1(a), 12.1(c), 12.1(d) or 12.1(e) and amendments the Chartwell Trustees determine are necessary or advisable pursuant to or in connection with applicable tax laws, securities laws, accounting rules or other applicable laws or regulations or such amendments, the equivalent of which, would not otherwise be required to be ratified by shareholders pursuant to the OBCA, to the Voting Unitholders at the next meeting of Voting Unitholders and the Voting Unitholders entitled to vote on the amendment may, by a vote representing at least a majority of the Voting Units voted, in person or by proxy, confirm, reject or amend the amendment to the Declaration of Trust.

If an amendment to the Declaration of Trust is rejected by the Voting Unitholders, or if the Chartwell Trustees do not submit an amendment to the Voting Unitholders as required, such amendment ceases to be effective immediately after the meeting of Voting Unitholders referred to above and no subsequent resolution of the Chartwell Trustees to amend the Declaration of Trust having substantially the same purpose or effect is effective until it is confirmed or confirmed as amended by the Voting Unitholders.

A copy of the Declaration of Trust is available from Chartwell upon request and is also available on SEDAR (www.sedar.com).

Book-Based System

Except as otherwise provided below, the Units are represented in the form of one or more fully registered global units (the “Global Units”) held by, or on behalf of CDS, as depository of the Global Units for the participants of CDS, registered in the name of CDS or its nominee, and registration of ownership and transfers of the Units will be effected only through the book-based system administered by CDS.

Except as described below, no holder of a Unit is entitled to a certificate or other instrument from Chartwell evidencing that purchaser’s ownership thereof, and no holder of a beneficial interest in a Unit (a “Beneficial Owner”) is shown on the records maintained by CDS except through book-entry accounts of a CDS participant acting on behalf of the Beneficial Owners. CDS is responsible for establishing and maintaining book-entry accounts for its participants having interests in the Global Units. Sales of interests in the Global Units can only be completed through participants in the depository services of CDS.

Except in the case of United States purchasers purchasing the Units under Rule 144A or Units issued under the EUPP, Units will be issued in fully registered form to holders or their nominees, other than CDS or its nominee, only if: (a) Chartwell is required to do so by applicable law; (b) the depository system of CDS ceases to exist; (c) Chartwell determines that CDS is no longer willing or able or qualified to discharge properly its responsibility as depository and Chartwell is unable to locate a qualified successor; or (d) Chartwell at its option elects to terminate the book-entry system in respect of the Units through CDS.

Transfer and Exchange of Units

Transfers of beneficial ownership of Units represented by Global Unit certificates will be effected through records maintained by the depository for such Global Unit certificates or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless Chartwell elects, in its sole discretion, to prepare and deliver definitive Unit certificates, Beneficial Owners who are not participants in the depository’s book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Unit certificates, may do so only through participants in the depository’s book-entry system.

A Beneficial Owner’s ability to pledge the Unit or otherwise take action with respect to such owner’s interest in the Unit represented by a Global Unit certificate (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of definitive Unit certificates may transfer such Units upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the definitive Unit certificates to the registrar for the Units at its principal office in the City of Toronto or such other city or cities as may from time to time be designated by Chartwell, whereupon new definitive Unit certificates will be issued in authorized denominations in the same aggregate principal amount as the definitive Unit certificates so transferred, registered in the name of the transferees.

Unitholder Rights Agreement

Chartwell has a rights agreement whereby Chartwell will issue one Right for each Voting Unit which is outstanding. The terms of such agreement are set out in the Unitholder Rights Agreement as amended and restated as of May 17, 2018, as reconfirmed from time to time. A copy of the Unitholder Rights Agreement is available from Chartwell upon request and is also available on SEDAR (www.sedar.com).

The Rights will separate and trade separately from the Voting Units after the Separation Time (as defined below). Following the Separation Time, Chartwell will determine whether it wishes to issue Rights Certificates or whether it will maintain the Rights in book entry form. Rights Certificates, or evidence of the Rights through an advice or other statement which is maintained electronically on the records of Chartwell's transfer agent, will be provided for registered Voting Unitholders as of the Separation Time and each separate Rights Certificate or book entry only form thereof will evidence the Rights. Registration of interests in and transfer of the Rights will be made only through a book entry system administered by CDS.

The "Separation Time" is the close of business on the tenth Business Day following the earliest of:

(a) the date of the first public announcement made by Chartwell or an Acquiring Person (as defined below) that a person has become an Acquiring Person;

(b) the date of the commencement of a takeover bid by any person for the Voting Units;

(c) the date upon which a permitted bid ceased to be a permitted bid; or

such later date as may be determined by the Chartwell Trustees.

If any takeover bid triggering the Separation Time expires or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, the bid shall be deemed, for the purposes of determining the Separation Time, never to have been made.

The initial exercise price established under the Unitholder Rights Agreement is $50 per Unit. After the Separation Time and prior to the occurrence of a "Flip-in Event", as described below, each Right entitles the registered holder to purchase one Unit at the exercise price of $50 per Unit, subject to certain anti-dilution adjustments and other rights as set out in the Unitholder Rights Agreement. The terms of the Rights adjust significantly upon the occurrence of a Flip-In Event.

A "Flip-In Event" is triggered when a person becomes an Acquiring Person (as defined below). Upon the occurrence of a Flip-in Event, Chartwell must take such action as shall be necessary to ensure that each Right (except for Rights beneficially owned by the persons specified below) shall thereafter constitute the right to purchase from Chartwell upon exercise thereof in accordance with the terms of the Unitholder Rights Agreement that number of Units having an aggregate current market price on the date of the consummation or occurrence of such Flip-in Event equal to twice the exercise price, for an amount in cash equal to the exercise price.

The Unitholder Rights Agreement provides that Rights that are beneficially owned by (a) an Acquiring Person (as defined below), any affiliate or associate of an Acquiring Person, any person acting jointly or in concert with an Acquiring Person, or any affiliate or associate of such Acquiring Person, or (b) a direct or indirect transferee of Rights from any of the foregoing, shall become null and void without any further action and any holder of such Rights (including transferees) shall not have any rights whatsoever to exercise such Rights under any provision of the Unitholder Rights Agreement.

An "Acquiring Person" is a person who beneficially owns 20% or more of the outstanding Voting Units. An Acquiring Person does not, however, include: (a) Chartwell, the Operator or any other affiliate controlled by Chartwell; or (b) any person who becomes the beneficial owner of 20% or more of the Voting Units as a result of certain exempt transactions.

The Voting Unitholders reconfirmed the Unitholder Rights Agreement at the annual and special meeting of Unitholders held on May 17, 2018, and the Unitholder Rights Agreement will be brought before the Unitholders again at the annual meeting of the Unitholders in 2021. The Unitholder Rights Agreement shall expire on the earliest of: (a) the date on which the Unitholder Rights Agreement is waived or the Rights are redeemed by the Chartwell Trustees in the manner described above, (b) the date on which the Unitholder Rights Agreement is not reconfirmed, or not presented for reconfirmation, at an annual general meeting of the Voting Unitholders at which the Unitholder Rights Agreement is required to be presented for reconfirmation, or (c) upon the conclusion of Chartwell's annual meeting of unitholders in 2027.

Distribution Reinvestment Plan

Chartwell has implemented a Distribution Reinvestment Plan pursuant to which resident Canadian holders of Units may elect to have their cash Distributions automatically reinvested at a price per Unit calculated by reference to the current average of the closing price for the Units on the TSX for the five trading days immediately preceding the relevant Distribution Date. Eligible Unitholders who so elect will receive additional Units equal in value to 3% of each Distribution received.

DESCRIPTION OF DEBENTURES

The following is a brief summary of the material attributes and characteristics of the Series A Debentures and the Series B Debentures. This summary does not contain all of the terms and conditions of the 2017 Indenture (as defined below) or the Supplemental Indentures (as defined below). As a result, this summary does not purport to be complete and is subject to, and qualified in its entirety by the terms of, the 2017 Indenture and the Supplemental Indentures. For full particulars, reference is made to the 2017 Indenture, as amended, supplemented or restated from time to time, and to the Supplemental Indentures. The 2017 Indenture, as supplemented by the Series A Supplement (as defined below), is referred to as the "Series A Indenture". The 2017 Indenture, as supplemented by the Series B Supplement (as defined below), is referred to as the "Series B Indenture". Should any conflict arise between the following summary and the 2017 Indenture or the Supplemental Indentures, the terms of the 2017 Indenture and the Supplemental Indentures, as the case may be, will govern. Copies of the 2017 Indenture and the Supplemental Indentures are available on SEDAR (www.sedar.com).

Definitions

For purposes of this "Description of Debentures", the term the "Trust" refers to Chartwell Retirement Residences and the term "Master LP" refers to Chartwell Master Care LP (or, in each case, their respective successors, if any, under the Supplemental Indentures) and not any of their respective subsidiaries, and the following terms have the meanings set out below:

"2017 Indenture" means the trust indenture dated as of June 9, 2017 between the Trust and the Indenture Trustee (as defined below).

"Acquired Indebtedness" means the Indebtedness of a person (i) existing at the time such person becomes a subsidiary of the Trust, or (ii) assumed by the Trust or any of its subsidiaries in connection with the acquisition of assets from such person, calculated as of the date such person becomes a subsidiary or the date of such acquisition, in each case, other than Indebtedness incurred in connection with or in contemplation of such person's becoming a subsidiary or of such acquisition.

"Aggregate Adjusted Assets" means, at any time, determined on a consolidated basis in accordance with GAAP adjusted by Proportionate Consolidation Adjustments, the book value of the assets of the Trust, plus accumulated depreciation and amortization on property, plant and equipment and on intangible assets (including fully amortized assets), and plus the difference between the gross book value of assets calculated under the previous generally accepted accounting principles and IFRS on the IFRS transition date of January 1, 2010.

"Appraisal" means a written report of the estimated fair market value of an asset prepared by a qualified valuator of commercial real estate, with experience in valuing seniors housing facilities in the province where the asset is located and who is acting at arm's length (within the meaning of the Tax Act) from the Trust and its subsidiaries.

"Balance Sheet Date" means the date of the Trust's most recently publicly released annual or interim consolidated balance sheet.

"Capital Lease Obligation" of any person means the obligation of such person, as lessee, to pay rent or other payment amounts under a lease of real or personal property which is required to be classified and accounted for as a finance lease or a liability on a consolidated balance sheet of such person in accordance with GAAP.

"Change of Control" means the acquisition by a person, or group of persons acting jointly or in concert, directly or indirectly, of more than 50% of the aggregate voting rights attached to the Units and Special Voting Units (taking into account (i) full dilution from the exchange of all then-outstanding Class B Master LP Units into Units; and (ii) in respect of any other securities that are convertible or exchangeable into Units, only dilution resulting from the conversion or exercise of such other convertible or exchangeable securities held by such person or group of persons).

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Event.

"Consolidated Depreciation and Amortization Expense" means, for any period, depreciation and amortization expense of Chartwell, determined on a consolidated basis in accordance with GAAP adjusted by Proportionate Consolidation Adjustments.

"Consolidated EBITDA" of the Trust, for any period, means Consolidated Net Income for such period increased by the sum of, without duplication, (i) Consolidated Interest Expense for such period, (ii) Consolidated Depreciation and Amortization Expense for such period, (iii) Consolidated Income Tax Expense for such period (other than income taxes, either positive or negative, attributable to unusual or non-recurring gains or losses as adjusted for in calculating Consolidated Net Income), and (iv) the principal amount of any capital funding from any applicable governmental authority received by Chartwell in such period.

"Consolidated Income Tax Expense" of the Trust for any period means the income tax expense of the Trust for such period, determined on a consolidated basis and in accordance with GAAP adjusted by Proportionate Consolidation Adjustments.

"Consolidated Indebtedness" of the Trust as at any date means the consolidated Indebtedness of the Trust as at such date determined in accordance with GAAP adjusted by Proportionate Consolidation Adjustments.

"Consolidated Interest Expense" means, for any period, determined on a consolidated basis in accordance with GAAP adjusted by Proportionate Consolidation Adjustments, the aggregate amount of interest expense of the Trust in respect of Consolidated Indebtedness, Capital Lease Obligations, and to the extent interest has been capitalized on projects that are under development or held for future development during the period, the amount of interest so capitalized (including Proportionate Consolidation Adjustments), but excluding any yield maintenance, prepayment penalties or other related costs incurred with respect to repayments of Indebtedness, and any amortization of debt mark-to-market and finance cost. For the avoidance of doubt, distributions in respect of the Class B Master LP Units will not be included in determining Consolidated Interest Expense.

"Consolidated Net Income" of the Trust for any period means the net income (loss) of the Trust for such period determined on a consolidated basis in accordance with GAAP, excluding (i) the aggregate amount of distributions on the Class B Master LP Units for such period, (ii) any gain or loss attributable to the sale or other disposition of any asset or liability of the Trust, other than the sale or disposition of income properties held for resale, (iii) any non-cash changes in fair value and other non-cash gains or losses of the Trust, determined on a consolidated basis in accordance with GAAP, (iv) other non-recurring items, and adjusted by (v) any Proportionate Consolidation Adjustments; and including or excluding, as applicable, the related tax impact of items (i) to (iv).

"Consolidated Unsecured Indebtedness" of the Trust at any date means the Consolidated Indebtedness of the Trust that is not secured in any manner by any Lien as at such date, determined in accordance with GAAP adjusted by Proportionate Consolidation Adjustments.

"Debentures" means, collectively, the Series A Debentures and the Series B Debentures.

"GAAP" means generally accepted accounting principles in Canada (which for Canadian reporting issuers is IFRS) as in effect as of the date of the 2017 Indenture and as adopted by the Trust as of the date of the 2017 Indenture for the purposes of its public financial reporting.

"Indebtedness" of any person means (without duplication) (i) any obligation of such person for borrowed money (including, for greater certainty, the full principal amount of convertible debt, notwithstanding its presentation under GAAP), (ii) any obligation of such person incurred in connection with the acquisition of property, assets or businesses, (iii) any obligation of such person issued or assumed as the deferred purchase price of property, (iv) any Capital Lease Obligation of such person, and (v) any obligations of the type referred to in clauses (i) through (iv) of another person, the payment of which such person has guaranteed or for which such person is responsible or liable; provided that, (A) for the purpose of clauses (i) through (v) (except in respect of convertible debt, as described above), an obligation will constitute Indebtedness of such person only to the extent that it would appear as a liability on the consolidated balance sheet of such person in accordance with GAAP, (B) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, distributions payable to holders of Units, accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith, deferred revenues, intangible liabilities, amounts related to unit-based compensation, deferred income taxes, deferred financing costs, tenant deposits and indebtedness with respect to the unpaid balance of installment receipts where such indebtedness has a term not in excess of 12 months, and (C) Units, Class A Master LP Units and Class B Master LP Units and exchangeable securities do not constitute Indebtedness. Furthermore, obligations referred to in clauses (i) through (v) shall be adjusted, as and to the extent applicable, for Proportionate Consolidation Adjustments.

"Indenture Trustee" means Computershare Trust Company of Canada in its capacity as indenture trustee under the 2017 Indenture and its successors and permitted assigns in such capacity.

"Indentures" means, collectively, the Series A Indenture and the Series B Indenture.

"Lien" means any security interest, encumbrance, lien, hypothec, mortgage, pledge, charge or any other arrangement (including a deposit arrangement) or condition that in substance secures payment or performance of an obligation.

"Permitted Indebtedness" means:

(a) Indebtedness of (A) the Trust owed to any of its subsidiaries and (B) any subsidiary of the Trust owed to the Trust and/or another of its subsidiaries (each of the entities in (A) and (B) being for these purposes a "related entity"), provided, however, that the provisions of this subsection (a) will no longer be applicable,

   (i) upon the subsequent transfer or other disposition of such Indebtedness to any person that is not a related entity to the transferor, to the amount that was so transferred or otherwise disposed of to such other person; or

   (ii) in the case of Indebtedness of the Trust owed to any of its subsidiaries, upon the subsequent issuance or disposition of common shares, units or equivalent securities (including, without limitation, by consolidation or merger) of such subsidiary which results in such subsidiary ceasing to be a subsidiary of the Trust (and thereby for this purpose a "third party"), to the amount of such Indebtedness equal to the product obtained by multiplying the amount of such Indebtedness by the percentage of common shares, units or equivalent securities of the third party owned immediately after such issuance or disposition of such common shares, units or equivalent securities by persons other than the Trust or one of its subsidiaries,

   and, in each case, such amount of such Indebtedness will be deemed for the purpose of the calculation of the Indebtedness Percentage to have been incurred at the time of such transfer, issuance or disposition; and

(b) Indebtedness of the Trust or any of its subsidiaries which is incurred or the proceeds of which are used to renew, extend, repay, redeem, purchase, refinance or refund (each, a "refinancing") any Indebtedness of Chartwell outstanding on the date of the Series A Supplement or Series B Supplement, as applicable, or permitted to be incurred thereunder, provided, however, that (i) the Indebtedness which is incurred will not exceed the aggregate principal amount of all Indebtedness which is so refinanced at such time, plus the amount of any premium required to be paid in connection with such refinancing pursuant to the terms of the Indebtedness which is so refinanced or the amount of any premium reasonably determined by the Trust or the relevant subsidiary as necessary to accomplish such refinancing by means of a tender offer or privately negotiated agreement, plus the expenses of the Trust and the relevant subsidiary incurred in connection with such refinancing and (ii) for purposes of the Debentures, the Indebtedness which is incurred, the proceeds of which are used to refinance the Debentures or Indebtedness of Chartwell which ranks equally and rateably with the Debentures or Indebtedness of Chartwell which is subordinate in right of payment to the Debentures, will only be permitted if, in the case of any refinancing of the Debentures or Indebtedness of Chartwell which ranks equally and rateably with the Debentures, the Indebtedness which is incurred is made equal and rateable to the Debentures or subordinated to the Debentures and, in the case of any refinancing of the Indebtedness of Chartwell which is subordinate to the Debentures, the Indebtedness which is incurred is made subordinate to the Debentures at least to the same extent as is such Indebtedness which is being so refinanced.

"Proportionate Consolidation Adjustments" means accounting adjustments to reflect assets, liabilities, equity, revenues and expenses on a proportionate ownership basis in place of the Trust's use of equity accounting in accordance with GAAP with respect to real estate investments or interests in which the Trust participates.

"Rating" means a final rating assigned to the senior unsecured debt of the Trust or to the Trust, as applicable, by the Specified Rating Agency.

"Rating Event" means any of (A) the Rating of the Debentures of a particular series is lowered to below an investment grade rating by the Specified Rating Agency on any day within the 60-day period (which 60-day period will be extended so long as the Rating of the Debentures of such series is under publicly announced consideration for a possible downgrade by the Specified Rating Agency, but only to the extent that, and for so long as, a Change of Control Triggering Event would result if such downgrade were to occur) after the earlier of (i) the occurrence of a Change of Control, and (ii) public notice of the occurrence of a Change of Control or of the Trust's intention or agreement to effect a Change of Control, (B) the Rating of the Debentures of such series by the Specified Rating Agency is below an investment grade rating upon the occurrence of a Change of Control and the Rating of the Debentures of such series by the Specified Rating Agency remains below an investment grade rating 30 days after the occurrence of such Change of Control (which 30-day period will be extended so long as the Rating of the Debentures of such series is under publicly announced consideration for a possible increase by the Specified Rating Agency, and (C) following the occurrence of a Change of Control, the Specified Rating Agency ceases to rate the Debentures of such series.

"Reference Period" means the most recently completed four fiscal quarters for which consolidated financial statements of the Trust have been publicly released preceding the date of a calculation.

"Series A Debenture Canada Yield Price" means a price equal to the price of a Series A Debenture, exclusive of accrued and unpaid interest, calculated to provide a yield to October 11, 2023, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield calculated on the date on which the Trust gives notice of redemption pursuant to the Series A Indenture, plus 0.675%.

"Series A Debenture Government of Canada Yield" as at any date, means the arithmetic average of the respective percentages determined by two major Canadian investment dealers selected by the Trust to be the yield to October 11, 2023, which, assuming semi-annual compounding, would be carried by a non-callable Government of Canada bond, having a term to maturity equal to the remaining term to October 11, 2023 and issued in Canadian dollars in Canada at 100% of its principal amount.

"Series A Supplement" means the first supplemental indenture to the 2017 Indenture dated as of June 9, 2017 between the Trust and the Indenture Trustee, providing for the issuance of the Series A Debentures.

"Series B Debenture Canada Yield Price" means a price equal to the price of a Series B Debenture, exclusive of accrued and unpaid interest, calculated to provide a yield to February 28, 2025, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Government of Canada Yield calculated on the date on which the Trust gives notice of redemption pursuant to the Series B Indenture, plus 0.475%.

"Series B Debenture Government of Canada Yield" as at any date, means the arithmetic average of the respective percentages determined by two major Canadian investment dealers selected by the Trust to be the yield to February 28, 2025, which, assuming semi-annual compounding, would be carried by a non-callable Government of Canada bond, having a term to maturity equal to the remaining term to February 28, 2025 and issued in Canadian dollars in Canada at 100% of its principal amount.

"Series B Supplement" means the second supplemental indenture to the 2017 Indenture dated as of April 27, 2018 between the Trust and the Indenture Trustee, providing for the issuance of the Series B Debentures.

"Specified Rating Agency" shall mean DBRS, as long as such entity has not ceased to rate the Debentures or failed to make a rating of the Debentures publicly available for reasons outside of the Trust's control; provided that if DBRS ceases to rate the Debentures or fails to make a rating of the Debentures publicly available for reasons outside of the Trust's control, the Trust may select any other "designated rating organization" within the meaning of National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators as a replacement agency.

"Subordinated Indebtedness" means Indebtedness of the Trust (or its successor) (i) that is expressly subordinate in right of payment to the Debentures and the obligations of the Trust and its subsidiaries under its revolving credit facilities and (ii) in connection with the issuance of which the Specified Rating Agency confirms in writing that its Rating, if any, for the Debentures upon the issuance of the Indebtedness will be at least equal to the Rating accorded to the Debentures immediately prior to the issuance of such Indebtedness.

"Supplemental Indentures" means, collectively, the Series A Supplement and the Series B Supplement; and a reference to a particular "Supplemental Indenture" means the supplemental indenture relating to the relevant series of Debentures, as the context requires.

"Unencumbered Aggregate Adjusted Assets" as at any date means, as at the relevant Balance Sheet Date, determined on a consolidated basis, the value of the operating real estate properties of the Trust, including the Trust's proportionate indirect interest in operating real estate properties, calculated using the fair market value of such assets determined for each such property by way of an Appraisal (or updated Appraisal) with a currency date not more than two years prior to the applicable Balance Sheet Date, excluding such assets of the Trust that are (i) subject to any Lien, (ii) property under development or (iii) land held for development.

General

On June 9, 2017, the Trust completed an offering of $200.0 million aggregate principal amount of Series A Debentures due December 11, 2023 on a private placement basis.

On April 27, 2018, the Trust completed an offering of $150.0 million aggregate principal amount of Series B Debentures due April 28, 2025 on a private placement basis.

Rank and Guarantee

The Debentures are direct senior unsecured obligations of the Trust and rank equally and rateably with one another and with all other present and future unsecured and unsubordinated indebtedness of the Trust, except for sinking fund provisions applicable to other unsecured indebtedness, if any, and except to the extent prescribed by law. The Debentures are effectively subordinated to all of the Trust's secured indebtedness and are unconditionally and irrevocably guaranteed by Master LP, on a senior unsecured basis.

Redemption

The Series A Debentures may be redeemed at any time prior to October 11, 2023 by the Trust, in whole or, from time to time, in part, on not fewer than 30 nor more than 60 days' prior notice, on payment of a redemption price equal to the greater of (i) the Series A Debenture Canada Yield Price and (ii) 100% of the principal amount outstanding of the Series A Debentures being redeemed, together in each case with accrued and unpaid interest to, but excluding, the date fixed for redemption. The Series A Debentures may be redeemed at any time on or after October 11, 2023 by the Trust, in whole or, from time to time, in part, on not fewer than 30 nor more than 60 days' prior notice, on payment of a redemption price equal to 100% of the principal amount outstanding of the Series A Debentures being redeemed, together with accrued and unpaid interest to, but excluding, the date fixed for redemption.

Where less than all of the Series A Debentures are to be redeemed pursuant to their terms, the applicable Series A Debentures to be so redeemed will be redeemed on a pro rata basis according to the principal amount of Series A Debentures registered in the respective name of each holder of Series A Debentures or in such other manner as the Indenture Trustee may consider equitable, provided that such selection will be proportionate.

The Series B Debentures may be redeemed at any time prior to February 28, 2025 by the Trust, in whole or, from time to time, in part, on not fewer than 30 nor more than 60 days' prior notice, on payment of a redemption price equal to the greater of (i) the Series B Debenture Canada Yield Price and (ii) 100% of the principal amount outstanding of the Series B Debentures being redeemed, together in each case with accrued and unpaid interest to, but excluding, the date fixed for redemption. The Series B Debentures may be redeemed at any time on or after February 28, 2025 by the Trust, in whole or, from time to time, in part, on not fewer than 30 nor more than 60 days' prior notice, on payment of a redemption price equal to 100% of the principal amount outstanding of the Series B Debentures being redeemed, together with accrued and unpaid interest to, but excluding, the date fixed for redemption.

Where less than all of the Series B Debentures are to be redeemed pursuant to their terms, the applicable Series B Debentures to be so redeemed will be redeemed on a pro rata basis according to the principal amount of Series B Debentures registered in the respective name of each holder of Series B Debentures or in such other manner as the Indenture Trustee may consider equitable, provided that such selection will be proportionate.

Purchase of Debentures

Provided no Event of Default (as defined in the applicable Supplemental Indenture) under the Indenture has occurred and is continuing, the Trust may, at any time and from time to time, purchase Debentures in the market (which will include purchases from or through an investment dealer or a firm holding membership on or being a participating organization with respect to a recognized stock exchange) or by tender or private contract at any price. Debentures that are so purchased will be cancelled and will not be reissued or resold.

Certain Covenants in the Indentures

The Supplemental Indentures contain covenants substantially to the following effect:

Consolidated EBITDA to Consolidated Interest Expense Ratio

The Trust will maintain at all times a ratio of Consolidated EBITDA to Consolidated Interest Expense of not less than 1.65:1.00 calculated based on the applicable Reference Period.

The Supplemental Indentures provide that Consolidated EBITDA to Consolidated Interest Expense will be calculated on a pro forma basis for the Reference Period giving effect to Indebtedness incurred to and including the date of calculation and to the application of the proceeds therefrom and, for this purpose, (i) all Indebtedness incurred since the first day of the Reference Period and the application of the proceeds therefrom, including Indebtedness incurred to refinance other Indebtedness, will be deemed to have occurred at the beginning of the Reference Period, (ii) the repayment or retirement of any other Indebtedness since the first day of the Reference Period will be deemed to have been repaid or retired at the beginning of the Reference Period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility will be computed based upon the average daily balance of such Indebtedness during the Reference Period), (iii) in the case of Acquired Indebtedness acquired since the first day of the Reference Period, the related acquisition will be deemed to have occurred as of the first day of the Reference Period with the appropriate adjustments with respect to such acquisition being included in such pro forma calculation and (iv) in the case of any acquisition or disposition by the Trust or its subsidiaries of any asset or group of assets since the first day of the Reference Period, whether by merger, share purchase or sale, or asset purchase or sale, such acquisition or disposition or any related repayment of Indebtedness will be deemed to have occurred as of the first day of the Reference Period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation.

Restrictions on Additional Indebtedness

The Trust will not incur, or permit any subsidiary of the Trust to incur, any Indebtedness, other than Permitted Indebtedness, unless: the quotient (expressed as a percentage) obtained by dividing Consolidated Indebtedness (excluding any convertible Indebtedness) by the amount of Aggregate Adjusted Assets (in the case of each such amount, less cash or cash equivalents on hand) and calculated on a pro forma basis would be less than or equal to 65% (the "Indebtedness Percentage").

The calculation of the Indebtedness Percentage will (i) be made on each day that the Trust or any subsidiary proposes to incur such Indebtedness, and (ii) include Proportionate Consolidation Adjustments.

The Supplemental Indentures provide that the Indebtedness Percentage will be calculated on a pro forma basis as at the Balance Sheet Date giving effect to the incurrence of the Indebtedness to be incurred and the application of the proceeds therefrom and to any other event that has increased or decreased Consolidated Indebtedness, convertible Indebtedness, or Aggregate Adjusted Assets (in each case, as applicable to such calculation) since the Balance Sheet Date to and including the date of calculation.

Maintenance of Unencumbered Aggregate Adjusted Assets

The Trust will maintain at all times a ratio of Unencumbered Aggregate Adjusted Assets (excluding construction assets and other non-income producing assets) to the aggregate principal amount of the Trust's outstanding Consolidated Unsecured Indebtedness (excluding Subordinated Indebtedness) (the "Coverage Ratio") of not less than 1.30:1.00.

The Supplemental Indentures provide that the Coverage Ratio will be calculated on a pro forma basis as at the Balance Sheet Date giving effect to any event that has increased or decreased Consolidated Unsecured Indebtedness (other than Subordinated Indebtedness) or Unencumbered Aggregate Adjusted Assets (excluding construction assets and other non-income producing assets) since the Balance Sheet Date to and including the date of calculation.

Restrictions on Consolidations and Mergers

Neither the Trust nor Master LP may consolidate with, amalgamate or merge with or into or sell, assign, transfer or lease all or substantially all of its properties and assets unless:

(a) the entity formed by such consolidation or amalgamation or into which the Trust or Master LP is merged or the entity which acquires by operation of law or by conveyance or by transfer the assets of the Trust or Master LP substantially as an entirety is a corporation or unincorporated organization organized or existing under the laws of Canada or any province or territory thereof, and, in each case (except where such assumption is deemed to have occurred solely by the operation of law), such entity assumes under a supplemental trust indenture all of the obligations of the Trust or Master LP, as applicable, under the 2017 Indenture, the Supplemental Indentures and the Trust's senior unsecured debentures and such transaction to the satisfaction of the Indenture Trustee and in the opinion of counsel will be upon such terms to preserve and not to impair any of the rights and powers of the Indenture Trustee and the holders of the Trust's senior unsecured indentures;

(b) immediately before and immediately after giving effect to such transaction, no Event of Default (as defined below) has occurred and is continuing;

(c) immediately after giving effect to such transaction, the surviving entity could incur at least \$1.00 of additional Indebtedness; and

(d) the Trust shall have delivered to the Indenture Trustee a Certificate (as defined in the 2017 Indenture) and an opinion of counsel, each stating that such consolidation, amalgamation, merger, sale, assignment, lease or transfer and such supplemental indenture comply with the Indentures and that all conditions precedent contained in the Indentures relating to such transaction have been complied with.

Repurchase upon Change of Control Triggering Event

If a Change of Control Triggering Event occurs with respect to the Debentures of a particular series, unless the Trust has exercised its optional right to redeem all of the Debentures of such series as described under "Description of Debentures — Redemption" above, the Trust will be required to make an offer to repurchase all or, at the option of the holder of the Debentures, any part (equal to $1,000 or an integral multiple thereof) of each holder's Debentures of a particular series pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in the Supplemental Indentures. In the Change of Control Offer, the Trust will be required to offer payment in cash equal to 101% of the aggregate outstanding principal amount of the Debentures of such series together with accrued and unpaid interest to, but excluding, the date of repurchase.

Within 30 days following any Change of Control Triggering Event, the Trust will be required to give written notice to holders of the Debentures of such series describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Debentures of such series on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given. The Trust will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Debentures of such series properly tendered and not withdrawn under its offer.

Maintenance of Properties

The Trust will maintain and keep or cause to be maintained and kept in good condition, repair and working order all of the properties owned by it or any of its subsidiaries used in its business or in the business of any of its subsidiaries and will make or cause to be made all necessary repairs and renewals to and replacements and improvements of these properties, in each case as in its judgment may be necessary to carry on its business properly and prudently. Notwithstanding the foregoing, the Trust and its subsidiaries will not be prohibited from selling or transferring any of their properties in the ordinary course of business.

Insurance

The Trust will maintain and cause its subsidiaries to maintain prudent property and liability insurance and/or similar arrangements.

Events of Default

The 2017 Indenture provides that each of the following events will constitute an event of default (each, an "Event of Default") under the Debentures of a particular series:

(a) default in payment of principal of the Debentures of such series when due;

(b) default in payment of any interest on the Debentures of such series when due where such default continues for a period of three Business Days after the relevant interest payment date;

(c) a breach of or default in the performance of any covenant of the Trust under the Debentures of such Series, the 2017 Indenture or the Supplemental Indenture for such series of Debentures where such breach or default continues for a period of 30 days after the Indenture Trustee has given notice in writing to the Trust specifying the nature of such breach or default, and requiring the Trust to remedy such breach or default unless the Indenture Trustee (having regard to the subject matter of such breach or default) agrees to a longer period, and in such event within the period agreed to by the Indenture Trustee;

(d) certain events of bankruptcy, insolvency, winding up or dissolution related to the Trust or a Material Subsidiary (as defined in the 2017 Indenture) as set out in the 2017 Indenture;

(e) the rendering of a final judgment (not subject to appeal) against the Trust or any Material Subsidiary in an aggregate amount in excess of $25 million by a court of competent jurisdiction, which remains undischarged and unstayed for a period of 60 days after the date on which the right to appeal has expired; and

(f) default by the Trust or any Material Subsidiary under the terms of any Indebtedness (other than any Indebtedness of a subsidiary of the Trust which is a single purpose company or any subsidiary of the

Trust whose principal assets and business are constituted by a particular property and pursuant to the terms of such Indebtedness payment is to be made from the revenues arising out of such property with recourse for such payment being available only to the revenues or the assets of such single purpose company or such property) where that default results in the acceleration of that Indebtedness (after expiration of any applicable grace period) unless such acceleration is waived or rescinded; provided that the aggregate of all such Indebtedness which is accelerated exceeds $25 million.

Subject to the provisions of the 2017 Indenture relating to the duties of the Indenture Trustee, in case an Event of Default occurs and is continuing, the Indenture Trustee will be under no obligation to exercise any of its rights or powers under the applicable Indenture at the request or direction of any of the holders of Debentures of a particular series, unless such holders have offered to indemnify the Indenture Trustee to its reasonable satisfaction. If an Event of Default (other than an Event of Default described in paragraph (d) above) occurs and is continuing in respect of the Debentures of a particular series, the Indenture Trustee may, in its discretion, or will, upon receiving instruction from the holders representing at least 25% of the aggregate principal amount of the outstanding Debentures of such series, accelerate the maturity of all Debentures of such series; provided that, notwithstanding any other provisions of the 2017 Indenture, after such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of the outstanding Debentures of such series may rescind and annul such acceleration in certain circumstances described in the applicable Indenture. See "Description of Debentures – Modification and Waiver" below. If an Event of Default specified in paragraph (d) above occurs, the outstanding Debentures will become immediately due and payable without any declaration or other act on the part of the Indenture Trustee or any holder of Debentures.

Defeasance

The 2017 Indenture contains provisions requiring the Indenture Trustee to release the Trust from its obligations under the 2017 Indenture and the Supplemental Indentures relating to the Debentures, provided that, among other things, the Trust satisfies the Indenture Trustee that it has deposited funds or made due provision for the payment of the expenses of the Indenture Trustee and for payment of all principal and interest and other amounts due or to become due in respect of the Debentures.

Modification and Waiver

The rights of the holders of Debentures of a particular series issued under an Indenture may be modified if authorized by extraordinary resolution passed by the affirmative votes of holders representing not less than 66⅔% of the outstanding principal amount of Debentures of such series. If the proposed modification affects the rights of a separate series of debentures issued under a supplemental indenture to the 2017 Indenture rather than all of the debt securities of the Trust, the approval of a like proportion of the holders of such separate series of debentures outstanding under such supplemental indenture will be required.

Notwithstanding the above, the approval of holders of 75% of the outstanding principal amount of Debentures of a particular series will be required (a) to change the stated maturity of the principal, the redemption price of, or any installment of interest on, the Debentures of such series, (b) to reduce the principal amount of, or interest or premium (if any) on, the Debentures of such series, (c) to change the place or currency of payment of the principal of, premium (if any) on the redemption price of or interest on, the Debentures of such series, or (d) to amend the percentage of outstanding principal amount of the Debentures of such series necessary to approve an extraordinary resolution. The holders of a majority of the outstanding principal amount of the Debentures of a particular series, on behalf of all holders of Debentures of such series, may waive compliance by the Trust with certain restrictive provisions of the 2017 Indenture or may waive certain Events of Default under the 2017 Indenture with respect to the Debentures of such series, subject to certain rights of the Indenture Trustee as provided in the applicable Indenture.

CREDIT RATINGS

Chartwell's credit ratings for the Series A Debentures and the Series B Debentures are summarized below:

Debt	Rating Agency	Long-term Credit Rating	Trend
Series A Debentures	DBRS	BBB (low)	Stable
Series B Debentures	DBRS	BBB (low)	Stable

Long-term ratings assigned by DBRS provide an opinion of DBRS on the risk of default; that is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. DBRS' long-term credit ratings scale ranges from "AAA" (typically assigned to obligations of the highest credit quality) to "D" (typically assigned to obligations when the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to pay or satisfy an obligation after the exhaustion of grace periods where DBRS believes the default will subsequently be general in nature and include all obligations). A long-term obligation rated "BBB" by DBRS is the fourth highest-rated obligation after those rated "AAA", "AA" and "A" and is, in DBRS' view, of adequate credit quality. The capacity for payment of financial obligations is considered acceptable. DBRS indicates that "BBB" rated obligations may be vulnerable to future events. All DBRS rating categories other than "AAA" and "D" also contain subcategories "(high)" and "(low)". The addition of either a "(high)" or "(low)" designation indicates the relative standing within a rating category.

DBRS uses "rating trends" for its ratings in, among other areas, the real estate investment trust sector. DBRS' rating trends provide guidance in respect of DBRS' opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories: "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present circumstances continue, or in some cases, unless challenges are addressed. In general, DBRS assigns rating trends based primarily on an evaluation of the issuing entity or guarantor itself, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates. A "Positive" or "Negative" trend assigned by DBRS is not an indication that a rating change is imminent, but represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a "Stable" trend was assigned.

The above-mentioned ratings assigned to the Debentures are not a recommendation to buy, sell or hold any securities of Chartwell and may be subject to revision or withdrawal at any time by DBRS. Chartwell has paid customary rating fees to DBRS in connection with the above-mentioned ratings. There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by the rating agency if in its judgment circumstances so warrant.

CSH TRUST

The CSH Trust Declaration contains provisions substantially similar to those of the Declaration of Trust relating to Chartwell. The principal differences between the CSH Trust Declaration and the Declaration of Trust for Chartwell are those described below. The description below is a summary only and is qualified in its entirety by reference to the text of the CSH Trust Declaration available on SEDAR (www.sedar.com).

Chartwell is the sole holder of CSH Trust Units. At each annual meeting of Chartwell, the Voting Unitholders will direct Chartwell as to the nominees to be elected CSH Trustees. Chartwell will elect the nominees as directed from time to time by a majority of the votes cast by the holders of Voting Units.

CSH Trust Units are redeemable at any time on demand by the holders thereof upon delivery to CSH Trust of a duly completed and properly executed notice requiring CSH Trust to redeem CSH Trust Units, in a form reasonably acceptable to the CSH Trustees, together with the certificates for CSH Trust Units representing the CSH Trust Units to be redeemed and written instructions as to the number of CSH Trust Units to be redeemed. Upon tender of CSH Trust Units by a holder thereof for redemption, the holder of CSH Trust Units tendered for redemption will no longer have any rights with respect to such CSH Trust Units other than the right to receive the redemption price for such CSH Trust Units. The redemption price for each CSH Trust Unit tendered for redemption will be based on: (a) the cash redemption price per Unit of Chartwell; (b) the aggregate number of Units outstanding; (c) the aggregate unpaid principal amount and accrued interest thereon of indebtedness of CSH Trust to Chartwell and the fair market value of any other assets or investments held by Chartwell (other than CSH Trust Units); and (d) the aggregate number of CSH Trust Units outstanding held by Chartwell.

The aggregate redemption price payable by CSH Trust in respect of any CSH Trust Unit tendered for redemption by the holders thereof during any month will generally be satisfied by the issuance of such aggregate principal amount of Series 2 Trust Notes as is equal to the aggregate redemption price payable, rounded down to the nearest $100 (with the balance of any such aggregate redemption price not paid in Series 2 Trust Notes paid in cash) if so elected by Chartwell, or if no such election is made by Chartwell, at the discretion of CSH Trust generally by any combination of cash and Series 2 Trust Notes as the CSH Trustees shall determine, in their discretion.

The CSH Trustees have a policy to distribute all of CSH Trust's available cash, subject to applicable law, to holders of CSH Trust Units by way of monthly cash distributions, after satisfaction of administrative and other expenses (including reasonable reserves for such expenses), any debt service obligations (principal and interest) and any amounts payable in connection with any cash redemptions or repurchases of CSH Trust Units. Such distributions are intended to be received by Chartwell prior to its related monthly cash Distributions to Unitholders. The CSH Trustees may pay other Distributions out of the capital of CSH Trust in such amounts, and at such time, as the Trustees determine from time to time.

CSH Trust Notes

The following is a summary of the material attributes and characteristics of the CSH Trust Notes, which does not purport to be complete. Reference is made to the Note Indenture for a complete description of the CSH Trust Notes and the full text of its provisions. As of March 1, 2019, there are no CSH Trust Notes outstanding and the only CSH Trust Notes intended to be issued are Series 2 Trust Notes issuable to holders of CSH Trust Units as full or partial payment of the redemption price for CSH Trust Units.

Series 2 Trust Notes and any other notes issued under the Note Indenture will be issuable in Canadian currency. CSH Trust Notes are issuable in denominations of $100 and integral multiples of $100. No fractional CSH Trust Notes will be distributed and where the number of CSH Trust Notes to be received by a Unitholder includes a fraction, such number shall be rounded to the next lowest whole number.

Series 2 Trust Notes will be reserved by CSH Trust to be issued exclusively to holders of CSH Trust Units as full or partial payment of the redemption price for CSH Trust Units, as the CSH Trustees may decide or, in certain circumstances, be obliged to issue.

Each Series 2 Trust Note will mature on a date which is no later than the first anniversary of the date of issuance thereof and bears interest at a market rate to be determined at the time of issuance thereof, payable on the 15th day of each calendar month that such Series 2 Trust Note is outstanding. On maturity, CSH Trust will repay the CSH Trust Notes by paying under the Note Indenture in cash to the holder, an amount equal to the principal amount of the outstanding CSH Trust Notes which have then matured, together with accrued and unpaid interest thereon. The CSH Trust Notes will be redeemable at the option of CSH Trust prior to maturity, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, payable in cash.

Payment of the principal amount and interest on the CSH Trust Notes is subordinated in right of payment to the prior payment in full of the principal of and accrued and unpaid interest on, and all other amounts owing in respect of, all senior indebtedness which is defined in the Note Indenture as all indebtedness, liabilities and obligations of CSH Trust which, by the terms of the instrument creating or evidencing the same, is expressed to rank in right of payment in priority to the indebtedness evidenced by the Note Indenture. The Note Indenture provides that upon any distribution of the assets of

CSH Trust in the event of any dissolution, liquidation, reorganization or other similar proceedings relative to CSH Trust, the holders of all such senior indebtedness will be entitled to receive payment in full before the holders of the CSH Trust Notes are entitled to receive any payment. The CSH Trust Notes are unsecured debt obligations of CSH Trust.

The Note Indenture provides for a number of events that would constitute an event of default under the Note Indenture. However, the provisions governing an event of default under the Note Indenture and remedies available thereunder do not provide protection to the holders of CSH Trust Notes which would be comparable to the provisions generally found in debt securities issued to the public.

MASTER LP

Master LP is entitled to issue various classes of partnership interests. Master LP has outstanding one general partnership unit, Class A Master LP Units, all of which are held by CSH Trust and Chartwell, and Class B Master LP Units which have been issued to certain of the vendors as partial consideration for the acquisition of Properties by the Operator. The Class A Master LP Units represent approximately 99.4% of the total Master LP units outstanding and the Class B Master LP Units represent approximately 0.6% of the total Master LP units outstanding. Holders of Class A Master LP Units are entitled to notice of, and to attend and vote at, all meetings of holders of partnership units. Units of Master LP may not be issued to, transferred to or held by any person or partnership if such issuance, transfer or holding could cause Master LP to not qualify as an “excluded subsidiary entity” under the SIFT Rules.

Class B Master LP Units, which are issuable in series, may be issued in respect of seniors housing acquisitions made by Master LP from time to time. The Class B Master LP Units are, in all material respects, economically equivalent to the Units on a per unit basis. Under the Exchange Agreement and pursuant to the terms of the Class B Master LP Units: (a) the Class B Master LP Units are indirectly exchangeable on a one-for-one basis for Units at any time at the option of the holder, unless the exchange would jeopardize Chartwell’s status as a “unit trust”, “mutual fund trust” or “registered investment” under the Tax Act; (b) each Class B Master LP Unit entitles the holder thereof to receive distributions from Master LP, where practicable, which are economically equivalent on a per unit basis to Distributions made by Chartwell on a Unit; (c) a registered holder of Class B Master LP Units will receive Special Voting Units entitling the holder to receive notice of, to attend and to vote at all meetings of Unitholders; (d) except as required by-law and in certain specified circumstances in which the rights of a holder of Class B Master LP Units are affected, holders of the Class B Master LP Units will not be entitled to vote at any meeting of the limited partners of Master LP; (e) Master LP will be entitled to require the redemption of the Class B Master LP Units in certain specified circumstances; and (f) Class B Master LP Units may not be transferred without the consent of the Directors.

By virtue of the fact that Chartwell is the sole shareholder of CMCC (which in turn is the sole trustee of the General Partner of Master LP), at each annual meeting of Chartwell, the Voting Unitholders will direct Chartwell as to the nominees to be elected the Directors. Chartwell will elect and remove the nominees as directed from time to time by a majority of the votes cast by the holders of Voting Units.

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

INVESTMENT GUIDELINES AND OPERATING POLICIES OF CHARTWELL

Investment Restrictions

Chartwell's constating documents provide for certain restrictions on investments which Chartwell may make. Chartwell's assets may be invested, directly or indirectly, only in securities of CSH Trust, Master LP, CMCC and their respective associates and only in accordance with the following restrictions:

(a) Chartwell shall focus its acquisition activities on seniors housing and services and businesses related to seniors housing and seniors in Canada and the United States;

(b) Chartwell shall not acquire any interest in a single real property if, after giving effect to the proposed acquisition, the cost to Chartwell of such acquisition (net of the amount of acquisition debt) will exceed 15% of Chartwell's Adjusted Gross Book Value;

(c) Notwithstanding anything else contained in the Declaration of Trust, Chartwell shall not make any investment, take any action or omit to take any action that would result in: (i) Chartwell failing or ceasing to qualify as a "mutual fund trust" or "registered investment" within the meaning of the Tax Act; (ii) the Units being disqualified for investment by deferred income plans; or (iii) that would result in CSH Trust being liable to pay tax under Part XII.2 of the Tax Act;

(d) Chartwell may make its investments and conduct its activities, directly or indirectly, through an investment in one or more persons on such terms as the Chartwell Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited) and limited liability companies;

(e) Except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities, some or all of the receivables under instalment receipt agreements or money market instruments of, or guaranteed by, a Canadian bank listed on Schedule I to the *Bank Act* (Canada) maturing prior to one year from the date of issue, Chartwell may not acquire or hold securities other than securities of entities that invest in seniors housing and/or services and businesses related to seniors housing and seniors;

(f) Chartwell shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;

(g) Chartwell shall not invest in operating businesses other than seniors housing or services and businesses related to seniors housing and seniors;

(h) Chartwell may invest in mortgages and mortgage bonds (including, a participating or convertible mortgage, mezzanine financings and "vendor take-back mortgages"), if the income from such property is primarily from a seniors housing facility or if not currently income producing it is to be developed primarily for the purpose of producing income for senior housing facilities, which in each case would otherwise meet the investment restrictions of Chartwell on a consolidated basis and where the aggregate amount of such investments after giving effect to the proposed investment, will not exceed 20% of the Adjusted Gross Book Value calculated at the time of such investment; and

(i) Chartwell may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price to Chartwell of such property, and in the case of an equity investment, the amount of such investment or amount paid for the equity purchase) up to 15% of Chartwell's Adjusted Gross Book Value in investments or transactions which do not comply with paragraph (e) and (g) above.

Operating Policies

Chartwell's constating documents provide that Chartwell's operations and affairs will be conducted in accordance with the following policies:

(a) (i) Chartwell shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 – *Mutual Funds* adopted by the Canadian Securities Administrators, as amended from time to time; and (ii) other than with respect to its own Units and other securities, Chartwell shall not underwrite, sell or market or participate therein;

(b) (i) any written instrument creating an obligation which is or includes the granting by Chartwell of a mortgage, and (ii) to the extent the Chartwell Trustees determine to be practicable and consistent with their fiduciary duty to act in the best interests of the Unitholders, any written instrument which is, in the judgment of the Chartwell Trustees, a material obligation shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, by way of lawsuit or otherwise, the private property of any of the Chartwell Trustees, Voting Unitholders, annuitants or officers, employees or agents of Chartwell, but that only property of Chartwell or a specific portion thereof shall be bound; Chartwell, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by Chartwell upon the acquisition of real property;

(c) title to each real property shall be held by and registered in the name of Chartwell, the Chartwell Trustees, or a corporation or other entity wholly-owned by Chartwell or jointly-owned by Chartwell with joint venturers;

(d) Chartwell shall not incur or assume any indebtedness if, after giving effect to the incurring or assumption of the indebtedness: (i) the total indebtedness of Chartwell and its consolidated subsidiaries would be more than 65% of the Adjusted Gross Book Value;

(e) Chartwell may only provide a guarantee in respect of the indebtedness of (i) Master LP or a wholly-owned subsidiary of Chartwell if the provision by Chartwell of such guarantee will not cause Chartwell to cease to qualify as a "mutual fund trust" for the purposes of the Tax Act; and (ii) any person other than a person referred to in (i) if the provision by Chartwell of such guarantee will not cause Chartwell to cease to qualify as a "mutual fund trust" for the purposes of the Tax Act and such guarantee is approved by a majority of the Chartwell Trustees or unanimously by the Investment Committee of Chartwell;

(f) unless the requirement for such an independent appraisal and an engineering survey is waived by the Chartwell Trustees, Chartwell shall conduct or receive on terms approved by the Chartwell Trustees an independent appraisal and engineering survey with respect to the physical condition thereof (including capital replacement programs) of each property that it intends to acquire;

(g) Chartwell shall obtain and maintain at all times insurance coverage in respect of potential liabilities of Chartwell and the accidental loss of value of the assets of Chartwell from risks, in amounts, with such insurers, and on such terms as the Chartwell Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties;

(h) unless the requirement for such Phase I environmental site assessment is waived by the Chartwell Trustees, Chartwell shall conduct or receive on terms approved by the Chartwell Trustees a Phase I environmental site assessment of each property to be acquired by it and, if the Phase I environmental site assessment recommends that further environmental site assessments be conducted, Chartwell shall conduct or receive on terms approved by the Chartwell Trustees such further environmental site assessments, in each case by an independent and experienced environmental consultant; such assessment as a condition to any acquisition shall be satisfactory to the Chartwell Trustees; and

(i) Chartwell shall not, directly or indirectly, guarantee any indebtedness or liabilities of any kind of another person, except indebtedness or liabilities assumed or incurred by an entity in which Chartwell invests, directly or indirectly, or by an entity jointly-owned by Chartwell with joint venturers and operated solely for the purpose of holding a particular property or properties where such indebtedness, if granted by Chartwell directly, would not cause Chartwell to otherwise contravene the investment restrictions set out in Section 4.1 of the Declaration of Trust or the operating policies set out in Section 4.2 of the Declaration of Trust. Chartwell is not required but shall use its reasonable best efforts to comply with this requirement (i) in respect of obligations assumed by Chartwell pursuant to the acquisition or disposition of real property or (ii) if doing so is necessary or desirable in order to further the initiatives of Chartwell permitted under the Declaration of Trust.

For the purposes of the foregoing restrictions and policies, the assets, liabilities and transactions of a corporation, partnership or other entity wholly or partially owned by Chartwell will be deemed to be those of Chartwell on a proportionate, consolidated basis. In addition, any references in the foregoing investment restrictions and operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement. In addition, the term "indebtedness" means (without duplication) on a consolidated basis:

(a) any obligation of Chartwell for borrowed money;

(b) any obligation of Chartwell incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;

(c) any capital lease obligation of Chartwell; and

(d) any obligation of the type referred to in clauses (a) through (c) of another person, the payment of which Chartwell has guaranteed or for which Chartwell is responsible for or liable;

provided that (i) for the purposes of (a) through (d), an obligation (other than an obligation relating to convertible debentures) will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of Chartwell in accordance with IFRS; (ii) obligations referred to in clauses (a) through (d) exclude trade accounts payable, Distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business; (iii) convertible debentures will constitute indebtedness to the extent of the principal amount thereof outstanding and (iv) indebtedness shall not include any obligation of Chartwell which is Deferred Purchase Price of Property.

Amendments to Investment Restrictions and Operating Policies

Pursuant to Chartwell's constating documents, all of the investment restrictions set out above under the heading "Investment Restrictions" and the operating policies contained in subparagraphs (a), (d), (e), (f), (g), (h), and (i) under the heading "Operating Policies" above may be amended only with the approval of 66⅔% of the votes cast by Voting Unitholders of Chartwell at a meeting of Voting Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by holders of Voting Units at a meeting of Voting Unitholders called for such purpose.

MATERIAL CONTRACTS

Except for agreements entered into in the ordinary course of business, the only agreements which are material to Chartwell and which were entered into during 2018, or which were entered into prior to 2018 but are still in effect, are the:

(a) Declaration of Trust, as described under "Chartwell, CSH Trust and Master LP";

(b) CSH Trust Declaration, as described under "CSH Trust";

(c) Master LP Partnership Agreement, as described under "Chartwell, CSH Trust and Master LP";

(d) EUPP, as described below;

(e) Exchange Agreement, as described under "Master LP";

(f) Non-competition agreements, as described below;

(g) Unitholder Rights Agreement, as described under "Chartwell, CSH Trust and Master LP – Unitholder Rights Agreement";

(h) Secured Credit Agreement and Unsecured Credit Agreement (together, the “2017 Credit Agreements”), as described under “General Development of the Business – History of the Business – *2017*” and below;

(i) Distribution Reinvestment Plan, as described under “Chartwell, CSH Trust, and Master LP – Distribution Reinvestment Plan;

(j) Deferred Unit Plan, as described below;

(k) Initial Indenture, as defined in the Glossary;

(l) Maestro Master Agreement, as defined in the Glossary; and

(m) 2017 Indenture, Series A Supplement and Series B Supplement, as described under “Description of Debentures”.

Executive Unit Purchase Plan

The Chartwell Trustees, Directors, officers and employees of Chartwell (collectively, the “Eligible Persons”), among others, have historically been eligible to participate in the EUPP. As of April 1, 2014, only C-Line executives are eligible to acquire Units pursuant to the EUPP. Existing participants in the EUPP continue to participate in the plan but only with respect to previously acquired Units.

A maximum of 5,900,890 Units are reserved for issuance under the EUPP representing approximately 2.80% of the issued and outstanding Units. As of December 31, 2018, 1,523,159 Units have been issued and are outstanding under the EUPP, which represent approximately 0.72% of the issued and outstanding Units. There remain 2,688,718 Units which are reserved for issuance, which represent approximately 1.27% of the outstanding Units. The EUPP is administered by the Compensation Committee, which has the power to determine, among other things, (a) which Eligible Persons may subscribe for EUPP units; (b) the number of EUPP units allocated to each such Eligible Person; and (c) the market price for the Units at the time such EUPP units are purchased. An Eligible Person who participates in the EUPP is referred to as an “EUPP Participant”. The “market price” for Units under the EUPP is equal to the volume weighted average trading price of Units on the TSX for the 20 trading days immediately preceding their purchase, except for the “initial plan units” purchased by Eligible Persons at the IPO price as disclosed in the final prospectus of Chartwell dated October 31, 2003. The EUPP prohibits any reduction or other change in the price paid for Units, except to reflect a consolidation or split of the Units or similar capital reorganization.

The maximum number of Units issuable to insiders of Chartwell under all security based employee arrangements, including the EUPP, at any time cannot exceed 10% of the issued and outstanding Units, and the number of securities to be issued to insiders of Chartwell pursuant to such arrangements within any one-year period cannot exceed 10% of the issued and outstanding Units. The purchase price for Units, other than the initial payment, if applicable, is payable from the proceeds of Distributions. The initial payment is equal to 5% of the market price for Units on the date of purchase of EUPP units. EUPP Participants are required to pay interest to Chartwell on the outstanding balance of the remaining unpaid purchase price at a fixed rate, which interest rate shall not be less than the prescribed rate under the Tax Act applicable at the time the EUPP units are issued. All Distributions paid on the Units are applied to pay such interest and to pay the remaining unpaid purchase price such that, following all such payments, the EUPP Participants will have paid the full market price for the Units.

Until all of the unpaid purchase price has been paid, EUPP Participants will not be allowed to vote or transfer or dispose of their Units issued under the EUPP, other than a transfer to a registered retirement savings plan, registered retirement income fund, or other entity approved by Chartwell.

Under the EUPP, the unpaid purchase price of Units acquired prior to April 1, 2014, must be paid over a period of not more than 20 years and the unpaid purchase price of Units acquired on or subsequent to April 1, 2014, must be paid over a period of not more than 10 years. If an EUPP Participant fails to make any required payment of unpaid purchase price, the Units may, at the option of Chartwell and subject to applicable law, (a) be acquired by Chartwell for cancellation or (b) be sold by the custodian in the market and that portion of the proceeds equal to remaining unpaid purchase price owing delivered to Chartwell, in each case in full satisfaction of the obligations of the EUPP Participant.

Deferred Unit Plan

Chartwell established the Deferred Unit Plan in 2008 to provide non-employee Chartwell Trustees, CSH Trustees and Directors ("DTU Participants") with the opportunity to acquire Deferred Units. The Deferred Unit Plan allows DTU Participants to invest all or a portion of the fees earned as Directors in Deferred Units and thereby to participate in the long-term success of Chartwell. Chartwell believes the Deferred Unit Plan promotes a greater alignment of interests between the DTU Participants and Unitholders. The Deferred Unit Plan was approved by Unitholders at Chartwell's annual and special meeting in 2009 and ratified at the annual and special meetings in 2012, 2015 and 2018. Unitholders will be asked to approve the DTU again at the 2021 annual meeting.

The Deferred Unit Plan is administered by the Compensation Committee. Under the Deferred Unit Plan, a DTU Participant has the right to elect to receive his or her retainer and meeting fees for the calendar year paid in whole or in part in Deferred Units. Deferred Units are each equivalent in value to a Unit and are credited on the books of Chartwell. With respect to any portion of the fees such DTU Participant is to be paid in Deferred Units, Chartwell will credit to the DTU Participant's account the number of Deferred Units equal to two times the amount of the fees deferred, if any, divided by the fair market value of the Units as determined in accordance with the Deferred Unit Plan on the date of the award. The DTU Participant's account will be credited with Distribution equivalents in the form of additional Deferred Units in respect of normal cash Distributions. Deferred Units are non-transferable, except to a DTU Participant's estate in the event of his or her death, as provided for in the Deferred Unit Plan. Director fees elected to be paid in Deferred Units are matched on a one-for-one basis by Chartwell.

For the above purpose, "fair market value" with respect to a Unit, as at any date, means the volume weighted average of the prices at which the Units traded on the TSX (or, if the Units are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Units are then listed and posted for trading as may be selected for such purpose by the Board of Directors in its sole and absolute discretion) for the five trading days on which the Units traded on the said exchange immediately preceding such date. In the event that the Units are not listed and posted for trading on any stock exchange, the fair market value shall be the fair market value of the Units as determined by the Board of Directors in its sole and absolute discretion.

The Deferred Units are exercisable by a DTU Participant upon delivery of a notice of exercise to the secretary of CMCC, specifying the exercise date, which shall be either: (a) the Cessation Date; or (b) such later date as the DTU Participant may elect, provided that such date is not later than December 1st of the second calendar year following the calendar year in which the Cessation Date occurred.

Upon the exercise of an award under the Deferred Unit Plan, a DTU Participant will receive the number of Units equal to the number of Deferred Units recorded in the DTU Participant's account on the exercise date. Upon the issuance of such Units, the Deferred Units will be cancelled.

The number of Deferred Units reserved for issuance under the Deferred Unit Plan cannot exceed 2% of the aggregate number of issued and outstanding Units. The number of Units issuable to insiders, at any time, under all security based compensation arrangements of Chartwell, including under the Deferred Unit Plan, cannot exceed 10% of the issued and outstanding Units. Within any one-year period, the number of Units issued to insiders under all security based compensation arrangements of Chartwell, including under the Deferred Unit Plan, cannot exceed 10% of the issued and outstanding Units.

The Deferred Unit Plan may be amended from time to time by Chartwell to: (a) determine eligibility for participation and awards of Deferred Units under the Deferred Unit Plan; (b) determine whether any election or notice requirement or other administrative procedure under the Deferred Unit Plan has been adequately observed; (c) remedy possible ambiguities, inconsistencies or omissions by general rule or particular decision; (d) determine the fair market value of the Units on any date; (e) prescribe, amend and rescind rules and regulations relating to the Deferred Unit Plan; (f) interpret the Deferred Unit Plan; and (g) make any and all other determinations deemed necessary or advisable for the administration of the Deferred Unit Plan. The Deferred Unit Plan may also be terminated by Chartwell or CMCC at any time.

Any such amendments are subject to the prior approval of any applicable regulatory bodies, including the TSX. If Chartwell amends or suspends the Deferred Unit Plan, such amendment or suspension will not affect previously granted

Deferred Units without the consent of Chartwell and the DTU Participant to whom such awards have been made. If the Deferred Unit Plan is terminated, no new Deferred Units (other than those issued as credit for Distributions) will be issued but previously credited Deferred Units shall be paid out in accordance with the terms of the Deferred Unit Plan.

Restricted Unit Plan

Chartwell established the Restricted Unit Plan in 2008, which was implemented in 2009, to provide employees of CMCC (and its Related Entities, as such term is defined in the Restricted Unit Plan), and their respective permitted assigns (each an "RUP Participant") with the opportunity to acquire Restricted Units. The Restricted Unit Plan was originally available only to employees with a title of Executive Vice-President or more senior. It was amended effective January 1, 2010 to include vice-presidents and regional vice-presidents as RUP Participants, and was amended again effective January 1, 2014 to include management in Chartwell properties as well as corporate employees with a title of director or more senior. The purpose of the Restricted Unit Plan is to enhance the ability of Chartwell and CMCC to attract and retain employees and to allow RUP Participants to share in Chartwell's long-term success. The Restricted Unit Plan promotes a greater alignment of interests between RUP Participants and Unitholders.

The Restricted Unit Plan is administered by the Compensation Committee. Under the Restricted Unit Plan, Chartwell may award Restricted Units to any RUP Participant for services rendered in a particular year. Each Restricted Unit is equivalent in value to a Unit, credited on Chartwell's books. Unless otherwise specified by the Compensation Committee when granting an award to an RUP Participant, each Restricted Unit will vest immediately prior to the third anniversary (the "Vesting Period") of the date the award is granted (the "Vesting Date"). As soon as practicable after each Vesting Date, or on the Final Date (as such term is defined in the Restricted Unit Plan), Chartwell or CMCC will pay an RUP Participant an amount in cash equal to the volume weighted average trading price of the Units on the TSX for the five trading days prior to the Vesting Date, multiplied by the number of Restricted Units held by an RUP Participant (the "Payment Amount"), less any applicable tax and other legal withholdings.

The Restricted Unit Plan was amended, effective January 1, 2012, to provide that the amounts payable to certain RUP Participants on vesting will be determined based on the extent to which Chartwell has achieved certain financial targets. The amendments apply to the C-Line officers of Chartwell (collectively, the "Applicable Participants").

On the Vesting Date, the Payment Amount to an Applicable Participant can be increased or decreased, in each case by up to 50%, based on Chartwell's achievement during the Vesting Period of financial targets set at the beginning of the Vesting Period, subject to the discretion of the Compensation Committee.

The RUP Participant's account will be credited with Distribution equivalents in the form of additional Restricted Units upon the payment of any Distributions by Chartwell to Unitholders in the ordinary course of business. Restricted Units are non-transferable, except to a permitted assign of an RUP Participant.

Upon the resignation of an RUP Participant or the termination of an RUP Participant's employment or service as an Executive Officer for cause, any unvested Restricted Units will terminate without payment, as of the termination or resignation date. Upon the termination of an RUP Participant's employment or service as an Executive Officer without cause, or in the event an RUP Participant becomes disabled, such RUP Participant will continue to participate in the Restricted Unit Plan during the applicable notice period, if any, in the case of a termination without cause. Upon the retirement or death of an RUP Participant, any unvested Restricted Units of such RUP Participant shall vest at the discretion of the Compensation Committee, as of 10 days after the date of retirement and the business day before the date of death, as applicable.

Unless otherwise determined by the Compensation Committee in its sole discretion, upon the occurrence of a Change of Control, all outstanding Restricted Units shall become conditionally vested upon (or prior to) the completion of the transaction resulting in the Change of Control. Upon the occurrence of a Change of Control, the distribution value of the Restricted Units shall be the greater of: (a) the volume weighted average trading price of the Units on the TSX for the five trading days immediately preceding the effective date of the Change of Control; or (b) the value ascribed to the Units pursuant to the transaction which is the subject of the Change of Control.

The Restricted Unit Plan may be amended or suspended from time to time or terminated by Chartwell. If Chartwell amends, suspends or terminates the Restricted Unit Plan, such amendment, suspension or termination will not adversely affect previously granted Restricted Units without the consent of the affected RUP Participant. If the Restricted Unit Plan is terminated or suspended, no new Restricted Units (other than those issued as credit for Distributions) will be credited to the account of an RUP Participant. If the Restricted Unit Plan is terminated, all unvested Restricted Units will immediately vest and RUP Participants will receive the applicable Payment Amount, less any applicable tax and other legal withholdings.

Non-Competition Agreements

Messrs. Binions and Volodarski and Ms Sullivan have entered into non-competition agreements with Chartwell and the Operator which restricts them from certain activities in the seniors housing industry. So long as they are Directors, officers and/or employees of Chartwell or the Operator, and for two years thereafter (one and a half years in the case of Mr. Volodarski), they will not: (a) create another real estate investment trust or other entity with investment criteria similar to that of Chartwell unless substantially all of the properties that are acquired by such new real estate investment trust have been first offered to the Operator and the Operator has declined to purchase such properties; (b) purchase any assets which meet Chartwell's investment criteria unless they have given the Operator a right of first opportunity to purchase such assets and the Operator has declined to purchase such properties; (c) solicit residents, suppliers, employees, consultants, advisers, partners, directors or agents away from the Operator or its residences; or (d) develop or purchase seniors housing facilities or manage the operations or development of seniors housing facilities (unless, in the case of Mr. Binions and Ms Sullivan, he or she is no longer affiliated with the Operator and has become an employee, but not a shareholder, elsewhere) on their own behalf or on behalf of third parties other than through the Operator.

Credit Agreements

On May 29, 2017, Chartwell entered into the Secured Credit Agreement and the Unsecured Credit Agreement with a syndicate of Canadian financial institutions for two new credit facilities totaling $300 million with accordion options for an additional $150 million (consisting of unsecured and secured credit facilities). On November 21, 2017, Chartwell exercised the $100 million accordion option of the Secured Credit Facility. The 2017 Credit Agreements have replaced the $200 million and $50 million credit facilities which were scheduled to mature in June 2018. The 2017 Credit Facilities each initially had three-year terms maturing in May 2020 and include annual extension options. On April 3, 2018, an annual extension option was exercised, extending the maturity dates to May 2021.

Borrowing under the Secured Credit Facility can be in the form of a prime rate or bankers' acceptance loan. Originally, the amounts borrowed under the Secured Credit Facility bore interest at rates ranging from the bank's prime rate plus 0.65% to the bank's prime rate plus 0.85% or banker's acceptance rate plus 1.65% to banker's acceptance rate plus 1.85% depending on Chartwell's overall leverage ratio, as defined in the Secured Credit Agreement. On April 3, 2018, the Secured Credit Facility was amended, changing interest rates on the drawn portion to grid-based pricing, being the bank's prime rate plus 0.70% or banker's acceptance rate plus 0.70%, so long as Chartwell's credit rating is BBB (L). The foregoing rates shall be reduced by 5 basis points provided the facility is secured, regardless of the credit rating at such time. As of the date of the Secured Credit Agreement, the Secured Credit Facility was secured, inter alia, by first and second ranking mortgages on 21 seniors housing facilities owned by the Operator. Pursuant to the terms of the Secured Credit Agreement, the properties securing the facility may be added to or removed from time to time. As of December 31, 2018, $285.8 million was available under the Secured Credit Facility, secured by first and second ranking mortgages on 34 seniors housing facilities.

The $100.0 million unsecured facility established under the Unsecured Credit Agreement (the "Unsecured Credit Facility") can be increased by up to $50.0 million during its term. Borrowing under the Unsecured Credit Facility can be in the form of a prime rate or bankers' acceptance loan. Originally, the amounts borrowed under the Unsecured Credit Facility bore interest at rates ranging from the bank's prime rate plus 0.80% to the bank's prime rate plus 1.10% or banker's acceptance rate plus 1.80% to banker's acceptance rate plus 2.10% depending on Chartwell's overall leverage ratio, as defined in the Unsecured Credit Agreement. On April 3, 2018, the Unsecured Credit Facility was amended, changing interest rates on the drawn portion to grid-based pricing, being the bank's prime rate plus 0.70% or banker's acceptance rate plus 1.70% , so long as Chartwell's credit rating is BBB (L).

The Credit Agreements include covenants generally applicable for such facilities, such as limitations on overall leverage ratio, debt service coverage ratio, distributions payout ratio and, in the case of the Unsecured Credit Agreement, secured indebtedness ratio and unencumbered property asset value ratio.

DISTRIBUTION POLICY

The following outlines the Distribution policy of Chartwell as contained in the Declaration of Trust, the CSH Trust Declaration and the Master LP Partnership Agreement. The Distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of Voting Unitholders.

General

Chartwell's Declaration of Trust permits the Chartwell Trustees, in their discretion, to determine Chartwell's income which is to be distributed to Unitholders, provided that Chartwell receives amounts equal to such Distributions from its investments.

All Distributions paid in respect of Units outstanding under the EUPP are repaid by the EUPP Participants as repayments of unpaid purchase price, resulting in no net cash impact to Chartwell.

The Operator is the primary source of cash flow to fund Distributions and their payments. The Master LP Partnership Agreement requires Master LP to distribute all of its cash on hand that is derived from any source (other than receipt of any subscription proceeds for Class A Master LP Units or Class B Master LP Units), subject to certain priorities and in a specified manner.

Chartwell intends to use all amounts received by it, net of amounts required to pay its own expenses, to pay Distributions to Unitholders of a sufficient amount to ensure that Chartwell will not be subject to income tax, subject to the application of the SIFT Rules.

Distributions by Chartwell are paid in cash, subject to an election by eligible Unitholders to utilize the Distribution Reinvestment Plan. Where the Chartwell Trustees determine that Chartwell does not have available cash in an amount sufficient to make payment of the full amount of any Distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of the Chartwell Trustees, include the issuance of additional Units, or fractions of such Units, if necessary, having a fair market value as determined by the Chartwell Trustees equal to the difference between the amount of such Distribution and the amount of cash which has been determined by the Chartwell Trustees to be available for the payment of such Distribution. Distributions will be made to Unitholders of record as at the close of business on the last Business Day of the calendar month for the relevant Distribution. The Distribution for any month will actually be paid on or about the 15th day of the following month.

Distributions Made

From March 2016 to February 2017, Chartwell made Distributions on the Units in the amount of $0.0468 per Unit per month. From March 2017 to February 2018, Chartwell made Distributions on the Units in the amount of $0.0481 per Unit per month. From March 2018 to February 2019, Chartwell made Distributions on the Units in the amount of $0.049 per Unit per month. On March 1, 2019, Chartwell decided to increase the monthly Distribution to $0.050 per Unit, effective for the March 31, 2019 Distribution payable on April 15, 2019.

RISK FACTORS

There are certain risks inherent in the activities of Chartwell and the Operator, including the ones described below.

Risks Related to Chartwell and the Industry

Business Risks

Chartwell is dependent on the business and assets of the Operator for its cash flow. The Operator is subject to general business risks and to risks inherent in the seniors housing industry and in the ownership of real property. These risks include fluctuations in occupancy levels, the inability to achieve economic residency fees (including anticipated increases in such fees), rent control regulations, increases in labour costs and other operating costs including the costs of utilities, possible future changes in labour relations, competition from or the oversupply of other similar properties, changes in neighbourhood or location conditions and general economic conditions, health-related risks, disease outbreak and control risks, the imposition of increased taxes or new taxes, capital expenditure requirements, changes in interest rates, and changes in the availability and cost of money for long-term financing which may render refinancing of mortgages difficult or unattractive. Moreover, there is no assurance that expected demographic trends will continue or that the occupancy levels achieved to date at the Properties and expected in the future will continue or be achieved. Any one of, or a combination of, these factors may adversely affect the cash available to, or the financial position of, Chartwell.

There are inherent legal, reputational and other risks involved in providing housing and health care services to seniors. The vulnerability and limited mobility of some seniors enhances such risks. Such risks include fires or other catastrophic events at a property which may result in injury or death, negligent or inappropriate acts by employees or others who come into contact with our residents, and unforeseen events at Chartwell or even non-Chartwell properties that result in damage to Chartwell's brand or reputation or to the industry as a whole.

Real Property Ownership and Lack of Diversity

Real property equity investments are relatively illiquid. This illiquidity will tend to limit the ability of Chartwell to respond to changing economic or investment conditions. By specializing in a particular type of real estate, Chartwell is exposed to adverse effects on that segment of the real estate market and does not benefit from a diversification of its portfolio by property type.

Geographic Concentration

Chartwell's business and operations are conducted in Canada. As of December 31, 2018, as a percentage of total suites, 50% of Chartwell's suites were located in Ontario, 36% were located in Québec, 8% were located in British Columbia and 6% were located in Alberta. The market value of these Properties and the income generated from them could be negatively affected by changes in local, regional or national economic or environmental conditions or legislative/regulatory changes in the respective jurisdictions.

Maintenance of Assets

Chartwell is committed to keeping its communities in a good state of repair. Chartwell fundamentally believes that investing back into communities increases resident and staff satisfaction, which ultimately makes the business more profitable. In 2018, Chartwell invested $78.0 million of capital back into its property portfolio. In addition to recurring capital maintenance projects, these investments include large, often multi-phased, renovation projects and projects undertaken to comply with the requirements of various regulatory or government authorities, projects that improve the revenue-generating potential of its properties and projects identified during acquisition due diligence. The amount of these investments varies from time to time based on the volume of specific projects in progress. Chartwell takes into account the capital maintenance requirements of its communities when determining future cash flows available for Distributions. A significant increase in capital maintenance requirements could adversely impact the cash available to Chartwell.

Competition

Numerous other developers, managers and owners of seniors housing residences compete with Chartwell in seeking residents. The existence of competing developers, managers and owners and competition for Chartwell's residents may adversely affect Chartwell's ability to find residents for its seniors housing residences and the level of rents or rental rate which may be charged, and could adversely affect Chartwell's revenues and, consequently, its ability to meet its debt obligations. An increased supply of suites in the regions in which Chartwell owns ISL Residences, AL Residences and LTC Residences may have an impact on the demand for suites in such residences.

Growth

The ability to grow may require the issuance of additional Units and the ability to do so may not always be a viable capital-raising option. Furthermore, timing differences may occur between the issuance of additional Units and the time the proceeds may be used to invest in new properties. Depending on the duration of this timing difference, this may be dilutive. Chartwell expects that it will have opportunities to acquire properties which will be accretive and enable Chartwell to increase cash flow through improved management, but there can be no assurance that will be the case.

Acquisition, Dispositions and Development

Acquisitions, sales and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of Chartwell. Representations and warranties given by such third parties to Chartwell may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties.

Moreover, the acquired properties may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

In addition, the letters of intent and purchase or sale agreements entered into with third parties with respect to such acquisitions or sales, as applicable, are generally subject to certain closing conditions, and in some cases, the granting of regulatory approvals. Such acquisitions or sales may not be completed due to the failure to satisfy closing conditions or the failure to receive required regulatory approvals and certain funds paid by Chartwell may not be recoverable.

Chartwell is pursuing numerous development activities alone and with partners. These activities create development-specific risks, including: the risk of subcontractors placing liens on projects, constructions delays, increasing costs, labour disputes, delays in obtaining municipal and regional approvals and disputes with development partners.

Debt Financing

Chartwell has and will continue to have substantial outstanding consolidated indebtedness comprised primarily of the Property Mortgages and indebtedness under its operating credit facilities.

Chartwell intends to finance its growth strategy, including acquisitions and developments, through a combination of its working capital and its cash flow from operations, additional indebtedness and public or private sales of equity or debt securities. Chartwell currently has access to the government-backed mortgage insurance program through the National Housing Act, which is administered by CMHC. Chartwell entered into the LBA with CMHC in December 2015. There can be no guarantee that the provisions of the mortgage insurance program will not be changed in the future so as to make costs of obtaining mortgage insurance prohibitive or so as to restrict access to the insurance program in the future. To the extent that any financing requiring CMHC consent or approval is not obtained or that such consent or approval is only available on unfavourable terms, Chartwell may be required to use a conventional mortgage or other financing alternatives which may be less favourable to Chartwell than a CMHC-insured mortgage. In addition, the terms of Chartwell's indebtedness generally contain customary provisions that, upon an event of default, result in the acceleration of repayment of amounts owed and that restrict the Distributions that may be made by Chartwell and its subsidiaries. Therefore, upon an event of default under such indebtedness, Chartwell's ability to make Distributions will be adversely affected.

A portion of Chartwell's cash flow is devoted to servicing its debt, and there can be no assurance that Chartwell will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If Chartwell is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. Chartwell is also subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of such refinancing may not be as favourable as the terms of its existing indebtedness.

Loans Receivable

Chartwell's loans receivable are generally secured by subordinated charges of the borrowers' interests in real estate and rank behind senior financing. Similarly, the vendor take-back mortgages provided by Master LP are secured by subordinate charges on properties. If Chartwell's borrowers face financial difficulty and are not able to meet their commitments to their lenders, including Chartwell, Chartwell could suffer a loss of either interest or principal or both on the loans it has advanced, since other lenders will rank ahead of Chartwell in any recovery. Additionally, Chartwell may not, at the applicable time, have the financial capacity to acquire all facilities that it is entitled or required to acquire from borrowers. There is a risk if property values deteriorate or the financial capacity of its borrowers deteriorates that Chartwell could suffer losses on such loans.

Economic and Financial Conditions

Adverse changes to the economic and financial conditions in Canada, the United States and globally could impact Chartwell's ability to execute upon its operating, investing and financing strategies which, in turn, could have a material adverse impact on its business, sales, profitability and financial position.

Environmental Liabilities

Environmental legislation and policies have become increasingly important in recent years. Under various environmental laws and regulations, the Operator, as either owner or manager, could become liable for the costs of removal or remediation of certain hazardous, toxic or regulated substances released on or in its properties or disposed of at other locations, in some cases regardless of whether or not the Operator knew of or was responsible for their presence. The failure to remove, remediate or otherwise address such substances, if any, may adversely affect an owner's ability to sell such properties or to borrow using such properties as collateral and could potentially result in claims against the owner by private plaintiffs. It is the Operator's operating policy to obtain a Phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring or financing any property. Where Phase I environmental site assessments identify sufficient environmental concerns or recommend further assessments, Phase II or Phase III environmental site assessments are conducted. They are intrusive investigations that involve soil, groundwater or other sampling to confirm the absence or presence and extent of an environmental concern.

Environmental laws and regulations may change and Chartwell or the Operator may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on Chartwell's business, financial condition or results of operation and Distributions.

Liability and Insurance

The businesses which are carried on, directly or indirectly, by the Operator entail an inherent risk of liability. Management expects that from time to time Chartwell and/or the Operator may be subject to such lawsuits as a result of the nature of its businesses. The Operator maintains business and property insurance policies in amounts and with such coverage and deductibles as deemed appropriate, based on the nature and risks of the businesses, historical experience and industry standards. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against Chartwell and/or the Operator not covered by, or in excess of, Chartwell's and the Operator's insurance could have a material adverse effect on Chartwell's and the Operator's business, operating results and financial condition. Claims against Chartwell and/or the Operator, regardless of their merit or eventual outcome, also may have a material adverse effect on their ability to attract residents or expand their businesses, and will require management to devote time to matters unrelated to the operation of the business.

Personnel Costs

The Operator competes in local markets with other health care providers with respect to attracting and retaining qualified personnel. Chartwell and the Operator are also dependent upon the available labour pool of employees. A shortage of qualified personnel may require the Operator to enhance wage and benefits packages in order to compete. No assurance can be given that labour costs will not increase or, if they do increase, that they can be matched by corresponding increases in rental or management revenue.

Labour Relations

Chartwell, through the Operator and its subsidiaries, directly and indirectly employs approximately 14,600 people in Canada, approximately 80% of which are represented by labour unions. Labour relations with the unions are governed by collective bargaining agreements with many different unions. There can be no assurance that the Operator and Chartwell will not at any time, whether in connection with the renegotiation process or otherwise, experience strikes, labour stoppages or any other type of conflict with unions or employees which could have a material adverse effect on Chartwell's and the Operator's business, operating results and financial condition. However, most seniors housing residences in the Province of Ontario are governed by the *Hospital Labour Disputes Arbitration Act*, which prohibits strikes and lockouts in the seniors housing sector. Therefore, collective bargaining disputes are more likely to be resolved through compulsory third party arbitration in Ontario.

In British Columbia, Alberta and Québec where strikes and lockouts may be permitted, certain essential services regulations apply which ensure the continuation of resident care and most services. In Alberta, unionized employees have the right to strike. Non-unionized seniors housing residences may become unionized in the event they are targeted for certification by a trade union. Since December 31, 2017, six Alberta residences have been certified by a trade union. There can be no assurance that the seniors housing residences owned by Chartwell that are currently unorganized will not in the future be subject to unionization efforts or that any such efforts will not result in the unionization of such a seniors housing facility's employees.

Conflicts of Interest

The Chartwell Trustees, CSH Trustees and Directors will, from time to time, in their individual capacities deal with parties with whom Chartwell may be dealing, or may be seeking investments similar to those desired by Chartwell. The relevant constating documents of Chartwell, CSH Trust and Master LP contain conflict of interest provisions requiring the Chartwell Trustees, CSH Trustees and Directors to disclose material interests in material contracts and transactions and to refrain from voting thereon.

Management Contracts

Chartwell receives management fees from non-owned residences that it manages for others. Chartwell will not receive this revenue if the management agreements with the residences' owners are terminated or not renewed upon their expiry. Such contracts are generally terminable upon 90 days' notice, with the exception of Management Agreements on the Welltower Properties and management agreements on properties with secure mezzanine loans advanced by Chartwell.

Cyber Security

Cyber security has become an increasingly problematic issue for issuers and businesses in Canada and around the world, including for Chartwell and the seniors housing industry. Cyber-attacks against large organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. Such an attack could compromise our confidential information as well as that of our residents, employees, and third parties with whom we interact and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage. In particular, in connection with its business Chartwell maintains a large amount of personal health information about its residents. If Chartwell were to experience a security breach resulting in unauthorized access to our use or disclosure of such information, Chartwell could be exposed to complaints, investigations or litigation and its reputation may be negatively affected. As a result, Chartwell continually monitors for malicious threats and adapts accordingly in an effort to ensure we maintain high privacy and security standards. Chartwell invests in cyber defense technologies to support our business model and to protect our systems, residents and employees by employing industry best practices. Our investments continue to manage the risks we face today and position Chartwell for the evolving threat landscape.

Personal Information

As a custodian of a large amount of personal information and personal health information relating to Chartwell's employees and its residents, Chartwell is exposed to the legal and reputational risk of the loss, misuse or theft of any such information. Chartwell mitigates this risk by deploying appropriate technology and training for unauthorized access or theft for its employees relating to the safeguarding of such information.

Government Regulation

Health care in general is an area subject to extensive regulation and frequent regulatory change. In Canada, a number of provinces are promoting regionally managed and regulated health care systems. These changes favour larger operators having the resources to provide more cost effective management services and well developed staff training programs on a regional basis. However, there can be no assurance that future regulatory changes in health care, particularly those changes affecting the seniors housing industry, will not adversely affect Chartwell. For a detailed description of the regulatory landscape affecting seniors housing see "Description of the Business – Seniors Housing Industry in Canada".

In all provinces, LTC Residences are subject to government oversight, regulation and licensing requirements, which may change or become more onerous in the future. For example, in Ontario, LTC Residence licences are issued for a fixed term which shall not exceed 30 years, after which the operators of a LTC Residence may or may not be issued a new licence. Therefore, such licences do not represent any guarantee of continued operation beyond the term of the licence. While the Operator endeavours to comply with all regulatory requirements in its LTC Residences, it is not unusual for stringent inspection procedures to identify deficiencies in operations. In such circumstances, it is Chartwell's intention to correct deficiencies which have been legitimately identified within the time frames allowed.

Under the Ontario LTC Act, the licence term for Class B and C long-term care residences in Ontario has been set to expire in 2025 unless these homes are redeveloped to the new design standards. Chartwell has nine LTC Class B and C residences with 876 beds. In 2015, the Ministry of Health and Long-Term Care published a Construction Funding Subsidy Policy for Long-Term Care Homes. The redevelopment of Chartwell's Class B and C residences may include significant expenses which will not be adequately addressed by the funding provided by the government of Ontario.

The provincial regulation of LTC Residences includes the control of long-term care fees and the subsidization of LTC residents. There can be no assurance that the current level of such fees and subsidies will be continued or that such fees will increase commensurate with expenses. A reduction of such fees or subsidies could have an impact upon the value of the Properties and Chartwell's net income.

Provincial governments have recently introduced legislation relating to long-term care, retirement residences, rent control, employment/labour standards and contracting out, all of which impacts Chartwell's operations. See "Description of Business–Recent Amendments to Regulations".

Joint Venture Interests

Chartwell has entered into joint venture arrangements in respect of certain of its seniors housing operations. These joint venture arrangements have the benefit of sharing the risks associated with ownership and management of such seniors housing residences including those risks described above, and provide Chartwell with access to properties and development sites it would otherwise not have. Chartwell may be exposed to adverse developments, including a possible change in control, in the business and affairs of its joint venture partners which could have a significant impact on, or termination of, Chartwell's interests in its joint ventures and could affect the value of the joint ventures to Chartwell and/or cause Chartwell to incur additional costs if it were to solely undertake the operations of the joint venture. In addition, there are risks which arise from the joint venture arrangements themselves, including: the risk that the other joint venturer may exercise buy-sell, put or other sale or purchase rights which could obligate Chartwell to sell its interest or buy the other joint venturer's interest at a price which may not be favourable to Chartwell or at a time which may not be advantageous to Chartwell, the effect of which could be materially adverse to Chartwell's financial position or resources.

Risks Related to the Structure of Chartwell

Distributions

Chartwell Distributions are made at the discretion of the Chartwell Trustees based on forward-looking cash flow information, including forecasts and budgets, results of operations, requirements for capital expenditures and working capital, future financial prospects of Chartwell, debt covenants and obligations, and any other factors considered relevant by them in setting the distribution rate. Items such as principal repayments, capital expenditures, variances in operating results and redemption of Units, if any, or the failure of CSH Trust or Master LP to Chartwell Retirement Residences may affect Distributions. Chartwell may be required to decrease its Distributions in order to accommodate such items.

Redemption Right

It is anticipated that the redemption right will not be the primary mechanism for holders of Units to liquidate their investments (see "Chartwell, CSH Trust and Master LP – Redemption Right"). Cash redemptions are subject to limitations. Securities which may be distributed *in specie* to Unitholders in connection with a redemption will not be listed on any stock exchange and may not be qualified investments under the Tax Act for Plans. No established market is expected to develop in such notes and they may be subject to resale restrictions under applicable securities laws.

Dilution

Chartwell may, in its sole discretion, issue additional Units from time to time, and the interests of the Unitholders may be diluted thereby.

Nature of Units

The Units are not traditional equity investments. The Units represent an undivided ownership interest in Chartwell. Chartwell's primary assets are CSH Trust Units. The Units do not represent a direct investment in the business of Master LP and should not be viewed by investors as direct securities of Master LP or its subsidiaries. As holders of Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions or rights to dissent from fundamental transactions undertaken by a corporation and to apply to court to be paid "fair value" for their securities. As well, Chartwell may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada) and thus the treatment of Unitholders upon an insolvency is uncertain.

The Units are not debt instruments and are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Further, cash Distributions are not guaranteed amounts and may fluctuate with the performance of the entities in which Chartwell invests. The trading price of the Units will be greatly affected by such performance and the anticipated Distributions of Chartwell. The market value of the Units may deteriorate if Chartwell is unable to maintain its cash Distribution levels in the future and that deterioration may be significant.

Unitholder Liability

The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with a holding of Units. However, in jurisdictions outside the Provinces of Ontario, Québec, Alberta and British Columbia (and in those jurisdictions in certain circumstances), there remains a minimal risk, which is considered by Chartwell to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Declaration of Trust, for the obligations of Chartwell to the extent that claims are not satisfied out of the assets of Chartwell. The affairs of Chartwell are conducted to seek to minimize such risk wherever possible.

Market for Units and Unit Price

The Units are listed on the TSX. There can be no assurance that an active public market for Units will be sustained. One of the factors that may influence the market price of the Units is the annualized yield on the Unit price from Distributions. Accordingly, an increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which could adversely affect the market price of the Units. The market price of the Units does not necessarily reflect the net asset value of Chartwell. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors outside the control of Chartwell which may cause the market price of Units to change in a manner which is different from the change in value of the underlying real estate assets.

Risks Related to Canadian Tax Matters

The SIFT Rules

The SIFT Rules, which relate to the federal income taxation of certain publicly-traded trusts and certain other publicly-traded flow-through entities, were enacted on June 22, 2007. Generally, under the SIFT Rules, certain distributions from a "SIFT trust" (as defined in the Tax Act) will not be deductible in computing the trust's taxable income, and the trust will be subject to tax on such distributions at a rate that is comparable to the general tax rate applicable to a Canadian corporation. To the extent that a distribution attracts this tax, it will be taxed in the hands of the receiving

Unitholder as a taxable dividend from a taxable Canadian corporation, which dividend will be eligible for the enhanced dividend tax credit.

The SIFT Rules are not applicable to certain real estate investment trusts that meet certain conditions (as provided in the Tax Act) relating to the nature of their revenues and investments (the "REIT Conditions"). As currently structured, Chartwell does not meet the REIT Conditions. Chartwell has been a SIFT trust since 2007 and, unless Chartwell changes its structure and the nature of its operations, it expects to be a SIFT trust for 2018 and future years.

In 2018, 3.0% of our distributions were classified as non-eligible dividends and 97.0% as return of capital. Chartwell was not subject to tax under the SIFT Rules in 2018 and based on our current forecasts, we do not expect to pay any SIFT tax in 2019.

Tax Status

If Chartwell ceased to qualify as a "mutual fund trust" for the purposes of the Tax Act or the Units ceased to be "qualified investments" under the Tax Act, the Canadian federal income tax considerations applicable to Chartwell and its Unitholders would be materially and adversely different in certain respects.

Chartwell will endeavour to ensure that Chartwell continues to qualify as a mutual fund trust and the Units continue to be qualified investments under the Tax Act for Plans but there is no assurance that Chartwell will be able to do so. Generally, Units will be qualified investments for Plans if, at the relevant time (a) the Units are listed on the TSX (or other designated stock exchanges for the purposes of the Tax Act), (b) the Units are registered investments under the Tax Act or (c) if Chartwell qualifies as a mutual fund trust (as defined in the Tax Act). The Tax Act may impose penalties for the acquisition or holding of non-qualified investments by a Plan. Any property distributed to a Unitholder on an in specie redemption of Units may not be a qualified investment under the Tax Act for a Plan. There can be no assurance that Canadian federal income tax laws (or the judicial interpretation thereof), the administrative and/or assessing practices of the CRA and/or the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders.

Net income and net realized capital gains of Chartwell in excess of the cash distributions it makes in a year may be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, notwithstanding that they do not directly receive a cash Distribution.

Although Chartwell is of the view that all expenses to be claimed by Chartwell and its subsidiaries will be reasonable and deductible, that the tax filing positions taken by Chartwell are reasonable, and that the cost amount and capital cost allowance claims of such entities will have been correctly determined and that the allocation of Master LP's income for tax purposes among its partners is reasonable, there can be no assurance that CRA will agree. If CRA successfully challenges Chartwell and/or its subsidiaries in any of these respects, the taxable income of Chartwell and the Unitholders, will increase or change.

Master LP has acquired many properties on a rollover basis with the result that the cost base for tax purposes in such properties was less than their fair market value at the time of acquisition. Master LP may acquire properties on a rollover basis in the future, with a similar result in their cost base. On a future sale of such properties for a sale price in excess of such cost base, income and capital gain will be realized which may result in SIFT tax being payable.

TRUSTEES, DIRECTORS AND EXECUTIVE OFFICERS

Trustees and Directors

The following table sets forth the name, municipality of residence, position held, Units, Deferred Units and Class B Master LP Units beneficially owned or controlled as of March 1, 2019 and the principal occupation within the previous five years of each of the Chartwell Trustees, the CSH Trustees, the Directors and the executive officers of the Operator.

Name and Municipality of Residence	Position/Office[1]	Units, Deferred Units, Restricted Units, Class B Master LP Units Beneficially Owned or Controlled	Chartwell Trustee/ CSH Trustee/ Director of CMCC Since	Principal Occupation Within Previous Five Years
Lise Bastarache, [3], [4] .... Candiac, Québec, Canada	Chartwell Trustee; Director of CMCC	37,500 Units[5] 78,423 Deferred Units	August 2005	Director, Laurentian Bank of Canada; Former Director, The Jean Coutu Group (PJC) Inc.; Former Member of the Board of Governors, Université de Moncton;
W. Brent Binions, ... Woodbridge, Ontario, Canada	President and Chief Executive Officer of Chartwell; President and Chief Executive Officer of CSH Trust; Director, President and Chief Executive Officer of CMCC	347,826 Units[5] 184,639[2] Class B Master LP Units 193,992 Restricted Units	November 2003	President and Chief Executive Officer, Chartwell, CSH Trust and CMCC
V. Ann Davis,[3],[4] .... Toronto, Ontario, Canada	Director of CMCC	8,141 Deferred Units	May 2017	Director of Gluskin Sheff + Associates Inc.; Past Chair of the Board of Directors of Women's College Hospital Foundation; Director of Canada Guaranty Mortgage Insurance Company; Director of Canadian Investment Protection Fund; Former Member of Independent Review Committee, Questrade ETFs; Former Director, Callidus Capital Corporation
Michael D. Harris,[6] .... Toronto, Ontario, Canada	CSH Trustee; Director and Chair of CMCC	194,590 Units[5] 281,558 Deferred Units	November 2003	Senior Business Advisor, Fasken Martineau DuMoulin LLP, a law firm; Former Senior Business Advisor, Cassels, Brock & Blackwell LLP Director, Canaccord Genuity Group Inc.; Director, Colliers International Group Inc.; Director, Chair, Route1 Inc.; Former Director and Chair, Magna International Inc.; Former Premier of the Province Ontario

Name and Municipality of Residence	Position/Office[1]	Units, Deferred Units, Restricted Units, Class B Master LP Units Beneficially Owned or Controlled	Chartwell Trustee/ CSH Trustee/ Director of CMCC Since	Principal Occupation Within Previous Five Years
André R. Kuzmicki,[(4)*] .... Toronto, Ontario, Canada	CSH Trustee; Director of CMCC	71,733 Units[(5)] 171,697 Deferred Units	May 2005	Former Executive Director of the Brookfield Centre in Real Estate and Infrastructure, Schulich School of Business, York University; President, Excellent! Inc., a real estate consulting firm; Adjunct Professor, Real Estate Development, Graduate School of Architecture, Planning and Preservation, Columbia University; Director, Dorsay Development Corporation; Former Director, DREAM Unlimited Corp.; Former Director, RealNet Canada Inc.
Sidney P. H. Robinson,[(6)*] .... Toronto, Ontario, Canada	Chartwell Trustee; Director of CMCC	72,500 Units[(5)] 213,328 Deferred Units	November 2003	Director, Rio2 Limited; Director, Amerigo Resources Inc.; Former Director, Rio Alto Mining Limited; Former Senior Partner, Torys LLP, a law firm
Sharon H. Sallows,[(4), (6)] .... Toronto, Ontario, Canada	CSH Trustee Director of CMCC	40,470 Units[(5)] 123,538 Deferred Units	August 2010	Trustee, RioCan REIT; Director, Home Capital Group Inc.; Director & Chair of Governance Committee, AIMCO; Former Director, Ontario Teachers' Pension Plan
Huw Thomas,[(3)*(6)] .... Oakville, Ontario, Canada	Chartwell Trustee; Director of CMCC	32,500 Units[(5)] 97,195 Deferred Units	February 2012	Director, Dollarama Inc.; Trustee, SmartCentres REIT; Former Chairman, KP Tissue Inc.; Former President & Chief Executive Officer, SmartCentres REIT
Karen Sullivan, ... Oakville, Ontario, Canada	Chief Operating Officer of Chartwell, CSH Trust and CMCC	125,912 Units[(5)] 54,361 Restricted Units	N/A	Chief Operating Officer; Chartwell, CSH Trust and CMCC
Vlad Volodarski, ... Vaughan, Ontario, Canada	Chief Financial Officer and Chief Investment Officer of Chartwell, CSH Trust and CMCC	182,327 Units[(5)] 54,593 Restricted Units	N/A	Chief Financial Officer and Chief Investment Officer, Chartwell, CSH Trust and CMCC

Name and Municipality of Residence	Position/Office[1]	Units, Deferred Units, Restricted Units, Class B Master LP Units Beneficially Owned or Controlled	Chartwell Trustee/ CSH Trustee/ Director of CMCC Since	Principal Occupation Within Previous Five Years
Sheri Chateauvert .... Puslinch, Ontario, Canada	Chief Administrative Officer of Chartwell, CSH Trust and CMCC	100,976 Unit[5] 47,817 Restricted Units	N/A	Chief Administrative Officer Chartwell, CSH Trust and CMCC
Jonathan Boulakia, ... Toronto, Ontario, Canada	Chief Legal Officer and Secretary of Chartwell, CSH Trust and CMCC	118,595 Units[5] 47,444 Restricted Units	N/A	Chief Legal Officer and Secretary Chartwell, CSH Trust and CMCC

(1) Each of the Chartwell Trustees, the CSH Trustees and the Directors of CMCC were elected to their positions on May 17, 2018, and their term will expire at the next annual meeting of Voting Unitholders unless they are re-elected.

(2) 184,639 of these Class B Master LP Units are held by JBG. Class B Master LP Units were issued to JBG in connection with the sale by the Binions Companies of certain seniors housing residences to Chartwell.

(3) Member of the Audit Committee.

(4) Member of the Investment Committee.

(5) Includes units acquired under the EUPP.

(6) Member of the Compensation Committee.

* Chair of Committee.

As of March 1, 2019, the Chartwell Trustees, the CSH Trustees, the Directors and the executive officers of the Operator, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 1,324,929 Units, excluding Deferred Units and Restricted Units (representing approximately 0.6% of all issued and outstanding Units, excluding Deferred Units and Restricted Units) and 184,639 Class B Master LP Units (representing 11.4% of all issued and outstanding Class B Master LP Units).

Except as disclosed below, none of the Chartwell Trustees, the CSH Trustees or the executive officers of the Operator: a) is or has been, in the last 10 years, a director, chief executive officer or chief financial officer of any company that, when such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; b) is or has been, in the last 10 years, a director, chief executive officer or chief financial officer of any company that was subject to an event that resulted, after that person ceased to act in that capacity, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; c) is or has been, in the last 10 years, a director or executive officer of any company that while such person was acting in that capacity or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or d) has, within the last 10 years, become bankrupt, make a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Michael D. Harris was a director of Grant Forest Products Inc., which filed for and obtained protection under the *Companies Creditors Arrangement Act* on June 25, 2009. Michael D. Harris also served as a director of Magna International Inc., which was issued a temporary cease-trade order by the staff of the Ontario Securities Commission ("OSC") on June 2, 2010 following its announcement on May 6, 2010 of a proposal to eliminate its dual class share structure by way of a shareholder-approved and court-approved plan of arrangement. The cease trade order was sought on the grounds that the proposed arrangement was contrary to the public interest. Following a two-day hearing, the OSC issued its decision on June 24, 2010 that the arrangement was not abusive of shareholders or the capital markets.

On February 9, 2017, Home Capital Group Inc. ("Home Capital") received an enforcement notice from the staff of the OSC relating to its disclosure in 2015 regarding the impact of Home Capital's findings that income information that had been submitted on loan applications had been falsified and the subsequent remedial steps taken by Home Capital. In February 2017, a proposed class action against Home Capital, Gerald Soloway, Martin Reid and Robert Morton was commenced by Claire R. McDonald relating to the allegations (the "Class Action"). On April 29, 2017, the OSC issued a Statement of Allegations and Notice of Hearing relating to that disclosure against Home Capital. On June 14, 2017, Home Capital announced that it had reached two settlement agreements which together comprised a global settlement with the OSC and with respect to the Class Action. The OSC settlement was approved on August 9, 2017. Ms Sallows joined Home Capital's board of directors on May 8, 2017, after initiation of the proceedings.

The Chartwell Trustees

Chartwell has three trustees, all of whom are residents of Canada within the meaning of the Tax Act and "independent" of each of Chartwell and Master LP. The Chartwell Trustees are Lise Bastarache, Sidney P. H. Robinson and Huw Thomas (who also serve as Directors).

Governance of Chartwell

The Chartwell Trustees are directly responsible for developing Chartwell's approach to governance issues and periodically reviewing the composition and effectiveness of the Chartwell Trustees.

Audit Review

All Chartwell Trustees serve on the Audit Committee of Chartwell. The Audit Committee has adopted a written charter which includes, among other things, the following responsibilities: (a) select and be responsible for overseeing the work of the external auditors; (b) oversee and monitor audits; (c) oversee and review accounting principles and practices; (d) oversee and monitor internal controls; (e) establish and monitor procedures for the receipt and treatment of financial-related complaints; (f) oversee and monitor Chartwell's financial disclosures and regulatory filings; (g) oversee and monitor Chartwell's Information Technology platform controls and cyber security program; and (h) oversee and monitor financial risk matters. All members of the Audit Committee are required to be independent and all members must be "financially literate" (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which Chartwell's securities are listed for trading) or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee.

CSH Trustees

CSH Trust has three trustees, all of whom are residents of Canada within the meaning of the Tax Act. The CSH Trustees are Michael D. Harris, André R. Kuzmicki and Sharon H. Sallows (who also serve as Directors).

Governance of Master LP

The General Partner has exclusive authority to manage the business and affairs of Master LP, subject to the terms and conditions of the Master LP Partnership Agreement. The Directors manage and supervise the General Partner in its conduct of the business of Master LP. The Directors of CMCC are Lise Bastarache, W. Brent Binions, V. Ann Davis, Michael D. Harris, André R. Kuzmicki, Sidney P. H. Robinson, Sharon H. Sallows and Huw Thomas.

Chartwell is the sole shareholder of CMCC, the sole trustee of the General Partner. At each annual meeting of Chartwell, the Voting Unitholders direct Chartwell as to the nominees to be elected Directors. Chartwell will elect the nominees or remove Directors as directed from time to time by a majority of the votes cast by holders of Voting Units.

The Chair of CMCC is required to be an independent Director. The Chair is Michael D. Harris.

Committees

The Directors have three committees: the Audit Committee, the Compensation Committee and the Investment Committee. All members of all the Audit Committee and Compensation Committee are required to be independent

Directors. The Declaration of Trust requires that members of the Investment Committee must be independent Directors or Directors who are not also employees or officers of Chartwell or any of its subsidiaries.

Audit Committee

The Audit Committee of the Directors supervises the quality and integrity of the Operator's financial statements, reviews its accounting policies and practices and reviews the adequacy and effectiveness of the Operator's internal controls and procedures. The Chair and members of the Audit Committee of the Directors are the same as the Chair and members of the Audit Committee of Chartwell.

Audit Committee Charter

A complete copy of Chartwell's Audit Committee Charter, is set out in the attached Schedule "A" to this AIF.

Composition of the Audit Committee

The following Directors of CMCC are members of the Audit Committee:

Name and Municipality of Residence	**Position/Office**	**Financially Literate**	**Education and Experience**
Lise Bastarache Candiac, Québec, Canada	Chartwell Trustee; Independent Director	Yes	Master's degree (and doctoral studies) in Economics; Former Director and member of the Audit Committee of The Jean Coutu Group (PJC) Inc.; Director of Laurentian Bank of Canada and member of the Audit Committee; Former Director and member of the Audit Committee of NB Power; Former Member of the Board of Governors and Chair of the Finance Committee of The Université de Moncton.
V. Ann Davis	Independent Director	Yes	B.SC. (Honours), Queen's University, Chartered Accountant, Fellow of Ontario Institute of Chartered Accountants; Director and Chair of the Audit and Risk Committee of Gluskin Sheff +Associates Inc., Past Chair of the Board of Directors of Women's College Hospital Foundation, Director and Chair of the Audit Committee of the Canada Guaranty Mortgage Insurance Company, Director of Canadian Investment Protection Fund, Former Member of the Independent Review Committee of Questrade, Inc. related to their Exchange Traded Funds; former partner of KPMG LLP.
Huw Thomas (Chair) Oakville, Ontario, Canada	Chartwell Trustee; Independent Director	Yes	B.SC., Economics, University of London; Chartered Accountant; Fellow of the Ontario Institute of Chartered Accountants; Trustee of SmartCentres Real Estate Investment Trust; former Chief Executive Officer and President and former Audit Committee Chair of SmartCentres Real Estate Investment Trust; former Executive Vice-President, Financial Strategy and Performance, Canadian Tire Corporation; former Chief Financial Officer of Canadian Tire Corporation; Director and former member of the Audit Committee of Dollarama Inc., former Chairman of the Board and of the Audit Committee of KP Tissue Inc.

The members of the Audit Committee have significant experience and exposure to the complexities of financial reporting associated with Chartwell and are able to address with due oversight and provide the necessary governance over Chartwell's financial reporting.

Pre-Approval Policies and Procedures

The policies and procedures governing the engagement of non-audit services are contained in paragraph 5 under the *Selection and Oversight of the Independent Auditor* section of the Audit Committee Charter, attached to this AIF as Schedule "A".

External Auditor Service Fees

Financial Year Ending December 31	**Audit Fees**	**Audit Related Fees(1)**	**Tax Fees(2)**	**All Other Fees**
2018	$1,063,000	$40,000	$230,220	-
2017	$1,203,000	$197,950	$219,152	-

(1) Services related to implementation of new Accounting standards.

(2) Tax compliance, tax advice, and tax planning services.

Compensation, Governance and Nominating Committee

In addition to reviewing Chartwell's approach to corporate governance and generally having responsibility for Chartwell's corporate governance, human resources and compensation policies, the Compensation Committee has primary responsibility for, among other things: (a) assessing the effectiveness of the Directors and each of their committees; (b) considering questions of management succession; (c) participating in the recruitment and selection of candidates as Directors; (d) considering and approving proposals by the Directors to engage outside advisers on behalf of the Directors as a whole or on behalf of the independent Directors; (e) administering the EUPP, the Deferred Unit Plan and the Restricted Unit Plan; (f) assessing the performance of the C-Line officers of the General Partner; (g) reviewing and approving the compensation of certain senior management and consultants of Chartwell; and (h) reviewing and making recommendations to the Directors concerning the level and nature of the compensation payable to Directors and to the Chief Executive Officer. All members of the Compensation Committee are required to be independent Directors.

Investment Committee

The Investment Committee approves, or recommends to the Board of Directors where appropriate, whether to approve or reject proposed transactions, including proposed acquisitions and dispositions of properties, oversees borrowings (including the assumption or granting of any mortgage) by Chartwell and the provision of mezzanine financing, including the financing and acquisition of development properties. The Investment Committee consists of four Directors, all of whom are required to be independent Directors or Directors who are not also employees or officers of Chartwell or any of its subsidiaries.

Conflicts of Interest

The Declaration of Trust, CSH Trust Declaration and Master LP Partnership Agreement contain "conflict of interest" provisions that serve to protect the interests of Unitholders without creating undue limitations on Chartwell, CSH Trust and the Operator. As the Chartwell Trustees, the CSH Trustees and Directors are engaged in a wide range of real estate and other activities, the Declaration of Trust, CSH Trust Declaration and Master LP Partnership Agreement contain provisions, similar to those contained in the OBCA, that require each Chartwell Trustee, CSH Trustee and Director to disclose to the Chartwell Trustees, the CSH Trustees and CMCC, as the case may be, any interest in a material contract or transaction or proposed material contract or transaction with Chartwell, CSH Trust and/or the Operator (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with Chartwell, CSH Trust and/or the Operator. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Directors, then a Chartwell Trustee or a CSH Trustee is required to disclose in writing to the Chartwell Trustees, the CSH Trust Trustees and CMCC, or request to have entered into the minutes of meetings of the Directors, the nature and extent of his interest forthwith after the individual becomes aware of the contract or transaction or proposed contract or transaction. In any case, such individual who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to his or her remuneration or for indemnity under the provisions of the applicable declaration of trust or liability insurance.

MARKET FOR SECURITIES

Prior Sales

On April 27, 2018, the Trust completed an offering of $150.0 million aggregate principal amount of 4.211% Series B Debentures due April 28, 2025 on a private placement basis for an issue price of $1,000.00 per $1,000.00 principal amount. The Series B Debentures are currently outstanding and not listed on any exchange or similar market for securities.

Trading Price and Volume

The Units are listed and posted for trading on the TSX under the symbol "CSH.UN".

The following table summarizes the highest trading value, lowest trading value and volume for the Units listed on the TSX on a monthly basis from January 1, 2018 to date.

Month	High	Low	Volume
January 2018	16.47	15.45	7,685,762
February 2018	15.62	14.53	5,797,404
March 2018	15.96	15.13	4,881,012
April 2018	15.68	14.81	5,700,091
May 2018	15.20	14.25	4,948,490
June 2018	15.46	14.48	4,590,713
July 2018	15.62	14.96	4,274,202
August 2018	15.70	15.01	4,124,063
September 2018	15.25	14.64	3,820,297
October 2018	14.74	13.89	5,566,126
November 2018	15.30	14.13	5,678,410
December 2018	15.22	13.43	5,359,068
January 2019	14.92	13.42	5,936,721
February 2019	15.38	14.65	5,177,382

During 2018, Chartwell issued 115,348 Units pursuant to the EUPP, 101,464 Deferred Units pursuant to the Deferred Unit Plan, 247,225 Restricted Units pursuant to its Restricted Unit Plan and 1,460,800 Units under Chartwell's Distribution Reinvestment Plan.

Class B Master LP Units have been issued by Chartwell from time to time in the past as consideration to third parties in connection with the purchase of residences and properties. As of December 31, 2018, there were 1,642,738 Class B Master LP Units issued.

EXPERTS

KPMG LLP are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Units is Computershare at its principal office in Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Chartwell may be found on SEDAR at www.sedar.com.

Additional information in respect of (a) the remuneration and indebtedness of Chartwell Trustees, CSH Trustees, Directors and certain members of senior management of the Operator; (b) principal holders of the Units and Special Voting Units; and (c) securities authorized for issuance under equity compensation plans, is contained in Chartwell's information circular for its most recent annual meeting of Voting Unitholders that involved the election of Chartwell Trustees, CSH Trustees and Directors, and its management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2018. Additional financial information is provided in Chartwell's financial statements and management discussion and analysis for the year ended December 31, 2018.

GLOSSARY

The following terms used in this AIF have the meanings set out below. Unless the context otherwise requires, any reference in this AIF to any agreement, instrument, indenture or other document shall mean such agreement, instrument, indenture or other document, as amended, supplemented and restated at any time and from time to time prior to the date hereof or in the future:

"2012 Debentures" has the meaning ascribed to it under "General Development of the Business – History of the Business – 2016".

"2012 Indenture" means the Initial Indenture, together with the second supplemental indenture entered into between Chartwell and Computershare, as of March 9, 2012.

"2017 Credit Facilities" has the meaning ascribed to it under "General Development of the Business – History of the Business – 2017".

"Acquiring Person" has the meaning ascribed to it under "Chartwell, CSH Trust and Master LP – Unitholder Rights Agreement".

"Adjusted Gross Book Value" means, at any time, the book value of the assets of Chartwell and the Operator, as shown on Chartwell's then most recent consolidated balance sheet (or if approved by a majority of the independent Directors at any time, the appraised value thereof), plus the amount of accumulated depreciation and amortization shown thereon or in the notes thereto.

"affiliate" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"AIF" means this Annual Information Form.

"AL" means Assisted Living as described in "Description of the Business – Seniors Housing Industry in Canada – Types of Residences".

"ANHA" means the *Alberta Nursing Homes Act* and the regulations thereunder.

"Applicable Participants" has the meaning ascribed to it under "Material Contracts – Restricted Unit Plan".

"Batimo" means Batimo Inc., a Québec-based real estate developer.

"Benco" means Chartwell Benco Inc., a corporation formed under the laws of the Province of Ontario.

"Beneficial Owner" means a holder of a beneficial interest in a Unit.

"Board of Directors" means the board of directors of CMCC, acting in its own capacity or, where appropriate, in its capacity as the sole trustee of GP M Trust, in its capacity as the general partner of Master LP.

"Binions Companies" means CEBY and JBG.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario.

"C-Line" means the President and Chief Executive Officer, the Chief Financial Officer, the Chief Investment Officer, the Chief Operating Officer, the Chief Administrative Officer and the Chief Legal Officer.

"CBCA" means the *Canada Business Corporations Act*.

"CCALA" means the *Community Care and Assisted Living Act* and the regulations thereunder.

"CDS" means CDS Clearing and Depository Services Inc.

"CEBY" means CEBY Management Limited, a corporation governed by the laws of the Province of Ontario.

"Cessation Date" means the date a DTU Participant ceases to be a Director, Chartwell Trustee or CSH Trustee, as applicable, for any reason whatsoever.

"Change of Control" means a change of control of Chartwell involving the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction over $66^{2}/_{3}$% or more of the votes attaching, collectively, to (a) outstanding Voting Units; and (b) voting units of Chartwell issuable upon the conversion or exercise in accordance with their terms of securities convertible into or carrying the right to acquire Voting Units.

"Chartwell" means, unless the context otherwise requires, Chartwell Retirement Residences and its subsidiaries.

"Chartwell Trustees" means the trustees of Chartwell, and "Chartwell Trustee" means any one of them.

"Class A Master LP Units" means the Class A limited partnership units in Master LP.

"Class B Master LP Units" means the Class B limited partnership units in Master LP.

"Class B Master LP Unitholders" means Unitholders of Class B units of Master LP, including Chartwell, CSH Trust and certain vendors of Properties acquired by Chartwell.

"Closing" means the closing of the IPO.

"CMCC" means Chartwell Master Care Corporation, a corporation governed by the laws of the Province of Ontario, which as the sole trustee of GP M Trust, the general partner of Master LP, manages the business and operations of the Operator.

"CMHC" means Canada Mortgage and Housing Corporation and its successors.

"Co-Owned Properties" means 39 of the Maestro Properties with 7,662 suites in which subsidiaries of Chartwell and Welltower acquired an undivided 50% interest; two such properties have been sold and one such property has been closed for redevelopment, leaving a balance of 36 properties and 7,073 suites.

"Co-Ownership" means the co-ownership formed by Chartwell and Welltower for the purpose of acquiring the Maestro Properties.

"Co-Ownership Agreement" means the agreement, entered into by Chartwell and Welltower, that governs the Co-Ownership.

"Computershare" means Computershare Trust Company of Canada, a trust company existing under the laws of Canada.

"Compensation Committee" means the Compensation, Governance and Nominating Committee of the Board of Directors.

"CRA" means the Canada Revenue Agency.

"CSH Trust" means CSH Trust, a trust established under the laws of the Province of Ontario pursuant to the CSH Trust Declaration.

"CSH Trust Declaration" means the eleventh amended and restated declaration of trust of CSH Trust dated as of May 19, 2016.

"CSH Trust Notes" means Series 2 Trust Notes and other trust notes issued pursuant to the Note Indenture.

"CSH Trust Units" means trust units of CSH Trust, each such unit representing an equal undivided beneficial interest therein.

"CSH Trustees" means the trustees of CSH Trust, and "CSH Trustee" means any one of them.

"DBRS" means DBRS Limited.

"Declaration of Trust" means the fourteenth amended and restated declaration of trust of Chartwell dated May 4, 2017.

"Deferred Purchase Price of Property" means the amount of any obligation in respect of any property acquired or to be acquired by Chartwell which relates to any portion of the purchase price or consideration to be paid to the vendor on or after the closing of such an acquisition, but does not include any vendor-take-back mortgage or other secured deferred obligation in respect of such an acquisition.

"Deferred Unit Plan" means Chartwell's deferred unit plan established in 2008, as amended from time to time.

"Deferred Units" means a right to receive a Unit under an award made pursuant to the Deferred Unit Plan.

"Directors" means the directors of CMCC or, where appropriate, the Directors of CMCC acting on behalf of CMCC in its capacity as the sole trustee of GP M Trust, in its capacity as the general partner of Master LP, and "Director" means any one of them.

"Distributions" means amounts to be distributed to Unitholders, as determined by the Chartwell Trustees in their discretion, provided that Chartwell receives amounts equal to such Distributions from its investments.

"Distribution Date" means, in respect of a month, on or about the 15th day of the following month.

"Distribution Reinvestment Plan" means the distribution reinvestment plan established by Chartwell as described under "Chartwell, CSH Trust and Master LP – Distribution Reinvestment Plan".

"DTU Participant" has the meaning ascribed to it under "Material Contracts – Deferred Unit Plan".

"Eligible Person" has the meaning ascribed to it under "Material Contracts – EUPP".

"EUPP" means Chartwell's Executive Unit Purchase Plan, formerly Long Term Incentive Plan and/or "LTIP", dated November 14, 2003, as amended on May 25, 2005, May 24, 2006, May 22, 2007, March 12, 2009, May 20, 2010, August 13, 2013, May 15, 2014 and August 4, 2016.

"EUPP Participant" has the meaning ascribed to it under "Material Contracts – Executive Unit Purchase Plan".

"Exchange Agreement" means the exchange agreement dated November 14, 2003 entered between the Class B Master LP Unitholders.

"FFO" means Funds from Operations.

"Flip-In Event" has the meaning ascribed to it under "Chartwell, CSH Trust and Master LP – Unitholder Rights Agreement".

"General Partner" means GP M Trust, the general partner of Master LP, as represented by and acting through its sole trustee, CMCC.

"Global Units" has the meaning ascribed to it under "Chartwell, CSH Trust and Master LP – Book-Based System".

"GP M Trust" has the meaning ascribed to it under "Corporate Structure".

"HCN" means Health Care REIT, Inc.

"IFFO" mean Internal Funds from Operations.

"IFFOPU" means IFFO per unit.

"IFRS" means International Financial Reporting Standards.

"Initial Indenture" means the trust indenture dated as of the 28th day of November, 2006 between Chartwell and Computershare.

"IPO" means Chartwell's initial public offering of Units on November 14, 2003.

"ISL" means Independent Supportive Living as described in "Description of the Business – Seniors Housing Industry in Canada – Types of Residences".

"JBG" means JBG Management Inc., a corporation governed by the laws of the Province of Ontario.

"LBA" means the large borrower agreement entered into between Chartwell and CMHC in December 2015.

"Lease-Up" means the period after which a seniors housing residence has opened for occupancy and has not yet achieved Stabilization.

"LTC" means Long-Term Care as described in "Description of the Business – Seniors Housing Industry in Canada – Types of Residences".

"LTC Act" means the *Long-Term Care Homes Act, 2007* and the regulations thereunder.

"Maestro" means, collectively, Maestro Retirement Residences Fund, L.P., Maestro Retirement Residences Fund II, L.P., Maestro Retirement Residences Fund III, L.P., Maestro Retirement Residences Fund IV, L.P. and Maestro Retirement Residences Fund V, L.P.

"Maestro Acquisition" has the meaning ascribed to it under "Description of the Business – Chartwell – Relationship with Welltower".

"Maestro Master Agreement" means the master agreement entered into among Welltower**,** Chartwell, Master LP, and certain affiliates of each of Welltower and Chartwell, dated May 1, 2012.

"Maestro Properties" means the portfolio of 8,187 suites in 42 retirement communities acquired by Master LP and HCN in 2012; two properties has been sold, and one property has been closed for redevelopment, leaving a balance of 7,390 suites in 38 retirement communities.

"Management Agreement" means a management agreement or management agreements under which Master LP agreed to manage all of the Maestro Properties, as well as any other retirement communities acquired in the future by the Co-Ownership.

"Managed Properties" means the seniors housing residences managed by the Operator.

"Master LP" means Chartwell Master Care LP, a limited partnership formed under the laws of the Province of Manitoba.

"Master LP Partnership Agreement" means the eleventh amended and restated limited partnership agreement of Master LP dated May 19, 2016.

"Note Indenture" means the trust indenture providing for the issuance by CSH Trust of the CSH Trust Notes dated as of the Closing and made between CSH Trust and Computershare.

"OBCA" means the *Business Corporations Act* (Ontario).

"Operator" means, collectively, Master LP, the General Partner and Master LP's subsidiaries, including entities in which Master LP directly or indirectly has a joint venture interest.

"Other Issuable Securities" has the meaning ascribed to it under "Chartwell, CSH Trust and Master LP – Issuance of Units".

"PP&E" means, Property, Plant and Equipment.

"Payment Amount" has the meaning ascribed to it under "Material Contracts – Restricted Unit Plan".

"Plans" means registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and/or tax-free savings accounts under the Tax Act.

"Properties" means, collectively, the seniors housing residences owned directly or indirectly by the Operator, from time to time.

"Property Mortgages" means all mortgages by which the Operator is bound, together with any replacement and other mortgages secured by the Properties.

"Québec Act" means the *Act Respecting Health Services and Social Services* and the regulations thereunder.

"Redemption Date" has the meaning ascribed to it under "Chartwell, CSH Trust and Master LP – Redemption Right".

"Redemption Price" has the meaning ascribed to it under "Chartwell, CSH Trust and Master LP – Redemption Right".

"REIT Conditions" has the meaning ascribed to it under "Risk Factors – Risks Related to Canadian Tax Matters – The SIFT Rules".

"Resident Occupancy" with respect to (a) a LTC Residence means the number of residents occupying approved LTC beds, and (b) an AL or ISL Residence means the number of occupied suites, in each case not including residents or suites that are subject to incentives or discounts.

"Resident Occupancy Rate" with respect to (a) a LTC Residence means 100 times the Resident Occupancy divided by the total number of residents capable of being housed by such residence, and (b) an AL Residence or ISL Residence means 100 times the Resident Occupancy divided by the number of suites in the residence, in each case expressed as a percentage.

"Restricted Units" means the restricted units of Chartwell issued to RUP Participants pursuant to the Restricted Unit Plan.

"Restricted Unit Plan" means Chartwell's restricted unit plan established in 2008, and implemented in 2009, as amended from time to time.

"RH Act" means the *Retirement Homes Act* (Ontario) and the regulations thereunder.

"RHRA" Retirement Homes Regulatory Authority established under the RH Act.

"Right" means a right issued by Chartwell for each Voting Unit which is outstanding, pursuant to the Unitholder Rights Agreement.

"Rights Certificates" means the certificates provided to registered Voting Unitholders as of the Separation Time, evidencing the Rights.

"RUP Participant" has the meaning ascribed to it under "Material Contracts – Restricted Unit Plan".

"Secured Credit Agreement" means the Amended and restated credit agreement between the Operator and Bank of Montreal, as administrative agent, dated as of May 29, 2017, establishing the Secured Credit Facility.

"Secured Credit Facility" has the meaning ascribed to under "General Development of the Business – History of the Business – 2017".

"SEDAR" means the System for Electronic Document Analysis and Retrieval.

"Separation Time" has the meaning ascribed to it under "Chartwell, CSH Trust and Master LP – Unitholder Rights Agreement".

"Series 2 Trust Notes" means the interest-bearing Series 2 unsecured subordinated promissory notes of CSH Trust that may be issued to Chartwell from time to time pursuant to the Note Indenture.

"Series A Debentures" has the meaning ascribed to it under "General Development of the Business – History of the Business – 2017".

"Series B Debentures" has the meaning ascribed to it under "General Development of the Business – History of the Business – 2018".

"SIFT Rules" means the provisions of the Tax Act (including section 122 of the Tax Act) that relate to SIFT trusts, as that term is defined in subsection 122.1(1) of the Tax Act, or SIFT partnerships, as that term is defined in subsection 197(1) of the Tax Act, and any corresponding provisions of applicable provincial tax legislation.

"SLALA" means the *Supportive Living Accommodation Licensing Act* and the regulations thereunder.

"Special Voting Units" means the special voting units of Chartwell.

"Stabilization" or "Stabilized" with respect to a seniors housing residence means a residence which has had an average Resident Occupancy Rate of 90% or greater during the preceding three calendar months.

"subsidiary" includes, with respect to any person, company, partnership, limited partnership, trust, or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company or entity.

"Supplemental Indentures" has the meaning ascribed to it under "Description of Debentures".

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

"TSX" means the Toronto Stock Exchange.

"Unitholder" means a holder of Units.

"Unitholder Rights Agreement" means Chartwell's Amended and Restated Unitholder Rights Agreement dated as of May 17, 2018, as reconfirmed from time to time.

"Units" mean the units of Chartwell, other than the Special Voting Units.

"Unsecured Credit Agreement" means the credit agreement between the Operator and the Bank of Montreal, as administrative agent, dated as of May 29, 2017, establishing the Unsecured Facility.

"Unsecured Credit Facility" has the meaning ascribed to it under "General Development of Business – History of the Business – 2017".

"Vesting Date" has the meaning ascribed to it under "Material Contracts – Restricted Unit Plan".

"Vesting Period" has the meaning ascribed to it under "Material Contracts – Restricted Unit Plan".

"Voting Unitholders" means holders of Voting Units.

"Voting Units" means Units and Special Voting Units.

"Welltower" means Welltower Inc., formerly HCN.

"Welltower Canada" means HCN Canadian Properties, Inc.

"Welltower Properties" means three of the Maestro Properties with 525 suites in which Welltower acquired a 100% interest. Welltower has subsequently sold one of the properties so that the Welltower Properties now consist of two properties totalling 317 suites.

SCHEDULE "A"

CHARTWELL RETIREMENT RESIDENCES

AUDIT COMMITTEE CHARTER

(attached)

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee (the "Committee") is a standing committee of the Board of Directors (the "Board") of Chartwell Master Care Corporation ("CMCC") appointed by the trustees (the "Trustees") of Chartwell Retirement Residences ("Chartwell"). The Committee is established to fulfil applicable public company obligations respecting Audit Committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to:

- oversee the integrity of Chartwell's financial statements and financial reporting process, including the audit process and Chartwell's internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee securities and financial regulatory filings as delegated by the Board;
- oversee the qualifications and independence of the independent auditor;
- oversee the work of Chartwell's financial management and independent auditor in these areas; and
- provide an open avenue of communication between the independent auditor, the Board and management.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that Chartwell's financial statements are complete and accurate and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The members of the Committee, including its Chair, are members of the Board, appointed by the Trustees to the Committee to provide broad oversight of the financial, risk and control related activities of Chartwell, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the members of the Committee shall not be accountable for giving professional opinions on the internal or external audit of Chartwell's financial information.

Management is responsible for the preparation, presentation and integrity of Chartwell's financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. The independent auditor is responsible for planning and carrying out an audit of Chartwell's annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with IFRS as issued by the IASB.

PROCEDURES

1. *Composition* – The Committee shall be comprised of at least three members and each member shall be a member of the Board (each, a "Director"). None of the members of the Committee shall be an officer or employee of Chartwell or any of its subsidiaries and each member of the Committee shall be an "independent" director (as defined from time to time under the requirements or guidelines for Audit Committee service under applicable securities laws and the rules of any stock exchange on which Chartwell's securities are listed for trading) and none of the members shall have participated in the preparation of the financial statements of Chartwell or any current subsidiaries of Chartwell at any time over the past three years.

   All members of the Committee must be "financially literate" (as that term is defined from time to time under the requirements or guidelines for Audit Committee service under securities laws and the rules of any stock exchange on which Chartwell's securities are listed for trading) or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

2. *Appointment and Replacement of Committee Members* – Any member of the Committee may be removed or replaced at any time by the Trustees and shall automatically cease to be a member of the Committee upon ceasing to be a Director.

   The Trustees may fill vacancies on the Committee by appointing another Director to the Committee. The Trustees shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all of the Committee's powers as long as a quorum is maintained. Subject to the foregoing, the members of the Committee shall be appointed by the Trustees annually and each member of the Committee shall remain on the Committee until the next annual meeting of unitholders of Chartwell ("Unitholders") after his **or** her appointment or until his or her successor shall be duly appointed and qualified.

3. *Chair of the Committee* – The Board of Directors shall designate a Chair by majority vote of the full Board. The Chair of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board. The Chair of the Committee shall be a Canadian resident, provided that in the event of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of all resident Canadian members who were on the Committee, this requirement shall not be applicable for a period of 60 days after the last resident Canadian ceased to serve, during which time the remaining members shall appoint a Canadian resident to the Committee to act as Chair.

4. *Conflicts of Interest* – If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of Directors or Trustees, that member shall be responsible for alerting the Chair of the Committee. If the Chair of the Committee faces a potential or actual conflict of interest, the Chair of the Committee shall advise the Chair of the Board. If the Chair of

the Committee, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee his or her interest and shall not participate in consideration of the matter and shall not vote on the matter.

5. *Compensation of Committee Members* – The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board or Trustees may from time to time determine.

6. *Meetings* – The Committee shall meet regularly at times necessary to perform the duties described herein in a timely manner, but not less than four times a year and any time Chartwell proposes to issue a press release with its quarterly or annual earnings information. Meetings may be held at any time deemed appropriate by the Committee. The Committee may meet in person and by telephone or electronic means and, other than with respect to the review of the audited financial statements and the notes and Management's Discussion and Analysis relating to such financial statements with management and the independent auditor, may act by means of a written resolution signed by all members entitled to vote on the matter.

7. *Calling of Meetings* – Any member of the Committee or the independent auditor may call a meeting of the Committee. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile, telex, telegram or other electronic means that produces a written copy, to each member of the Committee and the independent auditor at least 48 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. The attendance of a member of the Committee at a meeting shall constitute a waiver of notice of such meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members and the independent auditor before each Committee meeting in sufficient time to provide adequate opportunity for their review.

8. *Quorum* – A majority of the members of the Committee constitute quorum, provided that a majority of the members of the Committee comprising such quorum must be Canadian residents.

9. *Chair of Meetings* – If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.

10. *Secretary of Meeting* – The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the Chair of the Committee fails to designate such a person, the secretary of CMCC shall be secretary of the Committee. The agenda of the Committee meeting will be prepared by the Chair of the Committee, working with the secretary of the Committee and, whenever reasonably practicable, circulated to each member and the independent auditor prior to each meeting.

11. *Minutes* – Minutes of the proceedings of the Committee shall be kept in a minute book provided for that purpose. The minutes of the Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

12. *Separate Executive Meetings* – The Committee shall meet at least four times annually. The Committee shall meet periodically in separate executive sessions with management (including the Chief Financial Officer) and the independent auditor, and shall meet without management present at every regular meeting. The Committee shall have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The Committee may request any officer or employee of Chartwell, any of Chartwell's subsidiaries or Chartwell's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The independent auditor will have direct access to the Committee at its own initiative.

13. *Professional Assistance* - The Committee may require the independent auditor to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee's duties at Chartwell's expense.

14. *Reliance* - Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside Chartwell from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the independent auditor as to any information technology, internal audit and other non-audit services provided by the independent auditor to Chartwell and its subsidiaries.

15. *Reporting to the Board* - The Committee shall report through the Chair of the Committee to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

16. *Committee Chair Responsibilities* - The primary responsibility of the Chair of the Committee is to provide leadership to the Committee to enhance its effectiveness. In such capacity, the Chair of the Committee will schedule meetings of the Committee, organize and present agendas for Committee meetings, oversee the distribution of information to the Committee sufficiently in advance of the meeting, preside over Committee meetings and report to the Board on Committee matters.

POWERS

1. ***Access*** – The Committee is entitled to full access to all books, records, facilities, and personnel of Chartwell and its subsidiaries. The Committee may require such officers and employees of Chartwell and its subsidiaries, Directors, Trustees and others as it may see fit from time to time to provide any information about Chartwell and its subsidiaries it may deem appropriate and to attend and assist at meetings of the Committee.

2. ***Delegation*** – The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

3. ***Adoption of Policies and Procedures*** – The Committee may adopt policies and procedures for carrying out its responsibilities.

RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the Independent Auditor

4. The independent auditor is ultimately accountable to the Committee and the Board as the representatives of the Unitholders and shall report directly to the Committee and the Committee shall so instruct the independent auditor. The Committee shall evaluate the performance of the independent auditor and make recommendations to the Board on the reappointment or replacement of the independent auditor of Chartwell to be proposed in Chartwell's proxy circular for Unitholder approval. If a change in independent auditor is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.

5. The Committee shall approve in advance the terms of engagement and, if the Unitholders authorize the Board to do so, the compensation to be paid by Chartwell to the independent auditor with respect to the conduct of the annual audit. The Committee shall review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the materiality levels and other issues, as appropriate. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the independent auditor including any de minimus exceptions, which policies and procedures shall include reasonable detail with respect to the services covered.

6. The Committee shall review the independence of the independent auditor and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the independent auditor. In connection with such review, the Committee shall:

   (a) actively engage in a dialogue with the independent auditor about all relationships or services that may impact the objectivity and independence of the independent auditor;

(b) require that the independent auditor submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between Chartwell and its subsidiaries, on the one hand, and the independent auditor and their affiliates on the other hand;

(c) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.

7. The Committee shall pre-approve all engagements (and fees related thereto) for non-audit services in accordance with Chartwell Signing and Delegation of Authority Policy, and to ensure disclosure of any non-audit services in the next periodic public report of Chartwell.

8. The Committee shall establish and monitor clear policies for the hiring by Chartwell of employees or former employees of the independent auditor.

9. The Committee shall require the independent auditor to provide to the Committee, and the Committee shall review and discuss with the independent auditor, all reports which the independent auditor are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the independent auditor, and any other reports which the Committee may require.

Oversight and Monitoring of Audits

10. The Committee shall review with the independent auditor and management the internal audit & compliance function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit & compliance and general audit approach and scope of proposed audits of the financial statements of Chartwell and its subsidiaries, the overall audit plans, the responsibilities of management and the independent auditor, the audit procedures to be used and the timing and estimated budgets of the audits. In addition, the Committee shall:

(a) Review and approve the mandate of CMCC's Internal Audit & Compliance group.

(b) Review and approve Internal Audit & Compliance departments testing plans for process cycles and related timelines.

(c) Review the written report by Internal Audit & Compliance on its progress against the Compliance Program, findings from any evaluations performed during the period and status of previously raised findings. It is noted that the head of Internal Audit & Compliance will present a report to the Audit Committee in person during the fiscal year as based on a schedule determined by the Committee.

11. The Committee shall meet periodically with management to discuss the progress of their activities and any significant findings stemming from internal controls testing and the adequacy of responses in correcting related deficiencies.

12. The Committee shall review the interim review engagement report of the independent auditor before the release of interim financial statements.

13. The Committee shall discuss with the independent auditor any difficulties that arose with management during the course of the audit, any restrictions on the scope of activities or access to requested information and the adequacy of management's responses in correcting audit-related deficiencies.

14. The Committee shall review with management the results of any internal and external audits and reviews of Chartwell.

15. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the external annual audit and quarterly reviews were conducted in a manner consistent with all applicable legal requirements and standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

16. The Committee shall, as it deems necessary, oversee, review and discuss with management and the independent auditor:

    (a) the quality, appropriateness and acceptability of Chartwell's accounting principles and practices used in its financial reporting, changes in Chartwell's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;

    (b) all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within IFRS as issued by the IASB on the financial statements and any "second opinions" sought by management from another audit firm or advisor with respect to the accounting treatment of a particular item;

    (c) disagreements between management and the independent auditor regarding the application of any accounting principles or practices;

    (d) any material change to Chartwell's accounting principles and practices as recommended by management, the independent auditor or which may result from proposed changes to applicable IFRS as issued by IASB;

    (e) the effect of regulatory and accounting initiatives on Chartwell's financial statements and other financial disclosures;

    (f) any reserves, accruals, provisions or estimates that may have a material effect upon the financial statements of Chartwell;

    (g) the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of Chartwell and their impact on the reported financial results of Chartwell;

(h) any legal matter, claim or contingency that could have a significant impact on the financial statements, Chartwell's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in Chartwell's financial statements;

(i) the treatment for financial reporting purposes of any significant transactions which are not a normal part of Chartwell's operations;

(j) the use of any "pro forma" or "adjusted" information not in accordance with IFRS as issued by IASB;

(k) management's determination of goodwill impairment, if any, as required by applicable accounting standards; and

(l) significant contingent liabilities.

17. The Committee will resolve disagreements between management and the independent auditor regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls

18. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management and the independent auditor:

(a) the adequacy and effectiveness of Chartwell's internal accounting and financial controls and the recommendations of management and the independent auditor for the improvement of accounting practices and internal controls;

(b) any significant deficiencies or material weaknesses in the internal control environment, including with respect to computerized information system controls and security;

(c) any fraud that involves personnel who have a significant role in Chartwell's internal control over financial reporting; and

(d) management's compliance with Chartwell's processes, procedures and internal controls.

Communications with Others

19. The Committee establishes and monitors procedures for the receipt and treatment of complaints received by Chartwell regarding accounting, internal accounting controls or

audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management and Internal Audit & Compliance these procedures and any significant complaints received on such issues and other business practices. In addition, the Committee shall:

(a) Review reports from the Fraud Prevention and Whistleblower Complaint Committee of all accounting, auditing and internal control related incidents and whistleblower complaints that have been reported, the investigative/remedial action taken and the status thereon.

(b) Review periodically with management CCMC's code of ethics for senior financial officers.

<u>Oversight and Monitoring of Chartwell's Financial Disclosures</u>

20. The Committee shall:

(a) review with the independent auditor and management and recommend to the Board for approval the audited financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements, Chartwell's annual report and any financial information of Chartwell contained in any prospectus or information circular of Chartwell; and

(b) review with the independent auditor and management each set of interim financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements and any other disclosure documents or regulatory filings of Chartwell containing or accompanying financial information of Chartwell.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

21. Periodically assess procedures for the review of disclosure of financial information extracted or derived from the financial statements, other than the disclosure referred to in paragraph 20 above;

22. Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and any earnings guidance provided to analysts and ratings agencies.

23. As part of the process by which the Committee shall satisfy itself as to the reliability of public disclosure documents that contain audited and unaudited financial information, the Committee shall require each of the President & Chief Executive Officer and the Chief Financial Officer of Chartwell to provide a certificate addressed to the Committee certifying in respect of each annual and quarterly report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws.

24. Review with management and assess Chartwell's disclosure controls and procedures and material changes to the design of Chartwell's disclosure controls and procedures.

25. Review disclosures made respecting the design and operation of internal controls over financial reporting and disclosure controls and procedures, including any disclosure of limitations on their assessment by the President & Chief Executive Officer and Chief Financial Officer and deficiencies in their design or operating effectiveness and any fraud involving persons who have a significant role in Chartwell's internal controls.

26. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the independent auditor.

Oversight of Finance and Financial Risk Matters

27. The Committee shall review:

    (a) appointments of the key financial executives involved in the financial reporting process of Chartwell, including the Chief Financial Officer, shall require the prior review of the Committee; and

    (b) current finance staffing including knowledge, qualifications and requirements.

28. The Committee shall receive and review:

    (a) periodic reports on compliance with requirements regarding statutory deductions and remittances and, in the event of any non-compliance, the nature and extent of non-compliance, the reasons therefor and the management's plan and timetable to correct any deficiencies;

    (b) material policies and practices of Chartwell respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of Chartwell; and

    (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.

29. The Committee shall meet periodically with management to review and discuss Chartwell's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities and Chartwell's insurance programs.

30. The Committee shall review and recommend changes with respect to Chartwell's delegation of financial authority policy.

Additional Responsibilities

31. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and Chartwell's financial obligations.

32. The Committee shall review and make recommendations pertaining to the review of CMCC's IT platform controls including the cyber security program.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter periodically as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter.

The Committee shall ensure that this Charter is disclosed on Chartwell's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements.