



CHARTWELL ANNOUNCES THIRD QUARTER 2020 RESULTS

MISSISSAUGA, ONTARIO – November 5, 2020 – Chartwell Retirement Residences (“Chartwell”) (TSX: CSH.UN) announced today its results for the third quarter ended September 30, 2020.

Highlights

- Maintaining strong financial position with November 5, 2020, liquidity ⁽¹⁾ of \$408.6 million, which included \$61.6 million of cash and cash equivalents.
- Occupancy declines slowed down with September 2020 occupancy in our same property Retirement Operations declining 0.2 percentage points, and October 2020 occupancy declining 0.3 percentage points compared to July 2020 and August 2020 declines of 0.6 and 0.5 percentage points, respectively.
- Focus on resident and staff safety resulted in additional unfunded pandemic-related costs of \$4.1 million, combined with reduced occupancy resulting in a same property adjusted net operating income (“NOI”) ⁽¹⁾ decline of 17.2% in Q3 2020 and funds from operations (“FFO”) ⁽¹⁾ down 29.2% in Q3 2020 from Q3 2019.

“Our focus remains on resident and staff safety, and we continue making investments in additional staffing and other measures to reduce the spread of COVID while fostering safe, physically distanced, social experiences within our residences to promote the health and well-being of our residents. We are grateful to every one of over 16,000 employees for their continued efforts, commitment and tremendous dedication to our residents and their families during this second wave of the pandemic,” commented Vlad Volodarski, CEO. “Protocols for move-ins and tours by, or on behalf of, prospective residents have been updated prioritizing the safety and well-being of our existing residents, while also addressing the needs of seniors in the community who require our services.”

(\$000s, except per unit amounts and number of units)	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
Resident revenue	\$ 219,650	\$ 215,802	\$ 654,932	\$ 639,534
Direct property operating expense	\$ 160,482	\$ 146,460	\$ 466,118	\$ 437,179
Net income/(loss)	\$ (6,766)	\$ (816)	\$ 2,697	\$ 12,552
FFO ⁽¹⁾	\$ 37,997	\$ 53,657	\$ 122,366	\$ 147,846
FFO per unit ⁽¹⁾	\$ 0.17	\$ 0.25	\$ 0.56	\$ 0.68
Weighted average number of units outstanding (000s) ⁽²⁾	218,268	216,421	218,004	215,902

Resident revenue increased \$3.8 million or 1.8% in Q3 2020 due to pandemic-related government funding and revenue growth from acquisitions and developments partially offset by lower occupancy and disposition of properties.

Direct property operating expenses increased \$14.0 million or 9.6% in Q3 2020, due to pandemic-related expenses, acquisitions and developments, including pre-leasing and initial operating costs, partially offset by lower food and marketing expenses. Pandemic-related direct property operating expenses include investments in additional staffing including screening, employee recognition, compensation to frontline and management staff in our residences, personal protective equipment, and supplies to reduce the spread of the virus.

In Q3 2020, net loss was \$6.8 million compared to \$0.8 million in Q3 2019. The increase in net loss was primarily due to higher direct property operating expenses, finance costs, and fair value losses recorded on financial instruments, partially offset by higher revenues and deferred income tax benefit.

In Q3 2020, FFO decreased \$15.7 million primarily due to lower same property adjusted NOI ⁽¹⁾, higher finance costs, lower interest income and higher general administrative and Trust (“G&A”) expenses.

For 2020 YTD, resident revenue increased \$15.4 million or 2.4% due to acquisitions and developments and revenue growth in our same property portfolio including pandemic-related government funding, partially offset by lower occupancy and disposition of properties.

For 2020 YTD, direct property operating expenses increased \$28.9 million or 6.6% due to pandemic-related expenses and acquisitions and developments, partially offset by lower repairs and maintenance, food and marketing expenses.

In 2020 YTD, net income was \$2.7 million compared to \$12.6 million in 2019 YTD. The decrease in net income was primarily due to higher direct property operating expenses, finance costs, depreciation and amortization expenses, absence of remeasurement gain recorded in Q1 2019, and lower gain on disposal of assets, partially offset by fair value gains recorded on financial instruments, deferred income tax benefit, higher revenue, and lower impairment losses.

For 2020 YTD, FFO decreased \$25.5 million primarily due to lower same property adjusted NOI ⁽¹⁾, higher finance costs, depreciation of property, plant and equipment and amortization of intangible assets used for administrative purposes, higher G&A expenses, and lower interest income, partially offset by higher management fees.

Operating Performance

(\$000s, except occupancy)	Three Months Ended September 30			Nine Months Ended September 30		
	2020	2019	Change	2020	2019	Change
Same property occupancy ⁽³⁾	83.3%	89.7%	(6.4pp)	86.1%	90.1%	(4.0pp)
Same property adjusted NOI ⁽¹⁾	\$ 62,938	\$ 75,970	\$ (13,032)	\$ 202,095	\$ 221,769	\$ (19,674)
G&A expenses	\$ 9,719	\$ 9,194	\$ 525	\$ 35,221	\$ 34,402	\$ 819

In Q3 2020, same property occupancy declined 6.4 percentage points primarily due to reduced move-in activity partially offset by reduced move-out activity, both as a result of the pandemic.

In Q3 2020, same property adjusted NOI ⁽¹⁾ decreased \$13.0 million or 17.2%, primarily due to pandemic-related expenses in excess of funding of \$4.1 million, and the impact of lower occupancy of \$11.3 million, partially offset by increased rental rates in line with competitive market conditions and reduced marketing, food, supplies, and repairs and maintenance expenses.

In Q3 2020, G&A expenses increased \$0.5 million primarily due to higher staffing costs, partially offset by lower lease and travel expenses.

For 2020 YTD, same property occupancy declined 4.0 percentage points primarily due reduced move-in activity as a result of the pandemic.

For 2020 YTD, same property adjusted NOI ⁽¹⁾ decreased \$19.7 million or 8.9%, driven primarily by pandemic-related expenses in excess of funding of \$10.1 million, and the impact of lower occupancy of \$21.7 million, partially offset by increased rental rates in line with competitive market conditions, and reduced marketing, food, supplies, and repairs and maintenance expenses.

For 2020 YTD, G&A expenses increased \$0.8 million primarily due to a \$0.5 million contribution to provide startup funding to support the Senior Living CaRES fund ("the CaRES Fund") initiated by the founding members (Chartwell Retirement Residences, Revera Inc., Extencicare and Sienna Senior Living), regular inflation in staffing costs, and a contractually determined payment on retirement to the former President & CEO, partially offset by lower non-cash compensation costs as a result of changes in value of our Trust Units and lower lease and travel expenses.

Financial Position

At September 30, 2020, liquidity⁽¹⁾ amounted to \$357.8 million, which included \$51.4 million of cash and cash equivalents and \$306.4 million of available borrowing capacity on our credit facilities. In addition, Chartwell's share of cash and cash equivalents held in its equity-accounted joint ventures was \$7.6 million.

The interest coverage ratio⁽¹⁾ on a rolling 12-month basis remained strong at 3.0 at September 30, 2020 compared to 3.1 at December 31, 2019. The net debt to adjusted EBITDA ratio⁽¹⁾ at September 30, 2020 was 9.1 compared to 8.3 at December 31, 2019.

Recent Developments

We believe that occupancy in our retirement residences will continue to be affected as a result of reduced move-in activity. Move-out activity in 2020 is below prior year levels, primarily due to reduced departures to long term care. The following table provides an update in respect of our same property retirement occupancy:

	One month ended July 31, 2020	One month ended August 31, 2020	One month ended September 30, 2020	One month ended October 31, 2020
Same property retirement occupancy	82.9%	82.4%	82.2%	81.9%
<i>Change from the previous month⁽³⁾</i>	<i>(0.6pp)</i>	<i>(0.5pp)</i>	<i>(0.2pp)</i>	<i>(0.3pp)</i>

The pace of decline in occupancy has slowed since the onset of the pandemic in mid-March, with move-in activity steadily increasing and in October representing approximately 75% of October 2019 volumes, and move-out activity continuing to be below previous-year levels.

On October 30, 2020 we refinanced a mortgage on a property recently acquired from Batimo Inc. ("Batimo") with a CMHC-insured mortgage of \$20.9 million bearing interest at 1.75% with a 10-year term to maturity.

On November 2, 2020, we completed the sale of three non-core retirement residences in Alberta for an aggregate sale price of \$30.8 million. These properties have been classified as assets held for sale as at September 30, 2020. The mortgage related to one of these properties of \$5.3 million was discharged on closing.

At November 5, 2020, we have \$14.2 million of mortgage maturities remaining in 2020, of which \$12.4 million are CMHC insured. We have \$244.3 million of mortgage maturities in 2021, of which \$37.5 million are CMHC insured. We have strong lending relationships and scheduled refinancings of our mortgage maturities in 2020 and 2021 are proceeding in the normal course.

At November 5, 2020, liquidity amounted to \$408.6 million, which included \$61.6 million of cash and cash equivalents and \$347 million of available borrowing capacity on our credit facilities. In addition, Chartwell's share of cash and cash equivalents held in its equity-accounted joint ventures was \$14.1 million. We expect to be able to meet all of our obligations as they become due utilizing primarily the following sources of liquidity: (i) cash flow generated from our operations, (ii) property-specific mortgages, and (iii) secured and unsecured credit facilities. The pandemic has introduced significant uncertainties and we continue to monitor the situation closely.

Investor Conference Call

A conference call hosted by Chartwell's senior management team will be held **Friday, November 6, 2020 at 10:00 AM ET**. The telephone numbers for the conference call are: **Local: (416) 340-2217** or **Toll Free: (800) 806-5484**. **The passcode for the conference call is: 1251063#**. The conference call can also be heard over the Internet by accessing the Chartwell website at www.chartwell.com, clicking on "Investor Relations" and following the link at the top of the page. A slide presentation to accompany management's comments during the conference call will be available on the website. Please log on at least 15 minutes before the call commences.

The telephone numbers to listen to the call after it is completed (Instant Replay) are: Local 905-694-9451 or Toll-Free 1-800-408-3053. The Passcode for the Instant Replay is 7709769#. These numbers will be available for 90 days following the call. An audio file recording of the call, along with the accompanying slides, will also be archived on the Chartwell website at www.chartwell.com.

Footnotes

- (1) FFO, FFO per unit, same property adjusted NOI, adjusted NOI, liquidity, interest coverage ratio and net debt to adjusted EBITDA ratio are measures used by management in evaluating operating and financial performance. Please refer to the cautionary statements under the heading "Non-GAAP Financial Measures" in this press release.
- (2) Includes Trust Units, Class B Units of Chartwell Master Care LP, and Trust Units issued under Executive Unit Purchase Plan and Deferred Trust Unit Plan.
- (3) 'pp' means percentage points.

COVID-19 Risk Factors

Please refer to the Q3 2020 MD&A to review risk factors to Chartwell relating to COVID-19.

Forward-Looking Information

This press release contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. 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 more fully described in the "Forward-Looking Information and COVID-19 Risks" section in Chartwell's Q3 2020 MD&A, the "Risks and Uncertainties" section in Chartwell's 2019 MD&A, and in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form.

Non-GAAP Financial Measures

Chartwell's condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain financial measures to assess Chartwell's operating and financial performance, which are measures not defined in generally accepted accounting principles ("GAAP") under IFRS. The following measures: FFO, FFO per unit, same property adjusted NOI, adjusted NOI, liquidity, interest coverage ratio and net debt to adjusted EBITDA ratio as well as other measures discussed elsewhere in this release, do not have a standardized definition prescribed by IFRS. They are presented because management believes these non-GAAP financial measures are relevant and meaningful measures of Chartwell's performance and as computed may differ from similar computations as reported by other issuers and may not be comparable to similarly titled measures reported by such issuers. For a full definition of these measures, please refer to the Q3 2020 MD&A available on Chartwell's website and at www.sedar.com.

About Chartwell

Chartwell is an unincorporated, open-ended real estate trust which indirectly owns and operates a complete range of seniors housing communities, from independent supportive living through assisted living to long term care. It is the largest operator in the Canadian seniors living sector with over 200 quality retirement communities in four provinces including properties under development. Chartwell is committed to its vision of Making People's Lives BETTER and to providing a happier, healthier and more fulfilling life experience for its residents. For more information, visit www.chartwell.com

For more information, please contact:

Chartwell Retirement Residences

Sheri Harris
Chief Financial Officer
Tel: (905) 501-6777
slharris@chartwell.com