



CHARTwell
retirement residences



**MANAGEMENT'S
DISCUSSION & ANALYSIS**

THIRD QUARTER REPORT
September 30, 2022

Q3



MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

For the Three and Nine Months Ended September 30, 2022

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About this Management's Discussion and Analysis

Chartwell Retirement Residences ("Chartwell" or the "Trust") has prepared the following management's discussion and analysis (the "MD&A") to provide information to assist its current and prospective investors' understanding of the financial results of Chartwell for the three and nine months ended September 30, 2022. This MD&A should be read in conjunction with Chartwell's unaudited, condensed consolidated interim financial statements for the three and nine months ended September 30, 2022, and the notes thereto (the "Financial Statements") Chartwell's audited consolidated financial statements for the years ended December 31, 2021, and 2020 and the notes thereto (the "2021 Financial Statements") and Chartwell's annual MD&A for the year ended December 31, 2021 (the "2021 MD&A"). This material is available on Chartwell's website at www.chartwell.com. Additional information about Chartwell, including its Annual Information Form for the year ended December 31, 2021, dated February 24, 2022 ("AIF"), can be found on SEDAR at www.sedar.com.

The discussion and analysis in this MD&A is based on information available to management as of November 9, 2022.

All references to "Chartwell," "we," "our," "us" or the "Trust" refer to Chartwell Retirement Residences and its subsidiaries, unless the context indicates otherwise. For ease of reference, "Chartwell" and the "Trust" are used in reference to the ownership and the operation of retirement and long term care communities and the third-party management business of Chartwell. The direct ownership of such communities and operation of such business is conducted by subsidiaries of the Trust.

In this document we refer to joint ventures as defined by International Financial Reporting Standards ("IFRS") in 'IFRS 11 – Joint Arrangements' and that are accounted for using the equity method as "Equity-Accounted JVs".

In this document, "Q1" refers to the three-month period ended March 31; "Q2" refers to the three-month period ended June 30; "Q3" refers to the three-month period ended September 30; "Q4" refers to the three-month period ended December 31; "2022" refers to the calendar year 2022; and "2021" refers to the calendar year 2021, "2022 YTD" refers to the nine-month period ended September 30, 2022 and "2021 YTD" refers to the nine-month period ended September 30, 2021.

Unless otherwise indicated, all comparisons of results for Q3 2022 and 2022 YTD are in comparison to results from Q3 2021 and 2021 YTD, respectively.

All dollar references, unless otherwise stated, are in Canadian dollars.

In this document we use a number of performance measures that are not defined in generally accepted accounting principles ("GAAP") which follow the disclosure requirements established by National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosures, to measure, compare and explain the operating results and financial performance of the Trust (collectively, the "Non-GAAP Measures").

These Non-GAAP Measures do not have standardized meanings prescribed by GAAP and, therefore, may not be comparable to similar measures used by other issuers. The Real Property Association of Canada ("REALPAC") issued white papers with recommendations for calculations of FFO, and Adjusted Funds from Operations ("AFFO"), the "REALPAC Guidance". Our FFO definition is substantially consistent with the definition adopted by REALPAC. Please refer to the "Additional Information on Non-GAAP Measures" section of this MD&A for details. As part of our financial covenants reporting, we present AFFO in accordance with the definitions used in our credit agreements. This definition differs from the definition in the REALPAC Guidance.

In this document we use various financial metrics and ratios in our disclosure of financial covenants. These metrics are calculated in accordance with the definitions contained in our credit agreements and the trust indenture governing our outstanding debentures and may be described using terms which differ from

standardized meanings prescribed by GAAP. These metrics may not be comparable to similar metrics used by other issuers.

Specified financial measures are categorized as non-GAAP financial measures, non-GAAP ratios, supplementary financial measures and capital management measures as follows:

Non-GAAP Financial Measures

Funds from operation (“FFO”), FFO for continuing operations, FFO for total operations, FFO from LTC Discontinued Operations, FFO for Equity-Accounted JVs, and Internal Funds from Operations, (“IFFO”), IFFO for continuing operations, IFFO for total operations, IFFO from LTC Discontinued Operations, Adjusted Funds from operations (“AFFO”) including per unit amounts (“PU”), Earnings before interest, tax, depreciation and amortization (“consolidated EBITDA” or “EBITDA”), Adjusted Resident Revenue, Adjusted Direct Property Operating Expense, Consolidated Interest Expense, Adjusted Consolidated Gross Book Value of Assets, Book value of assets, Gross book value adjustment on IFRS transition, Adjustment for accumulated depreciation and amortization, Aggregate Adjusted Assets, Payment of cash distributions and Amortization of finance costs and fair value adjustments on assumed mortgages, Finance cost reserve and Proforma adjustments.

Non-GAAP Ratios

Debt Service Coverage Ratio, Interest Coverage Ratio, Total Leverage Ratio, Adjusted Consolidated Unitholders’ Equity Ratio, Secured Indebtedness Ratio, Unencumbered Property Asset Ratio, Consolidated EBITDA to Consolidated Interest Expense Ratio, Indebtedness Percentage, Net Debt to Adjusted EBITDA Ratio, Payment of Cash Distributions, Expected Unlevered Yield and Coverage ratio.

Supplementary Financial Measures

Net Operating Income (“NOI”), Adjusted NOI, Adjusted Development Costs, Lease-up-Losses, Estimated Stabilized NOI, Unencumbered Property Asset Value and Unencumbered Aggregate Adjusted Assets.

Capital Management Measures

Liquidity, Imputed Cost of Debt, Total Equity, Regularly Scheduled Debt Principal Payments, Consolidated Indebtedness, Secured Indebtedness, Unsecured Indebtedness and Investment restrictions.

Please refer to the “Additional Information on Non-GAAP Measures”, “Consolidated Results of Operations – FFO”, “Significant Events – Development – Expected Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt”, “Consolidated Results of Operations – Adjusted Resident Revenue, Adjusted Property Operating Expenses and Adjusted NOI” and “Liquidity and Capital Resources – Financial Covenants” sections of this MD&A for details on these measures.

Risks and Uncertainties

Please refer to the “Risks and Uncertainties” and the “COVID-19 Business Impacts and Related Risks” sections of our 2021 MD&A, as well as our AIF, for detailed discussions of risk factors and uncertainties facing Chartwell.

Forward-Looking Information

This document contains forward-looking information that reflects management’s current expectations, estimates, forecasts and projections about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry as of the date of this MD&A. Refer to the “Forward-Looking Information” section on page 63 of this MD&A.

COVID-19 Business Impacts and Related Risks

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic (the “pandemic”). Since the onset of the pandemic, the spread of COVID-19 has negatively affected our business, and it is expected to continue to do so for the duration of the pandemic.

Our revenue and operating results depend significantly on the occupancy levels at our retirement residences. During the ongoing pandemic, numerous restrictions and directives to reduce the spread of COVID-19 have been implemented by governments and health authorities that affected and continue to affect many aspects of our operations.

A detailed discussion of COVID-19 business impacts and related risks can be found in our 2021 MD&A.

Business Overview

Chartwell is in the business of serving and caring for Canada’s seniors. We are passionate about what we do because we know we are positively impacting the lives of many people.

Our Vision Making People’s Lives BETTER

Our Mission

- To provide a happier, healthier and more fulfilled life experience for seniors
- To provide peace of mind for our residents’ loved ones
- To attract and retain employees who care about making a difference in our residents’ lives, and
- To provide an investment opportunity that benefits society with reasonable and growing returns to the unitholders.

Our Values

- Respect – We honour and celebrate seniors
- Empathy – We believe compassion is contagious
- Service Excellence – We believe in providing excellence in customer service
- Performance – We believe in delivering and rewarding results
- Education – We believe in lifelong learning
- Commitment – We value commitment to the Chartwell family
- Trust – We believe in keeping our promises and doing the right thing

Our Portfolio Chartwell is an open-ended real estate trust governed by the laws of the Province of Ontario. We indirectly own and operate a portfolio of seniors housing communities across the continuum of care, all of which are located in Canada.

We provide care in the following categories:

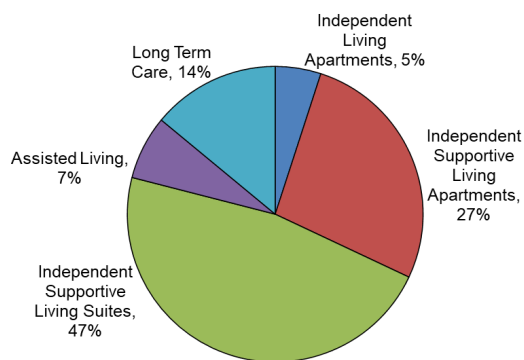
Independent Living Apartments (“IL”)	Independent Supportive Living – Apartments (“ISLA”)	Independent Supportive Living – Suites (“ISLS”)
Apartments / townhouses/ bungalows/ with full kitchens, availability of dining, life enrichment and housekeeping services.	Apartments/ townhouses/ bungalows/ with full kitchens, with availability of dining, life enrichment, housekeeping, personal assistance, and care services.	Suites with availability of dining, life enrichment, housekeeping, personal assistance, and care services.
Assisted Living (“AL”)		Long Term Care (“LTC”)
Suites with a base level of personal assistance services and/or personal care services for persons with Alzheimer’s disease or other forms of dementia included in the base fee, located in a separate/secure wing, floor or building. Additional care services may be added on top of base fee.		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 are overseen by local government agencies in each province.

Composition of Our Portfolio

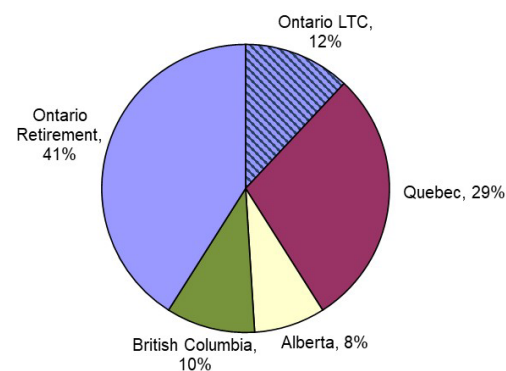
The following presents the composition of our owned and managed portfolio of communities in our two operating segments at September 30, 2022:

	Retirement Operations		Long Term Care Operations ⁽¹⁾		Total	
	Communities	Suites/Beds	Communities ⁽²⁾	Suites/Beds	Communities	Suites/Beds
Owned Communities ⁽³⁾						
100% Owned – operating	113	14,799	20	2,776	133	17,575
Partially Owned – operating ⁽⁴⁾	49	9,576	-	-	49	9,576
Total Owned	162	24,375	20	2,776	182	27,151
Managed Communities	7	2,013	4	608	11	2,621
Total	169	26,388	24	3,384	193	29,772

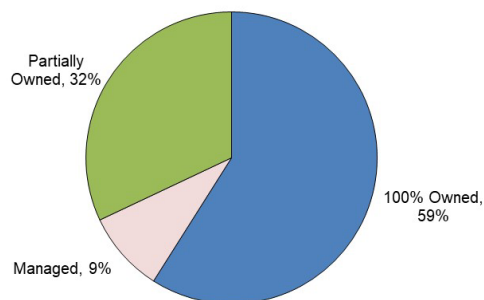
Level of Care ⁽¹⁾⁽⁴⁾⁽⁵⁾



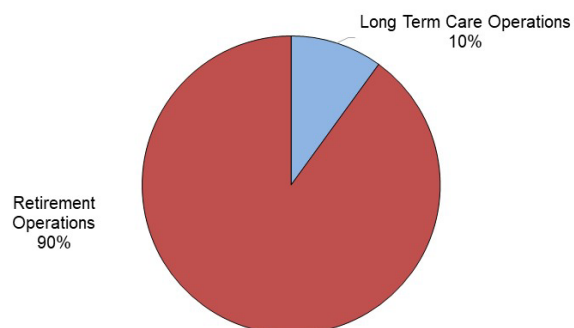
Geographic Location ⁽¹⁾⁽⁴⁾⁽⁵⁾



Ownership Interest ⁽⁴⁾



Adjusted NOI by Operating Segment ⁽¹⁾⁽⁵⁾⁽⁶⁾



- (1) Effective March 31, 2022, our Long Term Care Operations segment was reclassified as discontinued operations. Please refer to the "2022 Outlook" section on page 12 of this MD&A.
- (2) Includes one retirement residence (64 suites) connected to an LTC home.
- (3) 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.
- (4) We have a 42.5% ownership in three communities (909 suites), a 45% ownership interest in one community (332 suites), a 50% ownership interest in 41 communities (7,748 suites), a 60% ownership interest in one community (165 suites) and an 85% ownership interest in three communities (422 suites).
- (5) Based on Chartwell's share of ownership interest at September 30, 2022.
- (6) Adjusted NOI % represents Chartwell's share of ownership interest for the 12 months ended September 30, 2022.

Property Portfolio Groupings

We use groupings of our properties to evaluate and monitor our financial and operating performance and we believe that this additional disclosure enhances the ability to understand and assess our results of operations and particularly to compare such results from period to period. In Q3 2022 we changed our portfolio groupings to present separately groupings of our properties acquired subsequent to January 1 of the preceding fiscal year and development properties not yet achieving stabilization by January 1 of the preceding fiscal year and properties that we expect we will dispose of, reposition or otherwise make significant capacity changes to within the next year, as financial and operating performance trends in these two types of properties vary. Our portfolio groupings, defined below, are:

- same property,
- acquisitions and development, and
- dispositions, repositioning and other.

The supplemental disclosure of our same property portfolio, our acquisitions and development portfolio, and our dispositions, repositioning and other portfolio are non-GAAP measures and should not be construed as an alternative to GAAP measures. These non-GAAP measures do not have standardized meanings prescribed by GAAP and, therefore, may not be comparable to similar measures used by other issuers. In addition to the definitions for each of these portfolio groupings, the following provides the composition of the portfolio included in the respective grouping for the current reporting period.

Same Property Portfolio

Our same property portfolio excludes properties that have not been owned continuously since the beginning of the previous fiscal year or that are expected to be sold in the current or next fiscal year. In addition, to improve comparability, properties that are undergoing a significant redevelopment or repositioning or where we have added or reduced or expect to add or reduce capacity significantly in the current year are excluded from the same property portfolio.

The following table summarizes the composition of our same property portfolio as at September 30, 2022:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations	141	20,812	16,762
Long Term Care Operations ⁽¹⁾	-	-	-
Total same property portfolio	141	20,812	16,762

- 1) Effective March 31, 2022, our Long Term Care Operations segment was reclassified as discontinued operations. Please refer to the "2022 Outlook" section on page 12 of this MD&A. We will retain ownership of two Ontario long term care homes that are not significant to our overall operations. These two homes are classified as dispositions, repositioning and other portfolio in our Long Term Care Operations segment in this MD&A as we are evaluating redevelopment and other alternative strategies and on the sale of the LTC Discontinued Operations, will be reclassified to the Retirement Operations segment.

Acquisitions and Development Portfolio

Our acquisitions and development portfolio includes properties that were acquired after January 1, 2021, and recently developed properties that have not yet reached stabilization prior to January 1, 2021. Generally, such properties are operating at occupancy levels below their expected stabilized occupancy.

The following table summarizes the composition of the acquisitions, and development portfolio as at September 30, 2022:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations	15	2,674	2,015
Long Term Care Operations	-	-	-
Total acquisitions and development	15	2,674	2,015

As of September 30, 2022, our acquisitions and development portfolio included 15 acquired and recently developed retirement residences with an aggregate gross book value of \$749.4 million. These residences had a weighted average occupancy of 73.8% in Q3 2022 and generated adjusted NOI of \$7.7 million in Q3 2022, \$19.6 million in 2022 YTD and \$23 million for the rolling 12 months ended September 30, 2022. If we achieve the expected stabilized average occupancy of 95%, these residences are estimated to generate annualized adjusted NOI of \$52.2 million at our share of ownership.

Dispositions, Repositioning and Other Portfolio

Our dispositions, repositioning and other portfolio includes properties that are classified as assets held for sale, including the LTC Discontinued Operations, properties that we expect to sell within one year, and properties that are undergoing a significant redevelopment or repositioning, including in some cases significant changes in capacity or use.

The following table summarizes the composition of the dispositions, repositioning and other portfolio as at September 30, 2022:

	Properties	Suites/Beds	Suites/Beds at Chartwell's Share of Ownership
Retirement Operations ⁽¹⁾	6	889	889
Long Term Care Operations ⁽²⁾	20	2,776	2,776
Total dispositions, repositioning and other portfolio	26	3,665	3,665

1) Includes two B.C LTC homes held for sale.

2) Includes one retirement residence (64 suites) connected to an LTC home and 11 retirement suites at another LTC home.

Business Strategy

Our Strategy Statement

“In 2025, 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 upscale and mid-market residences in urban and suburban locations.”

The following provides an update on our “Business Strategy” and should be read in conjunction with our detailed “Business Strategy” included in our 2021 MD&A.

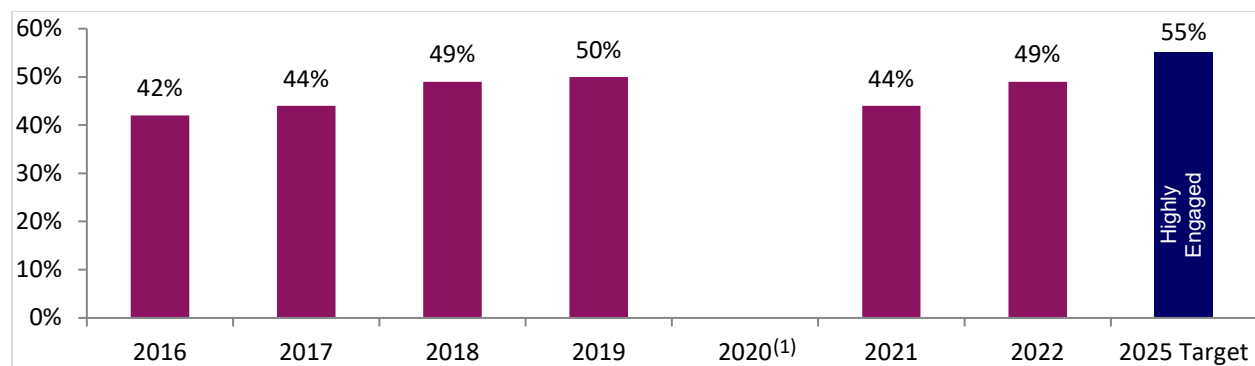
Employee Engagement

Our annual employee engagement survey, conducted in Q2 2022, includes 25 core engagement questions, covering many aspects of employee experience at Chartwell. In addition, for the second year we added specific questions with respect to diversity of our employees and their perception of inclusivity at Chartwell. The overall score is determined by the average responses to the 25 core statements.

In 2022, 48% of the survey respondents indicated high engagement (“strongly agreed” responses), compared to 43% in 2021. Our combined score of employees who agreed and strongly agreed with the survey statements was 81% in 2022 compared to 77% in 2021.

In our Retirement Operations 49% of employees indicated high engagement in 2022, compared to 44% in 2021, with a combined agreed and strongly agreed 2022 score of **81%**.

The following chart summarizes employee engagement survey results for our Retirement Operations:



(1) In 2020, a modified survey was conducted. Therefore, the 2020 result is not comparable to prior periods and it has not been presented.

Resident Satisfaction

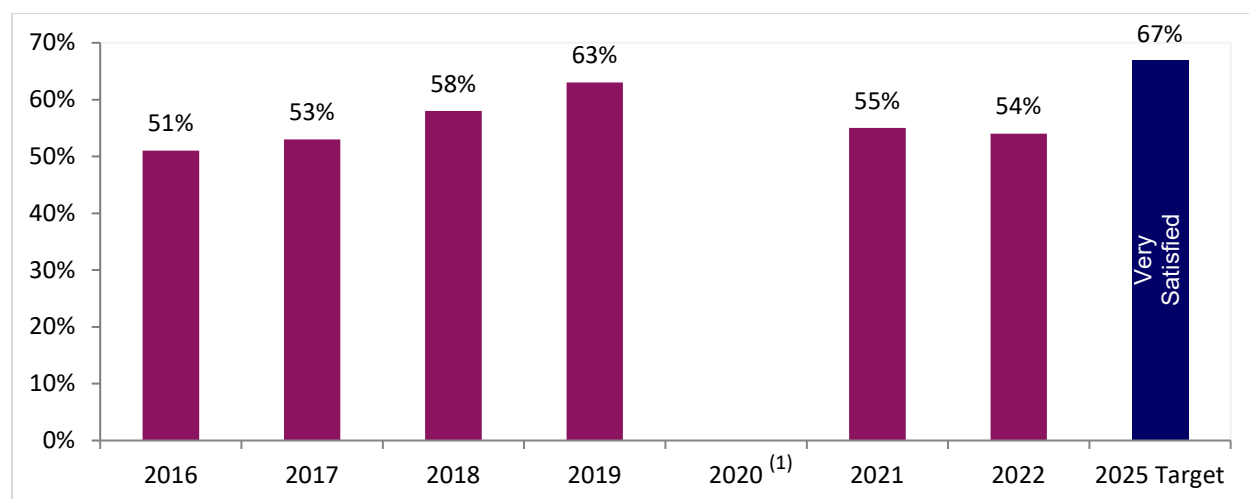
Our annual resident satisfaction survey includes 36 statements covering various aspects of resident experience at Chartwell with the overall score determined by the average responses to the following three statements:

- I am satisfied with Chartwell as a place to live
- It rarely crosses my mind to leave Chartwell for another retirement residence
- When asked, I would recommend Chartwell as a place to live

In 2022, 54% of the survey respondents indicated their high satisfaction (“strongly agreed” responses), consistent with our 2021 results. Our combined score of residents who agreed and strongly agreed with the survey statements was 84% in 2022 compared to 85% in 2021.

In our Retirement Operations 54% of respondents indicated their high satisfaction in 2022, compared to 55% in 2021, with a combined agreed and strongly agreed 2022 score of **84%**.

The following chart summarizes resident satisfaction survey results for our Retirement Operations:

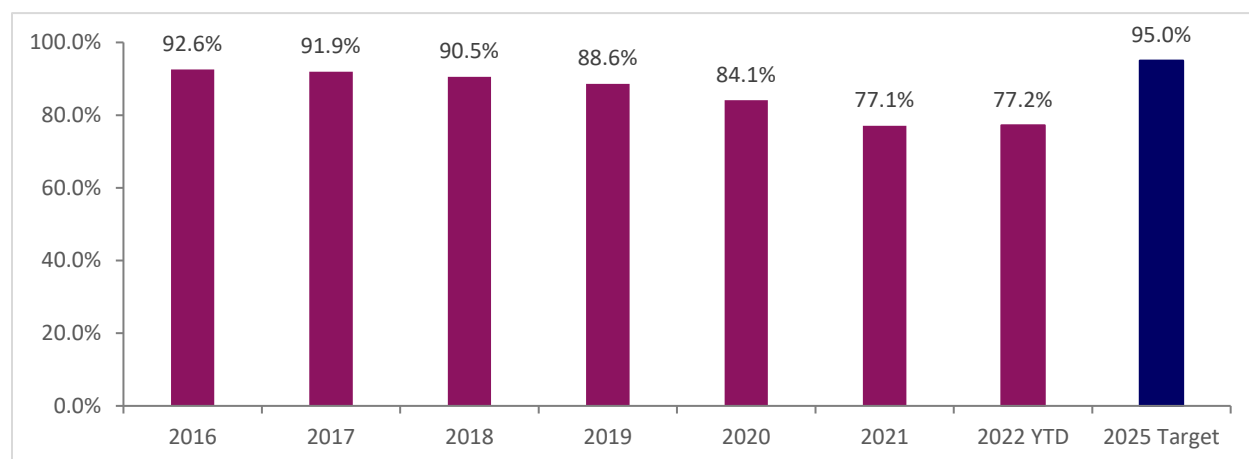


(1) In 2020, a modified survey was conducted. Therefore, the 2020 result is not comparable to prior periods and it has not been presented.

We believe that continuous pandemic related higher staff and management turnover and the resulting reliance on agency staff impacted our resident experience in 2022 resulting in lower resident satisfaction scores compared to pre-pandemic levels. We believe our numerous recruitment, retention, agency management and customer experience strategies will result in enhanced resident experiences in 2023 and beyond.

Occupancy

The following chart summarizes our same property occupancy for our Retirement Operations ⁽¹⁾:



(1) The same property numbers are as reported, and the same property portfolio is not the same year over year.

Our same property retirement portfolio occupancy has declined during the pandemic and began to recover in the spring of 2022.

From April 2022 to September 2022 our total portfolio occupancy increased 1.6 percentage points. Our properties in 11 of our top 15 markets experienced average occupancy increases of 2.8 percentage points in this period. Our properties in the highly competitive – Ottawa, Durham, Calgary, and Quebec City markets experienced average occupancy declines of 1.3 percentage points. We are implementing several new and expanded advertising, business development, resident referral, pricing, sales and property repositioning strategies, which we believe will help to accelerate our occupancy recovery in the remainder of 2022 and in 2023.

We believe that rapid growth in the senior population, a deficit of long-term care beds and the slowdown of new constructions starts will support our occupancy recovery and achievement of our aspirational target occupancy of 95% in our retirement portfolio in 2025.

Agile, Scalable Management Platform

Applying our learnings from the pandemic years we are building on the strength of our management platform to become an even more agile and scalable organization which can successfully support growth of our portfolio in the future. We believe this will be achieved through further empowerment of our residences' leaders and front-line employees and the streamlining our corporate support functions to provide more targeted and timely assistance to our residences' teams. We re-organized our corporate support functions in 2022 to better align with the needs of our residences. We reviewed and streamlined our brand standards and corporate processes to enable faster decision making and improved focus. We are also developing new operating programs for smaller residences to improve personalization of services to the residents in these homes in a more cost-effective manner.

Portfolio Optimization and Asset Management

We established a portfolio management and partner relations team to accelerate our portfolio optimization strategies, manage our existing partner relationships and develop new relationships.

Our portfolio optimization strategy includes the announced dispositions of Ontario and British Columbia LTC portfolios, and repositioning and divestiture plans for four other residences with 625 suites that are included in the dispositions, repositioning and other portfolio grouping in this MD&A. As we continue to improve our portfolio we identified a several other residences currently under review for the development and execution of property specific strategies which may include service model changes, capital upgrades, asset class repositioning, or dispositions. Our operations team has been reorganized to create a specialized team charged with oversight of certain properties which require more complex repositioning strategies.

Growth

The rise in construction costs and uncertainty created by the pandemic resulted in a slowdown in our development and acquisition activities in recent years. We believe that our national management platform will continue to be our competitive advantage in pursuing new growth opportunities through acquisitions and development in the future. We have a number of potential acquisition opportunities of newly developed residences through our partnership with Batimo, Inc ("Batimo") in Quebec and continue to evaluate a number of development opportunities on lands we control. We are working to build new relationships with reputable developers and investors to avail ourselves of future growth opportunities that are complementary to our portfolio.

2022 Outlook

Our 2021 MD&A contains a detailed discussion of our 2022 Outlook, including a discussion of the effects of the COVID-19 pandemic (the "pandemic") which has negatively affected our business and is expected to continue to do so for a period of time which currently cannot be reliably determined. The following provides an update on our "2022 Outlook" and should be read in conjunction with our detailed "2022 Outlook" included in our 2021 MD&A and our "2022 Outlook" included in our Q2 2022 MD&A.

Beginning in late December 2021 and into 2022, new waves of the pandemic, driven by the Omicron-related variants of concern (the "Omicron Waves"), have been impacting our operations. Omicron-related variants have proven to be highly transmissible causing infections among the general population as well as among our employees and residents. The pace of the spread of Omicron in late December 2021 and into mid to late January 2022 was significant both in the communities in which we operate and in our residences. Commencing in early February 2022, outbreaks and infections in our residences began to decline, with resurgences experienced beginning in April 2022 and then again in June 2022 which have continued to

date, consistent with the resurgences in the communities in which we operate. During the early Omicron Waves, governments and public health authorities reintroduced substantial restrictions which resulted in a delay of our occupancy recovery due to the nature of these restrictions, in particular the ability to provide in person tours, isolation requirements and limitations on social and dining options. Although the current restrictions are generally limited to residences that are in outbreak and are specific to the conditions in such residences, the restrictions continue to impact leasing and residence operations.

To maintain services for our residents, as many of our employees were or are required to isolate because of virus exposure, we are incurring higher agency staffing and recruitment costs and expect to continue to do so until these pandemic waves recede and / or operating restrictions change. Due to our high resident and staff vaccination rates, most of those affected by the virus experience mild to moderate symptoms and recover relatively quickly. We continue to work collaboratively with public health authorities on infection prevention and control measures and to improve accessibility of our residents and staff to vaccine boosters which we expect will further improve their protection.

Retirement Operations

The following table provides an update in respect of our retirement occupancy:

	One month ended July 31, 2022	One month ended August 31, 2022	One month ended September 30, 2022	One month ended October 31, 2022	Forecast One month ending November 30, 2022 ⁽¹⁾	Forecast One month ending December 31, 2022 ⁽¹⁾
Same Property Portfolio:						
Western Canada	85.4%	85.9%	85.5%	86.4%	86.8%	86.3%
<i>Change from the previous month ⁽²⁾</i>		<i>0.5 pp</i>	<i>(0.4pp)</i>	<i>0.9 pp</i>	<i>0.4pp</i>	<i>(0.5pp)</i>
Ontario	75.0%	74.9%	75.1%	75.4%	75.2%	75.3%
<i>Change from the previous month</i>		<i>(0.1pp)</i>	<i>0.2 pp</i>	<i>0.3 pp</i>	<i>(0.2pp)</i>	<i>0.1pp</i>
Quebec	76.8%	76.4%	76.8%	77.2%	77.5%	77.5%
<i>Change from the previous month</i>		<i>(0.4pp)</i>	<i>0.4 pp</i>	<i>0.4 pp</i>	<i>0.3pp</i>	-
Weighted average occupancy rate - same property portfolio	77.6%	77.5%	77.7%	78.1%	78.2%	78.2%
<i>Change from the previous month</i>		<i>(0.1pp)</i>	<i>0.2 pp</i>	<i>0.4 pp</i>	<i>0.1pp</i>	-
Weighted average occupancy rate - acquisitions and development portfolio	73.1%	73.6%	74.6%	75.4%	75.9%	76.4%
<i>Change from the previous month</i>		<i>0.5pp</i>	<i>1.0pp</i>	<i>0.8pp</i>	<i>0.5pp</i>	<i>0.5pp</i>
Weighted average occupancy rate – dispositions, repositioning and other portfolio	66.3%	65.7%	66.2%	65.4%	65.7%	66.1%
<i>Change from the previous month</i>		<i>(0.6pp)</i>	<i>0.5pp</i>	<i>(0.8pp)</i>	<i>0.3pp</i>	<i>0.4pp</i>
Weighted average occupancy rate - total portfolio	76.6%	76.6%	76.8%	77.3%	77.4%	77.5%
<i>Change from the previous month</i>		-	<i>0.2pp</i>	<i>0.5pp</i>	<i>0.1pp</i>	<i>0.1pp</i>

(1) Forecast includes leases and notices as at October 31, 2022.

(2) 'pp' means percentage points.

Our same property weighted average occupancy rate increased 0.4 percentage points to 78.1%, in October 2022. Same property leasing activity and permanent move-ins were higher than October 2021 by 5.5% and 7.1%, respectively. Our same property weighted average occupancy rate (based on leases and notices on hand as at October 31, 2022) is forecast to increase 0.1 percentage points in November and ending December at 78.2%. We have consistently experienced mid-month move ins, particularly in our Ontario platform, which are not accounted for in our forecasts.

We believe that there is a pent-up demand for retirement accommodation and services, driven by the increased ageing population, disruptions of community-based support services for seniors during the pandemic and a persistent shortage of long term care beds. Accelerated growth in the population of seniors over the age of 75 over the next 20 plus years, as well as the slowdown of construction activity in the last

two years should support occupancy recovery in the short term and growth from pre-pandemic levels over the long term. Pandemic-related restrictions have eased, and assuming this continues, we expect our occupancy to continue to recover into 2023 and beyond across all platforms.

Our 2021 MD&A provided our expected combined rental and services rate growth of approximately 3.0% for 2022. In light of current inflationary conditions, in August 2022 we began increasing our combined rental and services rates, on renewal, by 75 basis points on average, higher than previously expected.

We expect the elevation in direct operating expenses in our retirement residences experienced through the Omicron Waves of the pandemic to continue due to higher-than-normal staffing costs as a result of increased agency staffing used to augment vacancies. Staffing shortages continue in select markets in Ontario and Quebec and as a result we continue to incur agency costs to maintain resident services. In Q4 2022, we expect that net pandemic and incremental agency staffing costs will range from \$3 to \$5 million. We expect that our initiatives to reduce staff vacancies by improving our recruitment and retention and to optimize staff levels to better align to occupancy and service levels along with stricter controls over agency staffing utilization will bring these costs down gradually through Q4 2022 and into 2023 subject to labour market and outbreak conditions.

Long Term Care Operations

On March 31, 2022, we entered into definitive agreements to substantially exit our Long Term Care Operations in Ontario, including all operations for owned and managed Ontario long term care properties. These agreements, together, the “LTC Transactions” include:

- the sale of 15 long term care homes in Ontario and one retirement residence connected to an adjacent long term care home, which have been reclassified as discontinued operations (“LTC Discontinued Operations”),
- the transition of management of three long term care homes we currently own, two of which we will retain ownership of and one of which is subject to a forward sale contract described below,
- the transition of management of four third-party owned long term care homes to which we currently provide management services, and
- a forward sale contract related to one long term care home that we own and are currently redeveloping which will have 224 beds once completed.

The sale price for the LTC Discontinued Operations is \$382.0 million, before closing costs and subject to customary adjustments in accordance with the terms of the purchase and sale agreement. The transition of our LTC Discontinued Operations and the transition of management of our three long term care homes that we currently own as well as the four third-party owned long term care homes that we currently manage, subject to regulatory and other required approvals, is expected to occur in the spring of 2023. The purchase price for the LTC Discontinued Operations will be paid through the assumption of mortgage debt by the purchaser related to certain of these properties, which assuming a December 31, 2022, closing would carry an estimated balance of \$126.2 million bearing a weighted average interest rate of 5.43%, with the remainder to be paid in cash. A portion of the cash proceeds will be used to repay the remaining mortgage debt, which is not being assumed by the purchaser, which assuming, a December 31, 2022, closing would carry a balance of \$15.8 million bearing a weighted average interest rate of 6.13%. Net proceeds based on a December 31, 2022, closing date, after deductions for repayment of property-specific debt, transaction costs, and specified investment flow-through (“SIFT”) cash taxes are estimated to be approximately \$202.9 million.

Concurrently with entering into the agreements for the sale of the LTC Discontinued Operations, we entered into a forward purchase agreement to sell our Ballycliffe long term care home with an existing operating capacity of 100 beds that we are currently expanding and redeveloping to a 224-bed state-of-the-art long term care home. The sale price for Ballycliffe is \$64.5 million and net proceeds from the forward purchase after transaction costs and SIFT cash taxes are estimated to be approximately \$62.9 million. The forward sale contract will close when the redevelopment of Ballycliffe is completed which is estimated to occur in Q3 2023.

We expect, subject to market conditions, to use the estimated net proceeds of the LTC Transactions to pay down debt.

General, Administrative and Trust (“G&A”) Expenses

In our 2022 Outlook included in our 2021 MD&A, we expected G&A, excluding information technology systems implementation costs, to increase by approximately 5% from 2021 levels, as some of our 2021 costs were offset by government subsidies. Under IFRS the majority of the costs of cloud-based system implementation are required to be expensed. In prior years most of our information technology system implementation costs were capitalized. We had previously expected additional costs of information technology system implementation costs in 2022 to be approximately \$4.0 to \$7.0 million. With ongoing pandemic related outbreaks, our focus continues to be on ensuring appropriate support to our residences and several new technology initiatives continue to be deferred. We expect G&A for Q4 2022 to be approximately \$10.0 to \$11.0 million.

Dispositions

On August 12, 2022, we entered into definitive agreements to sell, subject to required third-party approvals, two British Columbia Long Term Care (“BC LTC”) homes with 264 beds for a sale price of \$112 million, the “BC LTC Transaction”. Subject to required approvals, we expect this transaction to close on or before December 31, 2022. The purchaser will assume the existing debt on one of these homes with an estimated balance of \$26.1 million as at December 31, 2022. The remaining balance will be paid in cash, a portion of which will be used to repay the remaining mortgage debt of \$15.8 million, as at December 31, 2022 which is not being assumed by the purchaser. The net proceeds are estimated, after repayment of property specific debt and transaction costs, based on a December 31, 2022 closing date, to be \$68.4 million. The net proceeds will be used to partially repay amounts outstanding on our Credit Facilities.

Development

Our long term business strategy is to develop modern, innovative, market-specific, and operationally efficient retirement residences that remain competitive over the long term, and selectively partnering with reputable developers in order to gain access to attractive sites in strong markets. At this time, we have one 90 suite retirement residence under construction. In addition, we have a 224-bed long term care home under redevelopment that is subject to a forward purchase agreement as part of the LTC Transactions as described in the “2022 Outlook” section of this MD&A on page 12. Due to the current economic environment with rising development and financing costs as well as uncertainty created by the pandemic as discussed in the “COVID-19 Business Impacts and Related Risks” section further construction starts remain paused.

Taxation

Based on our current forecasts, the sale of our two BC LTC homes, the sale of our LTC Discontinued Operations combined with the forward sale of Ballycliffe we estimate cash SIFT taxes of approximately \$34.0 million in 2023. As a result of this sale the majority of our 2023 distributions are expected to be classified as eligible dividends. We expect to have sufficient deductions and losses carried forward to offset any other SIFT taxes in 2022 and 2023.

Liquidity and Financing Update

As at November 9, 2022 liquidity amounted to \$182.4 million, which included \$24.9 million of cash and cash equivalents and \$157.5 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 \$11.2 million.

As described in our 2022 Outlook included in our 2021 MD&A, various economic forecasts continue to expect additional increases in interest rates in 2022. We finance our operations primarily through long term fixed rate mortgage debt. As at September 30, 2022, we had \$30.6 million remaining debt maturities in the remainder of 2022. Subsequent to September 30, 2022, we refinanced \$6.6 million of these maturities with CMHC-insured debt bearing interest of 4.28% and a term to maturity of 5 years. As at November 9, 2022, the remaining maturities of \$24.0 million are expected to be refinanced in the normal course. As at November 9, 2022 10-year CMHC-insured mortgage rates are estimated at approximately 4.50% and five-year conventional mortgage financing is available at 5.65%.

Significant Events

In addition to the items discussed in the "2022 Outlook" section of this MD&A, the following events have had a significant effect on our financial results in 2022 YTD and/or may be expected to affect our results in the future:

Development

Expected Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt

In addition to monitoring development costs measured on a GAAP basis which includes land, hard and soft development costs, furniture, fixtures and equipment, we assess our return on investment in development activities using the non-GAAP measure 'Expected Unlevered Yield'. Expected Unlevered Yield should not be construed as an alternative to other GAAP metrics and may not be comparable to measures used by other entities.

Expected Unlevered Yield is defined as the ratio of:

- the estimated annual NOI of a development property in the first year it achieves an expected stabilized occupancy level ("Estimated Stabilized NOI") which varies from project to project,
- divided by the estimated adjusted development costs (the "Adjusted Development Costs") which is the sum of:
 - development costs on a GAAP basis, plus
 - operating results generated by the development property, including pre-opening costs (the "Lease-up-Losses"), plus
 - an imputed cost of debt calculated by applying our estimated weighted average cost of debt to our GAAP development costs plus Lease-up-Losses, compounded during the development of the property (the "Imputed Cost of Debt").

We believe this is a useful measure as we believe it reflects our financial returns on the total economic cost of developing a new property.

Completed Projects

The following table summarizes development projects that were completed in 2021:

Project	Location	Suites / Beds	Suite Type	Chartwell Ownership Interest	Operations Start Date	Gross Book Value ⁽¹⁾⁽²⁾ (\$millions)	Occupancy ⁽³⁾	Estimated Adjusted Development Costs ⁽¹⁾⁽⁴⁾⁽⁶⁾ (\$millions)	NOI ⁽¹⁾⁽⁵⁾ (\$millions)	Expected Stabilized Occupancy Date	Expected Stabilized Occupancy	Estimated Stabilized NOI ⁽¹⁾⁽⁶⁾ (\$millions)	Expected Unlevered Yield ⁽⁶⁾
Projects completed in 2021:													
Chartwell Guildwood Retirement Residence ⁽⁷⁾	Scarborough, ON	172	ISLA /ISLS /MC	50%	Q3 2021	39.5	89.0%	41.3	0.9	Q2 2023	95%	3.2	7.7%
Chartwell Montgomery Village ⁽⁸⁾	Orangeville, ON	122	ISLA	100%	Q4 2021	40.2	45.1%	43.5	0.5	Q3 2023	93%	3.4	7.7%
		294				79.7		84.8	1.4		94%	6.6	7.7%

(1) Calculated at Chartwell's ownership interest in the project.

(2) As at September 30, 2022.

(3) As of the date of this MD&A; includes 6.1 and 0.6 percentage points based on reservations at Chartwell Guildwood Retirement Residence and Chartwell Montgomery Village Retirement Residence for future resident move-ins, respectively.

(4) As at September 30, 2022, includes actual Adjusted Development Costs incurred of \$41.0 million, and \$42.5 million for Chartwell Guildwood Retirement Residence, and Chartwell Montgomery Village respectively.

(5) For the nine months ended September 30, 2022.

(6) Non-GAAP; please refer to the preamble to this section for the definition of this metric and discussion of its significance.

(7) Redevelopment of the 83-suite residence into a 172-suite residence. Opened on September 27, 2021.

(8) Opened on November 22, 2021.

Projects in Construction

The following table summarizes projects that are in construction:

Project	Location	Suites / Beds	Suite Type	Estimated Development Cost ⁽¹⁾ (\$ millions)	Estimated Lease-up-Losses and Imputed Cost of Debt ⁽¹⁾⁽²⁾ (\$millions)	Estimated Adjusted Development Costs ⁽¹⁾⁽³⁾ (\$millions)	Adjusted Development Costs ⁽¹⁾⁽²⁾ incurred as at September 30, 2022 (\$millions)	Estimated Adjusted Development Costs to Completion ⁽⁴⁾ (\$millions)	Expected Completion Date	Expected Stabilized Occupancy Date	Expected Stabilized Occupancy	Estimated Stabilized NOI ⁽¹⁾⁽²⁾ (\$millions)	Expected Unlevered Yield ⁽²⁾
Chartwell Ballycliffe Long Term Care ⁽⁵⁾	Ajax, ON	224	LTC	53.4	3.8	57.2	32.5	24.7	Q3 2023	Q3 2023	N/A	N/A	N/A
Chartwell Ridgepointe Retirement Residence	Kamloops, BC	90	ISLA	32.6	2.9	35.5	17.2	18.3	Q2 2023	Q4 2024	95%	2.3	6.5%
		314		86.0	6.7	92.7	49.7	43.0					

(1) Calculated at Chartwell's ownership interest in the project.

(2) Non-GAAP; please refer to the preamble to this section for the definition of this metric and the discussion of its significance.

(3) Non-GAAP; represents the total of estimated Development Costs and estimated Lease-up-Losses and Imputed Cost of Debt.

(4) Calculated as the Estimated Adjusted Development Costs less the Adjusted Development Costs incurred as at September 30, 2022.

(5) Redevelopment of the existing 100-bed Class C LTC to a 224-bed LTC home. The existing LTC operations are continuing during the redevelopment. On March 31, 2022, we entered into a forward purchase agreement as part of the sale of the long term care platform as described in "2022 Outlook" section of this MD&A on page 12.

Projects by Batimo

In addition to our own development activities, we have built an important pipeline of future acquisition opportunities by participating in certain development projects conducted by Batimo in the province of Quebec. Batimo carries out development activities and we provide certain operations management services to these projects and in some cases, provide mezzanine financing. Pursuant to our agreements

with Batimo, we have certain call rights to acquire, and Batimo has certain put rights which may require us to acquire, an 85% ownership interest in these properties upon achievement of expected stabilized occupancy levels (defined as 90% occupancy for two consecutive months), subject to certain conditions, at purchase prices determined based on the appraisal mechanism described in such agreements (“Batimo Option”). The Batimo Option for certain properties is for a five-year period commencing when the related property achieves a minimum of 90% occupancy level for two consecutive months. Upon expiry of the Batimo Option, Chartwell has a two-year option to require Batimo to sell an 85% interest in some of the properties at fair market value and others a 99% of fair market value, as defined in the agreements. Chartwell and Batimo have revised the terms of their relationship for new projects starting with developments in Q3 2021 to provide for the Batimo Option to be for a two-year period instead of five. Upon expiry of the Batimo Option, Chartwell will have a one-year option to acquire an 85% interest in the property at 99% of fair market value.

The following table summarizes the status of projects by Batimo as of the date of this MD&A:

Project	Location	Suites / Beds	Suite Type	Current Project Status ⁽¹⁾	Actual / Expected Completion Date	Current Occupancy ⁽²⁾	Actual / Expected Stabilized Occupancy Date
Chartwell Le Prescott	Vaudreuil, QC	324	ISLA	O	June 2017	75.0%	Q4 2023
Chartwell Le Montcalm	Candiac, QC	283	ISLA	O	September 2017	90.0%	Q4 2022
Chartwell Greenfield Park	Greenfield Park, QC	368	ISLA / AL	O	June 2019	56.8%	Q2 2024
Chartwell L'Envol	Cap Rouge, QC	360	ISLA / AL	O	September 2019	79.6%	Q3 2023
Chartwell Trait-Carré	Quebec City, QC	361	ISLA / AL	O	February 2021	94.0%	Q3 2022
Le Florilège	Beauport, QC	345	ISLA / AL	C	Q4 2022	N/A	Q3 2024
Lévis	Lévis, QC	376	ISLA / AL	C	Q1 2024	N/A	Q4 2025
2,417							

(1) Current project status is defined where 'O' means 'Operating' and 'C' means 'Construction'.

(2) Occupancy based on October 31, 2022.

Chartwell Trait-Carré achieved stabilized occupancy for two consecutive months during Q3 2022 and Chartwell Le Montcalm is expected to achieve stabilized occupancy for two consecutive months in Q4 2022. We estimate the current fair market value of these two properties at 100% ownership is \$130.0 million.

Long Term Care Operations

Effective March 31, 2022, our Long Term Care Operations segment was reclassified as discontinued operations. Please refer to the “2022 Outlook” section on page 12 of this MD&A for detailed discussion.

Acquisitions

On April 1, 2022, we acquired three recently developed retirement residences in Ontario with 467 suites. The purchase price of \$228.0 million includes a deferred payment of \$3.0 million to be paid on the earlier of the completion of a 132-suite condominium development at one location, currently in construction, or June 30, 2024. The owners of these condominium units will enjoy access to the amenities of the retirement residence for a monthly fee. In addition, \$3.0 million of the purchase price has been allocated to 1.8 acres of excess land at one location where approximately 112 suites could be developed over time.

The purchase price was settled by assumption of in place mortgages on two of the acquired properties with a principal balance of \$85.6 million, bearing a weighted average interest rate of 3.7% and maturing in November 2023. The remainder of the purchase price was settled with cash on hand and borrowings on our secured credit facility, which we expect to repay with the proceeds from the BC LTC Transaction and the LTC Transaction.

Joint Arrangements

'IFRS 11 – Joint Arrangements' classifies joint arrangements either as a joint operation or as a joint venture. Joint operations are joint arrangements in which the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Joint operations are accounted for using

proportionate consolidation. Joint ventures are joint arrangements in which the parties have rights to the net assets relating to the arrangement. Generally, where the party holds its interest in the joint arrangement through a separate legal entity, the joint arrangement will be classified as a joint venture. Joint ventures are accounted for using the equity method of consolidation. Chartwell does not independently control its joint arrangements which are accounted for using the equity method, and Chartwell's proportionate share of the financial position and results of operations of its investment in such joint arrangements, where presented and discussed in this MD&A using the proportionate consolidation method, does not necessarily represent Chartwell's legal claim to such items.

The following table summarizes the classification of properties which are owned through our joint arrangements, or which are partially owned as at September 30, 2022:

Joint Arrangements	# of Properties	Suites/Beds	Chartwell Ownership	Joint Arrangement Type	Consolidation Method
Held directly:					
Chartwell-Welltower Landlord ("CWL")	37	7,244	50%	Joint operation	Proportionate
Chartwell Le St-Gabriel Landlord ("CSGL")	1	345	42.5%	Joint operation	Proportionate
Chartwell Le Teasdale I	1	343	42.5%	Joint operation	Proportionate
Chartwell Le Teasdale II	1	221	42.5%	Joint operation	Proportionate
The Sumach by Chartwell	1	332	45%	Joint operation	Proportionate
Batimo	3	422	85%	Joint operation	Proportionate
Chartwell Riverside Retirement Residence	1	138	50%	Joint operation	Proportionate
Chartwell Churchill House Retirement Residence	1	98	50%	Joint operation	Proportionate
Pickering Project	1	415	90%	Joint operation	Proportionate
Held through separate legal entities:					
Chartwell-Welltower Operator	Same as CWL	Same as CWL	Same as CWL	Joint venture	Equity
Chartwell Le St-Gabriel Operator	Same as CSGL	Same as CSGL	Same as CSGL	Joint venture	Equity
Chartwell Oakville Retirement Residence	1	147	50%	Joint venture	Equity
Chartwell Constantia Retirement Residence	1	121	50%	Joint venture	Equity
Kingsbridge Retirement Community	1	165	60%	Joint venture	Equity

On May 1, 2012, Chartwell and Welltower acquired undivided interests in a portfolio of 39 properties (of which two were subsequently sold) where each of Chartwell's and Welltower's interests in the real estate are held directly and where each of our interests in the operations are held through separate legal entities. Chartwell is the property manager for this portfolio. As the real estate is held directly by each of Chartwell and Welltower, it is classified as a joint operation and accounted for on a proportionate consolidation basis. The operations of the related properties, for which Chartwell is the manager, are held through a separate legal entity and as a result are classified as a joint venture and are accounted for using the equity method of consolidation.

On March 2, 2020, Chartwell and Welltower each acquired a 42.5% interest in Chartwell Le St-Gabriel from Batimo, with Batimo retaining the remaining 15% interest. As the real estate is held directly by each of Chartwell, Welltower and Batimo, it is classified as a joint operation and accounted for on a proportionate consolidation basis. The operation of the property, for which Chartwell is the manager, is held through a separate legal entity and as a result is classified as a joint venture and is accounted for using the equity method of consolidation.

On April 14, 2021, Chartwell and Welltower each acquired a 42.5% interest in Chartwell Le Teasdale II from Batimo, with Batimo retaining the remaining 15% interest in the property. Simultaneously, Chartwell completed the sale of 50% of its 85% interest in Chartwell Le Teasdale I to Welltower. The real estate and the operations for both properties are directly held by Chartwell, Welltower and Batimo and are classified as joint operations and are accounted for on a proportionate consolidation basis.

Consolidated Results of Operations

Net Income/(Loss)

The following table summarizes select financial measures:

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Resident revenue	168,758	156,430	12,328	490,562	468,260	22,302
Direct property operating expense	117,811	107,374	10,437	344,032	311,017	33,015
Net income/(loss)	4,278	917	3,361	2,068	(8,600)	10,668

For Q3 2022, resident revenue increased \$12.3 million or 7.9% primarily due to revenue growth in our same property portfolio and contributions from our acquisitions and development portfolio partially offset by our dispositions, repositioning and other portfolio as discussed in the “Results of Operations by Reportable Segment” section on page 26 of this MD&A.

For Q3 2022, direct property operating expense increased \$10.4 million or 9.7% primarily due to higher expenses in our same property portfolio and our acquisitions and development portfolio partially offset by our dispositions, repositioning and other portfolio as discussed in the “Results of Operations by Reportable Segment” section on page 26 of this MD&A.

For Q3 2022, net income was \$4.3 million compared to \$0.9 million in Q3 2021 primarily due to:

- higher resident revenue,
- higher positive changes in fair values of financial instruments, and
- higher net income from LTC Discontinued Operations,

partially offset by:

- higher direct operating expenses,
- higher depreciation of property, plant and equipment (“PP&E”),
- higher finance costs,
- higher G&A expenses and,
- lower deferred tax benefit.

For 2022 YTD, resident revenue increased \$22.3 million or 4.8% primarily due to revenue growth in our same property portfolio and contributions from our acquisitions and development portfolio, partially offset by our dispositions, repositioning and other portfolio as discussed in the “Results of Operations by Reportable Segment” section on page 26 of this MD&A.

For 2022 YTD, direct property operating expense increased \$33.0 million or 10.6% primarily due to higher expenses in our same property portfolio and our acquisitions and development portfolio, partially offset by our dispositions, repositioning and other portfolio as discussed in the “Results of Operations by Reportable Segment” section on page 26 of this MD&A.

For 2022 YTD, net income was \$2.1 million compared to net loss of \$8.6 million in 2021 YTD primarily due to:

- higher resident revenue,
- positive changes in fair values of financial instruments,
- higher net income from LTC Discontinued Operations,
- lower net loss from joint ventures,

partially offset by:

- higher direct operating expenses,
- higher G&A expenses,
- lower gain on disposal of assets,
- lower deferred tax benefit, and
- higher finance costs.

FFO

FFO, a non-GAAP financial measure, should not be construed as an alternative to net earnings or cash flow from operating activities as determined by GAAP. FFO as presented may not be comparable to similar measures used by other issuers. We present FFO substantially consistent with the definition adopted in the REALPAC Guidance. This definition is included in the “Additional Information on Non-GAAP Measures” section on page 55 of this MD&A.

We believe that the use of FFO, combined with the required primary GAAP presentations, is beneficial to the users of the financial information, improving their understanding of our operating results. We generally consider FFO to be a meaningful measure for reviewing our operating and financial performance because, by excluding real estate asset depreciation and amortization of intangible assets (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), transaction costs arising on business acquisitions and dispositions, impairment of PP&E, distributions on Class B Units of Chartwell Master Care LP (“Class B Units”) recorded as interest expense, change in fair value of financial instruments and foreign exchange gain/(loss), deferred income tax expense/(benefit), remeasurement gain, gain/(loss) on disposal of assets, and adjustments for Equity-Accounted JVs, FFO can assist the user of the financial information in comparing the financial and operating performance of our real estate portfolio between financial reporting periods.

Refer to the “Additional Information on Non-GAAP Measures” section on page 55 of this MD&A for the reconciliation of net income/(loss), the most closely comparable GAAP measure, to FFO and FFO per unit (“FFOPU”) amounts.

The following table presents FFO, FFOPU and Weighted average number of units:

(\$000s, except per unit amounts and number of units)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
FFO ⁽¹⁾						
Continuing operations	28,290	28,830	(540)	74,269	94,026	(19,757)
Total	31,880	33,937	(2,057)	93,560	103,824	(10,264)
FFOPU ⁽²⁾						
Continuing operations	0.12	0.13	(0.01)	0.31	0.43	(0.12)
Total	0.13	0.15	(0.02)	0.39	0.47	(0.08)
Weighted average number of units ⁽³⁾	237,837	225,074	12,763	236,921	220,673	16,248

(1) Non-GAAP; refer to the “Additional Information on Non-GAAP Measures – Funds from Operations” section on page 55 of this MD&A for a discussion of the nature of various adjustments made in FFO calculations.

(2) Non-GAAP; refer to the “Additional Information on Non-GAAP Measures” section on page 55 of this MD&A for a discussion of the calculation of the per unit amounts.

(3) Non-GAAP; refer to “Weighted Average Number of Units” section on page 61 of this MD&A.

For Q3 2022, FFO from continuing operations was \$28.3 million or \$0.12 per unit compared to \$28.8 million or \$0.13 per unit for Q3 2021. The following items impacted the change in FFO from continuing operations:

- higher G&A expenses of \$1.6 million primarily due to higher severance, cloud-based information technology system implementations, education, and travel expenses partially offset by lower performance-based compensation expense, and
- higher finance costs of \$1.5 million,

partially offset by:

- higher adjusted NOI from continuing operations of \$2.3 million which is comprised of changes as follows:
 - higher adjusted NOI of \$4.6 million due to higher contributions from our acquisitions and development portfolio,
 - lower same property adjusted NOI of \$0.5 million due to the following:
 - higher net pandemic expenses of \$3.7 million due to lower government reimbursements and higher pandemic expenses, and
 - higher agency staffing, food and utilities expenses,

partially offset by:

- higher revenue from both regular annual and market-based rental and service rate increases and increased occupancy,
- lower NOI of \$1.8 million from our dispositions, repositioning and other portfolio,
- lower depreciation of PP&E and amortization of intangible assets used for administrative purposes of \$0.2 million, and
- higher interest income of \$0.2 million.

FFO from continuing operations for Q3 2022 includes \$1.2 million of Lease-up-Losses and Imputed Cost of Debt related to our development projects (Q3 2021 – \$1.5 million).

For 2022 YTD, FFO from continuing operations was \$74.3 million or \$0.31 per unit compared to \$94.0 million or \$0.43 per unit for YTD 2021. The following items impacted the change in FFO from continuing operations:

- lower adjusted NOI from continuing operations of \$13.2 million which is comprised of changes as follows:
 - lower same property adjusted NOI of \$16.6 million primarily due to the following items:
 - net pandemic expense of \$12.0 million in 2022 YTD compared to net pandemic expense recoveries of \$5.5 million in YTD 2021, or higher net pandemic expense of \$17.5 million due to lower government subsidies and higher pandemic expense,
 - lower occupancy, and
 - higher agency staffing, utilities, food and supplies expenses,
 - partially offset by:
 - increased revenue from regular market-based rental and service rate increases,
 - lower NOI of \$5.9 million from our dispositions, repositioning and other portfolio, and
 - higher adjusted NOI of \$9.3 million due to higher contribution from our acquisitions and development portfolio,
 - higher G&A expenses of \$5.6 million primarily due to lower government subsidies and higher cloud-based information technology system implementations, severance, travel and education expenses partially offset by lower performance-based compensation expense,
 - higher finance costs of \$0.8 million, and
 - lower management fee revenue of \$0.6 million,
- partially offset by:
- lower depreciation of PP&E and amortization of intangible assets used for administrative purposes of \$0.4 million.

FFO from continuing operations for 2022 YTD includes \$3.3 million of Lease-up-Losses and Imputed Cost of Debt related to our development projects (2021 YTD – \$3.7 million).

Total FFO for 2022 YTD was \$93.6 million or \$0.39 per unit, compared to \$103.8 million or \$0.47 per unit in 2021 YTD. Effective March 31, 2022, our Long Term Care Operations segment was reclassified as discontinued operations, please refer to the “2022 Outlook” section on page 12 of this MD&A. Total FFO per unit for 2022 YTD includes \$0.08 per unit from LTC Discontinued Operations compared to \$0.04 per unit in 2021 YTD, due to higher adjusted NOI from Long Term Care Operations primarily as a result of government reimbursements for prior years direct operating expenses and higher ancillary, preferred and retirement accommodation revenues.

Adjusted Resident Revenue, Adjusted Direct Property Operating Expense, and Adjusted NOI

The tables on the following pages of this section summarize our adjusted resident revenue, adjusted direct property operating expense and adjusted NOI, which are each non-GAAP measures, and also includes supplemental disclosure of our same property portfolio, our acquisitions and development portfolio, and our dispositions, repositioning and other portfolio. The supplemental disclosure of our same property portfolio and our acquisitions and development portfolio, and our dispositions, repositioning and other portfolio are non-GAAP measures and should not be construed as an alternative to GAAP measures. We use these groupings of properties to evaluate and monitor our financial and operating performance and we believe that this additional disclosure enhances the ability to understand and assess our results of operations and particularly to compare such results from period to period. Definitions for each of these portfolio groupings as well as the composition of the portfolio included in the respective grouping for the current reporting period are provided in the “Business Overview section on page 8 of this MD&A.

The following table reconciles resident revenue and direct property operating expense from our financial statements to adjusted resident revenue and adjusted direct property operating expense and NOI to Adjusted NOI from continuing operations and Adjusted NOI and identifies contributions from our same property portfolio, our acquisitions and development portfolio and our dispositions, repositioning and other portfolio:

(\$000s, except occupancy rates)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Resident revenue	168,758	156,430	12,328	490,562	468,260	22,302
Add:						
Share of resident revenue from joint ventures ⁽¹⁾	29,192	27,152	2,040	85,856	82,023	3,833
Resident revenue from LTC Discontinued Operations ⁽²⁾	60,121	55,106	5,015	188,449	171,206	17,243
Adjusted resident revenue ⁽³⁾	258,071	238,688	19,383	764,867	721,489	43,378
Comprised of:						
Same property ⁽³⁾	159,866	152,593	7,273	471,924	457,730	14,194
Acquisitions and development ⁽³⁾	20,078	10,319	9,759	51,786	30,814	20,972
Dispositions, repositioning and other ⁽³⁾	78,127	75,776	2,351	241,157	232,945	8,212
Adjusted resident revenue ⁽³⁾	258,071	238,688	19,383	764,867	721,489	43,378
Direct property operating expense	117,811	107,374	10,437	344,032	311,017	33,015
Add:						
Share of direct property operating expense from joint ventures ⁽⁴⁾	20,413	18,800	1,613	61,396	55,105	6,291
Direct property operating expense from LTC Discontinued Operations ⁽⁵⁾	54,732	48,259	6,473	163,846	156,096	7,750
Adjusted direct property operating expense ⁽³⁾	192,956	174,433	18,523	569,274	522,218	47,056
Comprised of:						
Same property ⁽³⁾	109,505	101,694	7,811	325,278	294,474	30,804
Acquisitions and development ⁽³⁾	12,658	7,550	5,108	32,881	21,247	11,634
Dispositions, repositioning and other ⁽³⁾	70,793	65,189	5,604	211,115	206,497	4,618
Adjusted direct property operating expense ⁽³⁾	192,956	174,433	18,523	569,274	522,218	47,056
NOI	50,947	49,056	1,891	146,530	157,243	(10,713)
Add:						
Share of NOI from joint ventures	8,779	8,352	427	24,460	26,918	(2,458)
Adjusted NOI from continuing operations	59,726	57,408	2,318	170,990	184,161	(13,171)
Add:						
NOI from LTC Discontinued Operations	5,389	6,847	(1,458)	24,603	15,110	9,493
Adjusted NOI ⁽³⁾	65,115	64,255	860	195,593	199,271	(3,678)
Comprised of:						
Same property ⁽³⁾	50,361	50,899	(538)	146,646	163,256	(16,610)
Acquisitions and development ⁽³⁾	7,420	2,769	4,651	18,905	9,567	9,338
Dispositions, repositioning and other ⁽³⁾	7,334	10,587	(3,253)	30,042	26,448	3,594
Adjusted NOI ⁽³⁾	65,115	64,255	860	195,593	199,271	(3,678)
Weighted average occupancy rate - same property portfolio	77.6%	77.1%	0.5pp	77.2%	77.8%	(0.6pp)
Weighted average occupancy rate – acquisitions and development portfolio	73.8%	58.3%	15.5pp	71.0%	58.9%	12.1pp
Weighted average occupancy rate – dispositions, repositioning and other portfolio	84.8%	84.2%	0.6pp	84.2%	80.7%	3.5pp
Weighted average occupancy rate - total portfolio	78.4%	77.1%	1.3pp	77.8%	77.1%	0.7pp

- (1) Non-GAAP; Share of resident revenue from joint ventures represents Chartwell's proportionate share of the resident revenue of our Equity-Accounted JVs as referenced in the notes to our Financial Statements and as described in the "Joint Arrangements" section on page 18 of this MD&A.
- (2) Resident revenue reported in LTC Discontinued Operations represents the resident revenue related to LTC Discontinued Operations as described in "2022 Outlook" on page 12 of this MD&A.
- (3) Non-GAAP; refer to the preamble to this table and the "Results of Operations by Reportable Segment" section on page 26 of this MD&A for explanations and discussion of the significance of these metrics.
- (4) Non- GAAP; Share of direct property operating expense from joint ventures represents Chartwell's proportionate share of the direct property operating expense of our Equity-Accounted JVs as referenced in the notes to our Financial Statements and as described in the "Joint Arrangements" section on page 18 of this MD&A.
- (5) Direct property operating expense reported in LTC Discontinued Operations represents the direct property operating expense related to LTC Discontinued Operations as described in "2022 Outlook" section on page 12 of this MD&A.

For Q3 2022, adjusted resident revenue increased 8.1% primarily due to:

- a 4.8% increase in same property adjusted resident revenue primarily due to regular annual and market-based rental and service rate increases and higher same property occupancy,
- contributions from our acquisitions and development portfolio, and
- higher revenue in our LTC Discontinued Operations,

partially offset by:

- the disposition of properties and lower occupancy in properties we are repositioning.

For Q3 2022, adjusted direct property operating expense increased 10.6% primarily due to:

- a 7.7% increase in same property adjusted direct operating expense due to higher pandemic, agency staffing, food and utilities costs,
- additional expenses in our acquisitions and developments portfolio, and
- higher expenses in our LTC Discontinued Operations and repositioning properties,

partially offset by:

- lower expenses due to the dispositions of properties.

For Q3 2022, adjusted NOI increased \$0.9 million or 1.3% primarily due to:

- higher contributions from our acquisitions and development portfolio,
- partially offset by:
- a decrease in same property adjusted NOI of \$0.5 million or 1.1 %, and
 - lower adjusted NOI from our disposition, repositioning and other portfolio.

For Q3 2022, same property occupancy was higher than Q3 2021 by 0.5 percentage points.

For 2022 YTD, adjusted resident revenue increased 6.0% primarily due to:

- a 3.1% increase in same property adjusted resident revenue primarily due to regular annual and market-based rental and service rate increases,
- higher adjusted resident revenue primarily related to government funding for prior year incremental pandemic expenses in our LTC Discontinued Operations, and
- contributions from our acquisitions and development portfolio,

partially offset by:

- the disposition of properties and lower occupancy in properties we are repositioning.

For 2022 YTD, adjusted direct property operating expense increased 9.0% primarily due to:

- a 10.5% increase in same property adjusted direct operating expense due to higher pandemic, agency staffing, utilities, food and supplies costs,
- additional expenses in our acquisitions and developments portfolio, and
- higher expenses in our LTC Discontinued Operations and repositioning properties,

partially offset by:

- lower expenses due to the disposition of properties.

For 2022 YTD, adjusted NOI decreased \$3.7 million or 1.8% primarily due to:

- a 10.2% decrease in same property adjusted NOI,
- the disposition of properties, and
- lower adjusted NOI in properties we are repositioning,

partially offset by:

- higher adjusted NOI from LTC Discontinued Operations primarily related to government funding for prior year incremental pandemic expenses, and
- higher contributions from our acquisitions and development portfolio.

For 2022 YTD, same property occupancy was lower than 2021 YTD by 0.6 percentage points.

Results of Operations by Reportable Segment

We monitor and operate our retirement and long term care properties separately. Our Retirement Operations segment includes 162 communities that we own and operate in four provinces in Canada: British Columbia, Alberta, Ontario, and Quebec. Our retirement residences provide services to age-qualified residents at rates, in most cases, set by Chartwell based on the services provided and market conditions. Our Long Term Care Operations segment is comprised of 20 homes in Ontario, including one retirement residence that is connected to a long term care home. Admission and funding for long term care is overseen by local government agencies. Where a residence provides more than one level of care, it has been designated to a segment according to the predominant level of care provided, type of licensing and funding provided, and internal management responsibility.

On March 31, 2022, we entered into a definitive agreement to sell our Long Term Care Operations segment with the exception of two long term care homes for which we will retain ownership and transition management to the purchaser of the platform and consequently have classified this segment as LTC Discontinued Operations effective March 31, 2022. The two Ontario long term care homes for which we retain ownership are not significant to our overall operations. These two homes are classified as dispositions, repositioning and other portfolio in our Long Term Care Operations segment in this MD&A. Upon completion of the sale, we will no longer manage these two homes and they will be monitored and reported with our retirement residences as part of our Retirement Operations segment which also includes four long term care homes in British Columbia, two of which were classified as assets held for sale in Q3 2022.

The accounting policies of each of our segments are the same as those for Chartwell except that these segments include Chartwell's proportionate share of its joint ventures. Certain G&A expenses are managed centrally by Chartwell and are not allocable to reportable operating segments. Chartwell has no material inter-segment revenue, transfers, or expenses.

The measure of segment profit or loss is Adjusted NOI (which is resident revenue less direct property operating expense, including Chartwell's proportionate share of its joint ventures' resident revenue and direct property operating expense).

Retirement Operations

The following table summarizes the composition of our Retirement Operations as at September 30, 2022:

	Properties	Composition of Suites					Total
		IL	ISLA	ISLS	AL	LTC	
Same Property							
100% Owned	97	662	2,953	7,676	977	201	12,469
Partially Owned ⁽¹⁾	44	593	4,285	2,993	472	-	8,343
Total same property owned	141	1,255	7,238	10,669	1,449	201	20,812
Acquisitions and development							
100% Owned – operating	10	136	306	832	167	-	1,441
Partially Owned – operating ⁽²⁾	5	-	885	255	93	-	1,233
Total acquisitions and development	15	136	1,191	1,087	260	-	2,674
Dispositions, repositioning and other							
100% Owned – operating	6	-	172	315	138	264	889
Partially Owned – operating	-	-	-	-	-	-	-
Total dispositions, repositioning and other	6	-	172	315	138	264	889
Total	162	1,391	8,601	12,071	1,847	465	24,375

(1) We own an 85% interest in three properties, a 50% interest in 40 properties, and a 42.5% interest in one property.

(2) We own a 60% interest in one property, a 50% interest in one property, a 45% interest in one property, and a 42.5% interest in two properties.

The following table presents the results of our Retirement Operations as at September 30, 2022:

(\$000s, except occupancy rates)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Adjusted resident revenue	189,505	175,633	13,872	551,910	526,215	25,695
<i>Comprised of:</i>						
Same property ⁽¹⁾	159,866	152,593	7,273	471,924	457,730	14,194
Acquisitions and development ⁽¹⁾	20,078	10,319	9,759	51,786	30,814	20,972
Dispositions, repositioning and other ⁽¹⁾	9,561	12,721	(3,160)	28,200	37,671	(9,471)
Adjusted direct property operating expense	130,215	118,739	11,476	382,333	343,628	38,705
<i>Comprised of:</i>						
Same property ⁽¹⁾	109,505	101,694	7,811	325,278	294,474	30,804
Acquisitions and development ⁽¹⁾	12,658	7,550	5,108	32,881	21,247	11,634
Dispositions, repositioning and other ⁽¹⁾	8,052	9,495	(1,443)	24,174	27,907	(3,733)
Adjusted NOI	59,290	56,894	2,396	169,577	182,587	(13,010)
<i>Comprised of:</i>						
Same property ⁽¹⁾	50,361	50,899	(538)	146,646	163,256	(16,610)
Acquisitions and development ⁽¹⁾	7,420	2,769	4,651	18,905	9,567	9,338
Dispositions, repositioning and other ⁽¹⁾	1,509	3,226	(1,717)	4,026	9,764	(5,738)
Weighted average occupancy rate -same property portfolio	77.6%	77.1%	0.5pp	77.2%	77.8%	(0.6pp)
Weighted average occupancy rate – acquisitions and development	73.8%	58.3%	15.5pp	71.0%	58.9%	12.1pp
Weighted average occupancy rate – dispositions, repositioning and other	66.1%	72.9%	(6.8pp)	66.1%	74.0%	(7.9pp)
Weighted average occupancy rate -total portfolio	76.7%	75.4%	1.3pp	76.1%	76.1%	-

(1) Non-GAAP; refer to the “Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI” section on page 23 of this MD&A for explanations of ‘Same property’ and ‘Acquisitions and development’, ‘Dispositions, repositioning and other’ and the significance of these metrics.

For Q3 2022, adjusted resident revenue increased 7.9% primarily due to:

- a 4.8% increase in same property adjusted resident revenue primarily from regular annual and market-based rental and service rate increases and higher occupancy,
 - higher revenue from acquisitions and developments,
- partially offset by:
- lower revenue from the disposition of properties and lower occupancy in properties that we are repositioning.

For Q3 2022, adjusted direct property operating expense increased 9.7% primarily due to:

- higher same property adjusted direct operating expenses of 7.7% primarily due to higher expenses in the following categories:
 - net pandemic expense in part due to lower government reimbursements,
 - agency staffing costs in our Ontario and Quebec platforms,
 - utilities, and
 - food,
 - additional expenses for acquisitions and developments,
 - higher expenses in our repositioning properties,
- partially offset by:
- the disposition of properties.

For Q3 2022, adjusted NOI increased \$2.4 million or 4.2% comprised as follows:

- higher NOI contributions from acquisitions and developments,
- lower same property adjusted NOI due to:
 - higher direct operating expenses
 - net pandemic expenses were \$4.4 million in Q3 2022 compared to net pandemic expense of \$0.7 million in Q3 2021, or \$3.7 million higher

partially offset by:

- increased revenue from regular annual and market-based rental and service rate increases and higher occupancy, and
- lower NOI from the disposition of properties and properties that we are repositioning.

For Q3 2022, the following identifies same property adjusted NOI trends by platform where they differ from the segment overall, if any, and provides net pandemic expense and / or recovery by platform:

- Our Western Canada platform same property adjusted NOI increased \$1.1 million or 8.9%. Revenue growth from regular annual and market-based rental and service rate increases and strong growth in occupancy offset increased direct operating expenses. Our Western Canada platform has not experienced agency staffing cost pressures. Net pandemic expense recoveries were \$0.2 million in Q3 2022 and \$0.4 million in Q3 2021.
- Our Ontario platform same property adjusted NOI decreased \$0.8 million or 3.0%. Our Ontario platform adjusted NOI was affected by factors consistent with the segment overall. Net pandemic expenses were \$2.9 million in Q3 2022 compared to net pandemic expense of \$1.2 million in Q3 2021, an increase of \$1.7 million.
- Our Quebec platform same property adjusted NOI decreased \$0.8 million or 8.3%. In addition to factors affecting the segment overall, in our Quebec platform adjusted NOI decreased due to lower occupancy. Net pandemic expenses were \$1.7 million in Q3 2022 compared to net pandemic recoveries of \$0.1 million in Q3 2021, an increase of \$1.8 million.

The following table summarizes our quarterly weighted average occupancy rates in our Retirement Operations same property portfolio:

	Q3 2022	Q3 2021	Change	Q2 2022	Change
Western Canada	85.6%	82.2%	3.4pp	84.0%	1.6pp
Ontario	75.0%	74.1%	0.9pp	74.5%	0.5pp
Quebec	76.6%	78.1%	(1.5pp)	76.4%	0.2pp
Same Property Retirement	77.6%	77.1%	0.5pp	77.0%	0.6pp

In Q3 2022, weighted average occupancy in our Retirement Operations same property portfolio was 77.6%, compared to 77.1% in Q3 2021 an increase of 0.5 percentage points. In Q3 2022, move-ins exceeded Q3 2021 by 6.0% and move outs were 3.3% lower than Q3 2021. All platforms experienced occupancy gains in Q3 2022 compared to Q2 2022.

For 2022 YTD, adjusted resident revenue increased 4.9% primarily due to:

- a 3.1% increase in same property adjusted resident revenue primarily due to increased revenue from regular annual market-based rental and service rate increases partially offset by lower occupancy,
- contributions from our acquisitions and developments,

partially offset by:

- lower revenue from the disposition of properties and lower occupancy in properties we are repositioning.

For 2022 YTD, adjusted direct property operating expense increased 11.3% primarily due to:

- higher same property adjusted direct operating expenses of 10.5% primarily due to higher expenses in the following categories:
 - net pandemic expenses in part due to lower government reimbursements,
 - agency staffing costs in Ontario and Quebec,
 - utilities,
 - food, and
 - supplies,
- higher expenses from acquisitions and developments,
- higher expenses in our repositioning properties,

partially offset by:

- the disposition of properties.

For 2022 YTD, adjusted NOI decreased \$13.0 million or 7.1% as follows:

- lower same property adjusted NOI of \$16.6 million or 10.2% due to:
 - higher direct operating expenses and lower occupancy,
 - Net pandemic expenses were \$12.0 million in 2022 YTD compared to net pandemic expense recoveries of \$5.5 million in 2021 YTD, or an increase of \$17.5 million, partially offset by:
 - increased revenue from regular annual and market-based rental and service rate increases.
- higher NOI contributions from acquisitions and developments, and
- lower NOI from the disposition of properties and properties that we are repositioning.

For 2022 YTD, the following identifies same property adjusted NOI trends by platform where they differ from the segment overall, if any, and provides net pandemic expense and recovery by platform:

- Our Western Canada platform same property adjusted NOI increased \$1.9 million or 4.7%. In addition to factors affecting the segment overall, our Western Canada platform adjusted NOI increased due to higher occupancy. Our Western Canada platform has not experienced agency staffing cost pressures. Net pandemic expense recoveries were \$1.2 million in 2022 YTD and \$3.2 million in 2021 YTD, a decrease of \$2.0 million.
- Our Ontario platform same property adjusted NOI decreased \$11.4 million or 12.6%. Our Ontario platform adjusted NOI was affected by factors consistent with the segment overall. Net pandemic expenses were \$8.3 million in 2022 YTD compared to net pandemic expense recoveries of \$1.5 million in 2021 YTD, an increase of \$9.8 million.
- Our Quebec platform same property adjusted NOI decreased \$7.1 million or 21.8%. In addition to factors affecting the segment overall, in our Quebec platform adjusted NOI decreased due to lower revenue as regular annual and market-based rental and service rate increases only partly offset lower occupancy. Net pandemic expenses were \$4.9 million in 2022 YTD compared to net pandemic expense recoveries of \$0.8 million in 2021 YTD, an increase of \$5.7 million.

Long Term Care Operations - LTC Discontinued Operations

The following table summarizes the composition of our Long Term Care Operations as at September 30, 2022:

	Properties	Composition of Suites/Beds					Total
		IL	ISLA	ISLS	AL	LTC	
Same property	-	-	-	-	-	-	-
Acquisitions and development	-	-	-	-	-	-	-
Dispositions, repositioning and other ⁽¹⁾	20	-	-	75	-	2,701	2,776
Total	20	-	-	75	-	2,701	2,776

(1) Includes one retirement residence (64 suites) connected to an LTC home and 11 retirement suites at another LTC home.

The following table presents the results of our Long Term Care Operations as at September 30, 2022:

(\$000s, except occupancy rates)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Adjusted resident revenue	68,566	63,055	5,511	212,957	195,274	17,683
<i>Comprised of:</i>						
Same property ⁽¹⁾	-	-	-	-	-	-
Acquisitions and development ⁽¹⁾	-	-	-	-	-	-
Dispositions, repositioning and other ⁽¹⁾	68,566	63,055	5,511	212,957	195,274	17,683
Adjusted direct property operating expense	62,741	55,694	7,047	186,941	178,590	8,351
<i>Comprised of:</i>						
Same property ⁽¹⁾	-	-	-	-	-	-
Acquisitions and development ⁽¹⁾	-	-	-	-	-	-
Dispositions, repositioning and other ⁽¹⁾	62,741	55,694	7,047	186,941	178,590	8,351
Adjusted NOI	5,825	7,361	(1,536)	26,016	16,684	9,332
<i>Comprised of:</i>						
Same property ⁽¹⁾	-	-	-	-	-	-
Acquisitions and development ⁽¹⁾	-	-	-	-	-	-
Dispositions, repositioning and other ⁽¹⁾	5,825	7,361	(1,536)	26,016	16,684	9,332
Weighted average occupancy rate - Dispositions, repositioning and other portfolio	90.8%	89.0%	1.8pp	90.0%	83.6%	6.4pp
Weighted average occupancy rate -total portfolio	90.8%	89.0%	1.8pp	90.0%	83.6%	6.4pp

(1) Non-GAAP; refer to the “Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI” section on page 23 of this MD&A for explanations of ‘Same property’ and ‘Acquisitions and development’, ‘Dispositions, repositioning and other’ and the significance of these metrics.

For Q3 2022, adjusted NOI decreased \$1.5 million due to lower preferred accommodation revenue, timing of flow through funding envelope expenditures and incremental pandemic expense funding partially offset by higher retirement accommodation and ancillary revenue.

For 2022 YTD, adjusted NOI increased \$9.3 million primarily due to recoveries of prior year incremental pandemic expenses of \$6.2 million, rebates of workers compensation costs for previous periods, lower net pandemic expenses, higher ancillary revenue and higher preferred and retirement accommodation revenues.

In March 2020, the Ontario government implemented directives to facilitate reducing capacity in rooms with shared accommodation for three or four occupants to a maximum of two occupants which, in our portfolio, reduced availability by 134 beds, of which 57 beds relate to the two properties we will retain. In addition, beds were also set aside to allow for isolation and cohorting of residents. The volume of beds set aside to allow for isolation and cohorting has been significantly reduced and these beds are returning to normal capacity. The directives limiting occupancy to a maximum of two occupants will remain in place and in September 2022, the Ontario government announced the gradual phasing out of level of care funding beginning in 2023 for these beds.

Weighted average occupancy in our total LTC portfolio for Q3 2022 was 90.8%, a 1.8 percentage point increase from Q3 2021 and 90.0% in 2022 YTD, a 6.4 percentage point increase from YTD 2021. Excluding the beds that are not available due to capacity restrictions, weighted average occupancy in our total LTC portfolio was 96.7% in Q3 2022 and 95.9% in 2022 YTD, with all but two homes expected to achieve the occupancy threshold to attain maximum funding.

Management and Other Fees

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Welltower	1,396	1,720	(324)	4,558	5,983	(1,425)
Long Term Care Homes ⁽¹⁾	391	362	28	1,192	1,084	107
Other	801	607	195	2,578	1,871	708
Total management and other fees	2,588	2,689	(101)	8,328	8,938	(610)

(1) Includes management fees relating to four third-party owned long term care homes.

In Q3 2022 and 2022 YTD, management and other fees decreased \$0.1 million and \$0.6 million, respectively, primarily due to lower performance-based fees. Effective March 31, 2022, our Long Term Care Operations segment was reclassified as discontinued operations. Please refer to the “2022 Outlook” section on page 12 of this MD&A. With the transition of our LTC Discontinued Operations, the transition of the management of the four third-party owned long term care homes that we currently manage, subject to required approvals, is expected in spring 2023.

Interest Income

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Interest income on loans receivable	202	201	1	599	711	(112)
Other interest income	116	54	62	248	385	(137)
Total interest income	318	255	63	847	1,096	(249)

Interest income on loans receivable remained relatively consistent in Q3 2022 as loan balances outstanding were the same. Interest income on loans receivable decreased \$0.1million in 2022 YTD primarily due to lower loan balances outstanding.

Other interest income fluctuates period to period based on cash balances. Interest income increased in Q3 2022, due to higher interest rates. Interest income decreased in 2022 YTD primarily due to lower cash balances.

General, Administrative and Trust Expenses

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
G&A expenses	11,215	9,652	1,563	40,307	34,695	5,612

In Q3 2022 G&A expenses increased \$1.6 million primarily due to higher severance, cloud-based information technology system implementations, education, and travel expenses partially offset by lower performance based compensation expense.

In 2022 YTD G&A expenses increased \$5.6 million primarily due to lower government subsidies and higher cloud-based information technology system implementations, severance, travel and education expenses partially offset by lower performance based compensation expense.

Finance Costs

The following table applies to continuing operations:

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Contractual interest expense on mortgages	13,886	13,758	128	41,178	41,813	(635)
Comprised of:						
Same property ⁽¹⁾	11,108	11,894	(786)	33,867	36,180	(2,313)
Acquisitions and development ⁽¹⁾	2,350	1,356	994	6,016	4,096	1,920
Dispositions, repositioning and other ⁽¹⁾	428	508	(80)	1,295	1,537	(242)
Interest expense on Debentures ⁽²⁾	3,501	3,501	-	10,388	10,388	-
Interest expense on Credit Facilities	2,464	433	2,031	4,438	1,214	3,224
Interest expense on Term Loans ⁽³⁾	1,327	1,953	(626)	3,673	6,189	(2,516)
	21,178	19,645	1,533	59,677	59,604	73
Amortization of finance costs and mark-to-market adjustments on assumed mortgages	1,134	1,565	(431)	3,590	3,892	(302)
	22,312	21,210	1,102	63,267	63,496	(229)
Interest capitalized to properties under development	(568)	(1,003)	435	(1,748)	(2,753)	1005
Distributions on Class B Units recorded as interest expense	234	234	-	702	702	-
Total finance costs, continuing operations	21,978	20,441	1,537	62,221	61,445	776

(1) Non-GAAP; refer to the "Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI" section on page 23 of this MD&A for explanations of 'Same property' and 'Acquisitions and development', 'Dispositions, repositioning and other' and the significance of these metrics.

(2) "Debentures" refers collectively to the "Series A Debentures" and the "Series B Debentures". See the "Liquidity and Capital Resources – Debt – Debentures" section on page 40 of this MD&A for details.

(3) "Term Loans" refers collectively to the Unsecured Term Loans and the Secured Term Loan. See the "Liquidity and Capital Resources – Debt – Term Loans" section on page 39 of this MD&A for details.

Contractual interest expense on mortgages increased \$0.1 million in Q3 2022 due to acquisition financings partially offset by lower mortgage balances in our same property portfolio. Contractual interest expense on mortgages decreased \$0.6 million in 2022 YTD primarily due to lower mortgage balances in our same property portfolio partially offset by acquisition financings. Contractual interest expense on our dispositions, repositioning and other portfolio decreased \$0.1 million in Q3 2022 and \$0.2 million 2022 YTD due to lower mortgage balances.

Interest expense on Credit Facilities increased in Q3 2022 and 2022 YTD primarily due to higher balances outstanding and higher interest rates.

Interest expense on Term Loans decreased in Q3 2022 and 2022 YTD primarily due to lower loans outstanding as a result of repayment of the \$50.0 million Secured Term loan and the \$100.0 million Unsecured Term loan in Q3 2021 partially offset by interest on the \$13.6 million secured term loan drawn in Q2 2022.

Interest capitalized to properties under development decreased in Q3 2022 and 2022 YTD due to lower investments in development.

The following table provides supplemental information related to finance costs for our Equity-Accounted JVs:

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Contractual interest expense on mortgages	458	482	(24)	1,337	1,352	(15)
Comprised of:						
Same property ⁽¹⁾	264	285	(21)	748	861	(113)
Acquisitions and development ⁽¹⁾	194	197	(3)	589	491	98
Dispositions, repositioning and other ⁽¹⁾	-	-	-	-	-	-
Amortization of finance costs	16	18	(2)	43	44	(1)
Total finance costs	474	500	(26)	1,380	1,396	(16)

(1) Non-GAAP; refer to the “Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI” section on page 23 of this MD&A for explanations of ‘Same property’ and ‘Acquisitions and development’ ‘Dispositions, repositioning and other’ and the significance of these metrics.

The following table provides supplemental information related to finance costs for our LTC Discontinued Operations:

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Contractual interest expense on mortgages	2,039	2,234	(195)	6,266	6,844	(578)
Comprised of:						
Same property ⁽¹⁾	-	-	-	-	-	-
Acquisitions and development ⁽¹⁾	-	-	-	-	-	-
Dispositions, repositioning and other ⁽¹⁾	2,039	2,234	(195)	6,266	6,844	(578)
Amortization of finance costs and mark-to-market adjustments on assumed mortgages	36	(127)	163	(56)	(395)	339
Total finance costs, LTC Discontinued Operations	2,075	2,107	(32)	6,210	6,449	(239)

(1) Non-GAAP; refer to the “Adjusted Resident Revenue, Adjusted Direct Property Operating Expense and Adjusted NOI” section on page 23 of this MD&A for explanations of ‘Same property’ and ‘Acquisitions and development’ ‘Dispositions, repositioning and other’ and the significance of these metrics.

Other Income/(Expense)

The following table applies to our continuing operations:

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Transaction costs arising on dispositions	(122)	(420)	298	(200)	(516)	316
Gain on sale of assets	656	149	507	1,626	6,986	(5,360)
Other income	184	216	(32)	741	557	184
Total other income/(expense)	718	(55)	773	2,167	7,027	(4,860)

Transaction costs arising on dispositions are expensed as incurred and fluctuate from period to period based on the timing and volume of transactions.

Gain on sale of assets increased \$0.5 million in Q3 2022 primarily due to higher proceeds from property damage claims. Gain on sale of assets decreased \$5.4 million in 2022 YTD primarily due to sale of 50% of our 85% interest in Chartwell Le Teasdale I in Q2 2021 as described in the “Joint Arrangements” section on page 18 of the MD&A.

Other Items

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Depreciation of PP&E and amortization of intangible assets	(39,767)	(37,828)	(1,939)	(115,881)	(114,945)	(936)
Change in fair value of financial instruments and foreign exchange gain/(loss)	9,054	4,274	4,780	18,856	(953)	19,809
Deferred income tax benefit/(expense)	2,248	2,724	(476)	2,718	3,362	(644)

Depreciation of PP&E and amortization of intangibles increased \$1.9 million in Q3 2022 primarily due to acquisitions and developments partially offset by a decrease in the property portfolio due to dispositions. For 2022 YTD, depreciation of PP&E and amortization of intangibles increased \$0.9 million primarily due to higher derecognition of PP&E and acquisitions and development, partially offset by lower depreciation on resident contracts.

Change in fair value of financial instruments and foreign exchange gain/(loss) is primarily resulting from changes in the market value of the underlying financial instruments. These amounts are expected to fluctuate from period to period due to changes in financial markets.

Change in deferred income tax benefit/(expense) in Q3 2022 and 2022 YTD is primarily due to reversal of temporary differences on the accounting and tax basis of PP&E and changes in fair value adjustments.

The following table provides Other Items related to our LTC Discontinued Operations:

(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Other expense	62	-	62	689	-	689
Depreciation of PP&E	-	2,143	(2,143)	1,816	6,838	(5,022)
Amortization of intangible assets	-	208	(208)	202	627	(425)

Other expense in Q3 2022 is primarily related to transaction costs for the LTC Transactions.

Depreciation of PP&E in Q3 2022 and 2022 YTD decreased \$2.1 million and \$5.0 million, respectively primarily due to sale of LTC Discontinued Operations resulting in cessation of depreciation and amortization of related assets effective March 31, 2022.

Cash Flow Analysis

The following table summarizes the significant changes in our operating, financing and investing cash flows between Q3 2022 and Q3 2021 using our consolidated statements of cash flows:

Cash Provided by (Used in):	Increase (Decrease) (\$millions)	Explanation
Operating activities	(11.1)	Change in cash flows from operating activities is primarily due to changes in working capital and higher interest paid, partially offset by higher adjusted NOI.
Financing activities	(28.0)	Change in cash flows from financing activities is due to higher mortgage repayments, Q3 2021 includes of proceeds from the offering of our Trust units for which there is not a comparable amount in Q3 2022, higher distributions as a result of the increased units outstanding from the offering of our Trust units in Q3 2021, and higher finance costs, partially offset by higher mortgage financing, draws on our credit facilities and repayment of our term loans in Q3 2021 for which there is not a comparable amount in Q3 2022.
Investing activities	(2.4)	Change in cash flows from investing activities is primarily due to higher additions to PP&E and intangible assets partially offset by higher proceeds from the disposition of assets.

The following table summarizes the significant changes in our operating, financing and investing cash flows between 2022 YTD and 2021 YTD using our consolidated statements of cash flows:

Cash Provided by (Used in):	Increase (Decrease) (\$millions)	Explanation
Operating activities	(9.2)	Change in cash flows from operating activities is primarily due to lower adjusted NOI and changes in working capital, partially offset by lower interest paid.
Financing activities	75.7	Change in cash flows from financing activities is due to higher draws on our Credit Facilities, higher proceeds from mortgage financing, and lower distributions paid in cash as a result of the reinstatement of our Distribution Reinvestment Plan ("DRIP"), partially offset by higher mortgage repayments, the repayment of term loans in Q3 2021, higher distributions as a result of the increased units outstanding from the offering of our Trust units in Q3 2021 and higher finance costs.
Investing activities	(144.1)	Change in cash flows from investing activities is primarily due to higher acquisition of assets and lower proceeds from the disposition of PP&E.

The following table summarizes the significant changes in our operating, financing and investing cash flows between Q3 2022 and Q3 2021 using our statements of cash flows for our LTC Discontinued Operations:

Cash Provided by (Used in):	Increase (Decrease) (\$millions)	Explanation
Operating activities	(0.4)	Change in cash flows from operating activities is primarily due to lower adjusted NOI partially offset by lower interest paid.
Financing activities	5.3	Change in cash flows from financing activities is due to lower mortgage repayments.
Investing activities	(0.8)	Change in cash flows from investing activities is primarily due to higher additions to PP&E.

The following table summarizes the significant changes in our operating, financing and investing cash flows between 2022 YTD and 2021 YTD using our statements of cash flows for our LTC Discontinued Operations:

Cash Provided by (Used in):	Increase (Decrease) (\$millions)	Explanation
Operating activities	9.2	Change in cash flows from operating activities is primarily due to higher adjusted NOI and lower interest paid.
Financing activities	4.9	Change in cash flows from financing activities is due to lower mortgage repayments.
Investing activities	(2.0)	Change in cash flows from investing activities is primarily due to higher additions to PP&E and intangible assets.

Liquidity and Capital Resources

Liquidity

Our liquidity and capital resources are used to fund capital investments in our properties, development and acquisition activities, servicing of our debt obligations, and distributions to our unitholders. Our principal source of liquidity is net operating income generated from our property operations. We also finance our operations through the use of property-specific mortgages, secured and unsecured Credit Facilities, secured and unsecured term loans, senior unsecured debentures, and equity financing.

At September 30, 2022, our liquidity was \$152.2 million as presented in the following table:

(\$000s)	September 30, 2022	December 31, 2021
Cash and cash equivalents	12,666	95,486
Available under Credit Facilities ⁽¹⁾	139,497	343,449
Total	152,163	438,935

(1) Refer to the "Liquidity and Capital Resources - Credit Facilities" section on page 39 of this MD&A for the determination and calculation of this amount.

In addition, at September 30, 2022, our share of cash and cash equivalents held in our Equity-Accounted JVs was \$3.5 million.

As at September 30, 2022, our current liabilities totalled \$575.3 million, exceeding our current assets of \$309.6 million, resulting in a working capital deficiency of \$265.7 million. Current liabilities include an amount of \$172.5 million of current mortgages payable, comprised of \$30.6 million related to maturing balances, and \$141.9 million related to principal amortization and unamortized mark-to-market adjustments net of unamortized finance costs. We expect to be able to meet all of our obligations as they become due utilizing some or all of the following sources of liquidity: (i) cash flow generated from our operations, (ii) property-specific mortgages, (iii) secured and unsecured Credit Facilities, and (iv) secured and unsecured term loans.

The net proceeds of the BC LTC Transaction and the LTC Transactions, estimated at \$334.2 million in total, are expected to be used, subject to market conditions, to pay down our Credit Facilities which have been used to fund growth in our retirement business through acquisition and development activity. Subject to market conditions, we also may continue to dispose of certain non-core assets and seek to raise funds through new secured and/or unsecured term loans, senior unsecured debentures or equity financing.

Debt

Our debt portfolio currently consists of property-specific mortgages, Credit Facilities, Term Loans, and Debentures. Our debt management objective is to maximize financial flexibility and to maintain a strong balance sheet by:

- accessing low-cost, long-term, fixed-rate debt and short-term, variable-rate financing
- managing interest rate risk by spreading debt maturities over time with the target of having no more than approximately 10% of the principal of our total debt maturing in any year
- proactively managing our short-term maturities and where appropriate, refinancing maturing mortgages with long-term debt, and
- growing our unencumbered asset pool.

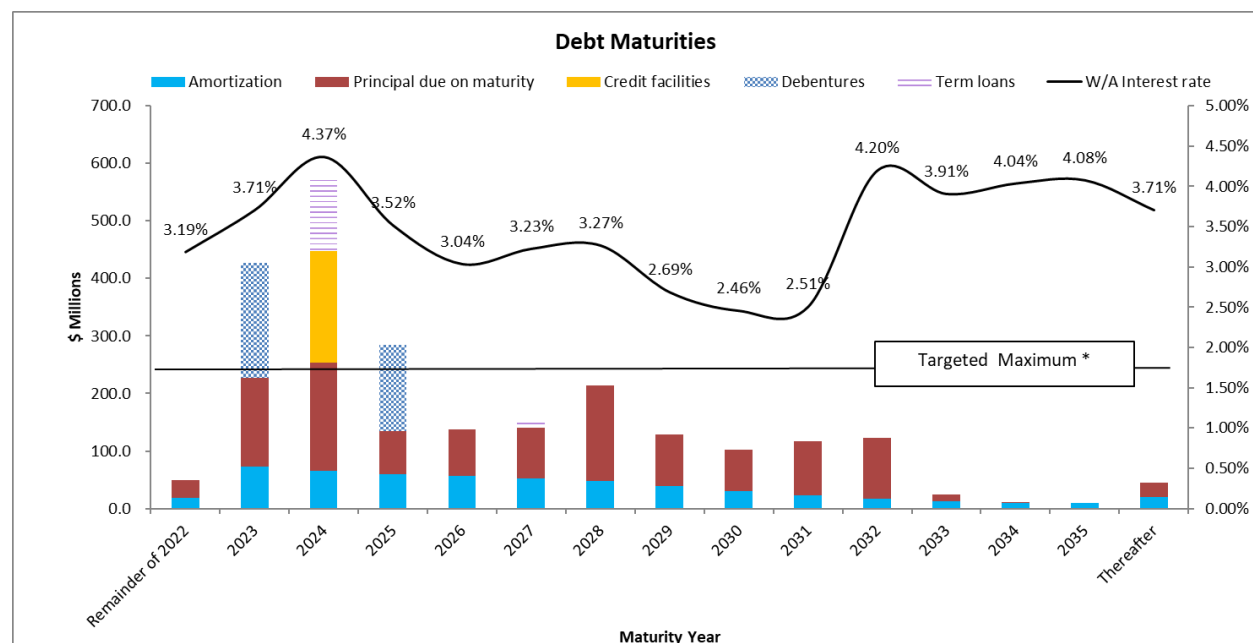
The following table summarizes the components of the principal balance of our debt at September 30, 2022 and December 31, 2021 for our continuing operations:

(\$000s)	September 30, 2022	December 31, 2021
Mortgages payable	1,720,406	1,904,057
Credit Facilities	193,000	-
Term Loans		
Unsecured term loans	125,000	125,000
Secured term loan	13,600	-
Debentures		
Series A Debentures	200,000	200,000
Series B Debentures	150,000	150,000
Total	2,402,006	2,379,057

The following table summarizes the scheduled principal maturity and weighted average interest rates for our debt portfolio at September 30, 2022 for our continuing operations:

(\$000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Mortgages	Weighted Average Interest Rate	Term Loans	Weighted Average Interest Rate	Credit Facilities	Weighted Average Interest Rate	Debentures	Weighted Average Interest Rate	Total	Consolidated Weighted Average Interest Rate
Remainder of 2022	18,302	30,565	48,867	3.19%	-	-	-	-	-	-	48,867	3.19%
2023	72,315	154,755	227,070	3.64%	-	-	-	-	200,000	3.79%	427,070	3.71%
2024	65,394	188,781	254,175	3.04%	125,000	3.70%	193,000	6.55%	-	-	527,175	4.37%
2025	59,178	75,285	134,463	2.74%	-	-	-	-	150,000	4.21%	284,463	3.52%
2026	56,163	81,845	138,008	3.04%	-	-	-	-	-	-	138,008	3.04%
2027	51,704	88,940	140,644	3.11%	13,600	4.44%	-	-	-	-	154,244	3.23%
2028	47,793	166,161	213,954	3.27%	-	-	-	-	-	-	213,954	3.27%
2029	38,543	90,382	128,925	2.69%	-	-	-	-	-	-	128,925	2.69%
2030	30,922	70,721	101,643	2.46%	-	-	-	-	-	-	101,643	2.46%
2031	23,093	94,588	117,681	2.51%	-	-	-	-	-	-	117,681	2.51%
2032	16,770	106,375	123,145	4.20%	-	-	-	-	-	-	123,145	4.20%
2033	12,077	13,078	25,155	3.91%	-	-	-	-	-	-	25,155	3.91%
2034	10,157	1,621	11,778	4.04%	-	-	-	-	-	-	11,778	4.04%
2035	9,755	-	9,755	4.08%	-	-	-	-	-	-	9,755	4.08%
Thereafter	20,165	24,978	45,143	3.71%	-	-	-	-	-	-	45,143	3.71%
Total	532,331	1,188,075	1,720,406	3.17%	138,600	3.78%	193,000	6.55%	350,000	3.97%	2,402,006	3.59%

The following chart provides a breakdown of our debt maturities at September 30, 2022 for our continuing operations:



* 10% of total debt = \$240.2 million

Mortgage Debt

We generally have access to low-cost mortgage financing insured by CMHC. As of September 30, 2022, approximately 87% of our mortgage debt for our continuing operations was CMHC insured. We intend to continue financing our properties through this program, including converting conventional mortgages to CMHC-insured debt upon renewal.

The following table summarizes the changes in the principal balance of our mortgage portfolio in 2022 YTD for our continuing operations:

	Balance (\$000s)	Weighted Average Term to Maturity (Years)	Weighted Average Interest Rate	% CMHC Insured
Principal balance at December 31, 2021	1,904,057	6.3	3.27%	77%
Payouts and matured in the period	(163,860)	-	3.76%	9%
Assumed mortgages	85,635	1.3	3.56%	0%
New mortgage financings	147,160	7.8	4.08%	97%
Amortizing principal repayments	(65,320)	N/A	N/A	N/A
Mortgages transferred to assets and liabilities held for sale and discontinued operations	(187,266)	-	-	(28%)
Principal balance at September 30, 2022	1,720,406	6.2	3.17%	87%
Mark-to-market adjustments on assumed mortgages	2,563			
Finance costs	(47,239)			
Mortgages payable at September 30, 2022	1,675,730			

New mortgage financings include three CMHC-insured mortgages totaling \$143.3 million with a weighted average interest rate of 4.14% and a weighted average term to maturity of 8 years and variable rate construction financing draws for one property under development of \$3.8 million.

The following table provides select financial statistics for our mortgage debt portfolio:

	At September 30, 2022			At December 31, 2021
	Fixed Rate	Variable Rate	Total	Total
Principal amount (\$000s)	1,687,182	33,224	1,720,406	1,904,057
Weighted average interest rate	3.14%	4.65%	3.17%	3.27%
Average term to maturity (years)	6.4	0.2	6.2	6.3

The following tables are supplemental information and summarize the components of our debt at September 30, 2022 and December 31, 2021 for our Equity-Accounted JVs:

(\$000s)	September 30, 2022	December 31, 2021
Principal balance of mortgages payable	52,346	52,549
Finance costs	(168)	(198)
Mortgages payable	52,178	52,351

(\$000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Principal Balance of Mortgages Payable	Weighted Average Interest Rate
Remainder of 2022	69	-	69	3.98%
2023	284	-	284	3.98%
2024	297	26,430	26,727	2.95%
2025	308	(1)	307	3.98%
2026	269	24,690	24,959	3.71%
Total	1,227	51,119	52,346	3.33%

The following tables are supplemental information and summarize the components of our debt at September 30, 2022 and December 31, 2021 for our LTC Discontinued Operations:

(\$000s)	September 30, 2022	December 31, 2021
Principal balance of mortgages payable	145,038	153,739
Mark to market adjustment on assumptions	2,829	3,411
Finance costs	(451)	(969)
Mortgages payable	147,416	156,181

(\$000s)	Amortizing Principal Payments	Principal Due at Maturity	Total Principal Balance of Mortgages Payable	Weighted Average Interest Rate
Remainder of 2022	2,963	-	2,963	7.00%
2023	10,429	5,477	15,906	6.69%
2024	5,874	36,348	42,222	5.55%
2025	4,233	3,947	8,180	5.98%
2026	4,381	-	4,381	6.64%
Thereafter	36,426	34,960	71,386	5.10%
Total	64,306	80,732	145,038	5.54%

Credit Facilities

The following table summarizes the available borrowing capacity on our Credit Facilities at September 30, 2022:

(\$000s)	Maximum Capacity	Available Capacity	Utilized for Letters of Credit	Net Available Capacity	Borrowed	Available Borrowing Capacity	Maturity Date
Secured credit facility ⁽¹⁾	300,000	238,850	(6,353)	232,497	(193,000)	39,497	May 29, 2024
Unsecured credit facility ⁽²⁾⁽³⁾	100,000	100,000	-	100,000	-	100,000	May 29, 2024
Total Credit Facilities	400,000	338,850	(6,353)	332,497	(193,000)	139,497	

(1) Available capacity is determined based on a formula that considers the lending value of the properties included in the secured asset pool. The factors impacting the lending value formula include property valuations, the mortgageability amount determined on the basis of NOI for the previous four quarters, and the secured collateral.

(2) Available capacity is determined by a minimum ratio of unencumbered property asset value to unsecured indebtedness of 1.3:1.

(3) An option to increase borrowing capacity by an additional \$50.0 million is available, subject to certain conditions.

The cost of our Credit Facilities is based on Chartwell's credit rating. At the current BBB(low) rating by DBRS, amounts borrowed under the secured credit facility bear interest at the banks' prime rate ("Prime") plus 115 basis points ("bps") or the Banker' Acceptance rate ("BA") plus 215 bps, and amounts borrowed under the unsecured credit facility bear interest at Prime plus 120 bps or BA plus 220 bps. Should Chartwell's credit rating be revised below BBB(low), amounts borrowed under the Credit Facilities would bear higher interest by an incremental 40 bps. The secured credit facility is secured by second-ranked charges on specific properties.

Our Credit Facilities are subject to various financial covenants including among others, debt service coverage ratio, secured indebtedness percentage ratio, minimum equity requirements and limitations on entering into certain investments and on the amount of cash distributions that can be paid to unitholders. In addition, the unsecured credit facility is subject to the minimum unencumbered asset ratio covenant. We were in compliance with these financial covenants as at September 30, 2022. Please refer to the "Financial Covenants" section on page 41 of this MD&A for calculations of these covenants.

Term Loans

On December 10, 2019, we entered into a \$125.0 million unsecured term loan outstanding with a Canadian chartered bank. The loan matures on May 31, 2024, and through an interest rate swap, bears a fixed interest rate of 3.70%.

On May 19, 2022, we entered into a \$13.6 million secured term loan agreement with a Canadian chartered bank. The loan matures on May 19, 2027, and through an interest rate swap bears interest at a fixed rate of 4.44%.

The Term Loans are subject to covenants that are generally consistent with the covenants on our Credit Facilities. Chartwell was in compliance with these covenants as at September 30, 2022. Please refer to the “Financial Covenants” section on page 41 of this MD&A for calculations of these covenants.

The following table summarizes the Term Loans outstanding as at September 30, 2022 and December 31, 2021:

September 30, 2022	Outstanding Principal	Financing costs, net	Carrying Value	Interest rate	Maturity date
Unsecured term loan	125,000	(199)	124,801	3.70%	May 31, 2024
Secured term loan	13,600	(84)	13,516	4.44%	May 19, 2027
Total	138,600	(283)	138,317		

December 31, 2021	Outstanding Principal	Financing costs, net	Carrying Value	Interest rate	Maturity date
Unsecured term loan	125,000	(291)	124,709	3.70%	May 31, 2024

Debentures

On June 9, 2017, we issued \$200.0 million of 3.786% Series A senior unsecured debentures (the “Series A Debentures”) due on December 11, 2023, with semi-annual interest payments due on June 11 and December 11 of each year commencing December 11, 2017. Debt finance costs of \$1.6 million were incurred and recorded against the principal owing.

On April 27, 2018, we issued \$150.0 million of 4.211% Series B senior unsecured debentures (the “Series B Debentures”) due on April 28, 2025, with semi-annual interest payments due on April 28 and October 28 of each year commencing October 28, 2018. Debt finance costs of \$1.1 million were incurred and recorded against the principal owing.

The following table summarizes the balance of our Debentures:

(\$000s)	As at September 30, 2022	As at December 31, 2021
Series A Debentures outstanding	200,000	200,000
Series B Debentures outstanding	150,000	150,000
Unamortized finance costs	(642)	(933)
Carrying value	349,358	349,067

Under the terms of the Debentures, Chartwell is required to meet certain financial covenants. These covenants include required interest coverage ratio, indebtedness percentage ratio and unencumbered asset ratio. Chartwell was in compliance with these financial covenants as at September 30, 2022. Please refer to the “Financial Covenants” section on page 41 of this MD&A for calculations of these covenants.

Credit Rating

On April 11, 2022, DBRS confirmed the BBB(low) rating of our Issuer Rating and the Senior Unsecured Debentures Rating with a negative trend as described in their report. (Details are available on their website at www.dbrsmorningstar.com.)

Financial Covenants

Our Credit Facilities, Term Loans and Debentures contain numerous financial covenants. Failure to comply with the covenants could result in a default, which, if not waived or cured, could result in adverse financial consequences. The following discussions provide the status of our various financial covenants related to our Credit Facilities, Term Loans and Debentures. All covenant calculations in this section are based on the definitions of various financial metrics as negotiated with the lenders and agents and as reflected in our Amended and Restated Credit Agreements for the Secured and Unsecured Facilities and our credit agreements for the Term Loans (together, the “Credit Agreements”), and in the trust indentures for the Debentures. These covenants are calculated in accordance with the respective agreement and may not be comparable to similar metrics used by other entities or to any GAAP measure.

Credit Facilities and Term Loans

1. Debt Service Coverage Ratio for Credit Facilities and Term Loans

We are required to maintain a minimum debt service coverage ratio of 1.20 on a rolling 12-month basis. Refer to the “Financial Covenants – Amendments to Covenants” section on page 48 of this MD&A.

(\$000s, except debt service coverage ratio)	12 months September 30, 2022	12 months December 31, 2021
Consolidated EBITDA for Credit Facilities and Term Loans ⁽¹⁾	238,077	237,205
Consolidated interest expense for Credit Facilities and Term Loans ⁽²⁾	88,566	89,091
Consolidated regularly scheduled debt principal payments for Credit Facilities and Term Loans ⁽³⁾	86,844	84,533
Consolidated debt service payments for Credit Facilities and Term Loans	175,410	173,624
Debt service coverage ratio for Credit Facilities and Term Loans	1.36	1.37

- (1) Refer to the “Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures” section on page 45 of this MD&A for the calculation of consolidated EBITDA for Credit Facilities and Term Loans.
- (2) Refer to the “Supporting Covenant Calculations – 2. Consolidated Interest Expense for Credit Facilities, Term Loans, and Debentures” section on page 45 of this MD&A for the calculation of consolidated interest expense for Credit Facilities and Term Loans.
- (3) Refer to the “Supporting Covenant Calculations – 3. Regularly Scheduled Debt Principal Payments for Credit Facilities” section on page 46 of this MD&A for the calculation of consolidated regularly scheduled debt principal payments for Credit Facilities and Term Loans.

2. Total Leverage Ratio for Credit Facilities and Term Loans

We are required to maintain a total leverage ratio below 65%.

(\$000s, except total leverage ratio)	As at September 30, 2022	As at December 31, 2021
Consolidated indebtedness for Credit Facilities and Term Loans ⁽¹⁾	2,619,423	2,452,018
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans ⁽²⁾	5,189,958	4,978,588
Total leverage ratio for Credit Facilities and Term Loans	50.5%	49.3%

- (1) Refer to the “Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures” section on page 46 of this MD&A for the calculation of consolidated indebtedness for Credit Facilities and Term Loans.
- (2) Refer to the “Supporting Covenant Calculations – 5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Term Loans and Aggregate Adjusted Assets for Debentures” section on page 46 of this MD&A for the calculation of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.

3. Adjusted Consolidated Unitholders' Equity Ratio for Credit Facilities and Term Loans

We are required to maintain an adjusted consolidated unitholders' equity of at least \$1.0 billion plus 75% of the net proceeds raised by further issuance of units after June 30, 2016.

At September 30, 2022, the minimum adjusted consolidated unitholders' equity requirement was \$1,338 million.

(\$000s)	As at September 30, 2022	As at December 31, 2021
Unitholders' equity per Financial Statements ⁽¹⁾	749,432	826,111
Adjustment for accumulated depreciation and amortization for Credit Facilities and Term Loans ⁽²⁾⁽³⁾	1,369,536	1,293,608
Class B Units	14,217	18,089
Deferred Trust Units ("DTUs")	11,132	12,939
Adjusted consolidated unitholders' equity for Credit Facilities and Term Loans	2,144,317	2,150,747

(1) On August 25, 2021, Chartwell completed a Public Offering of 15,490,500 Trust Units at \$13 per Trust Unit.

(2) Includes accumulated depreciation of PP&E and amortization of intangible assets for Equity-Accounted JVs of \$30.4 million at September 30, 2022 (\$28.6 million at December 31, 2021) and fully amortized assets of \$279.9 million at September 30, 2022 (\$270.6 million at December 31, 2021).

(3) Includes accumulated depreciation of PP&E and amortization of intangible assets for LTC Discontinued Operations of \$72.7 million at September 30, 2022 (\$71.1 million at December 31, 2021) and fully amortized assets of \$1.6 million at September 30, 2022 (\$1.6 million at December 31, 2021).

4. Payment of Cash Distributions for Credit Facilities and Term Loans

Our Credit Facilities require that our cash distributions do not exceed 100% of our AFFO for Credit Facilities.

(\$000s, except percentage of AFFO)	12 Months September 30, 2022	12 Months December 31, 2021
Distributions declared on Trust Units	143,019	136,227
Distributions on Class B Units	937	937
Distributions on DTUs	682	626
Total distributions for Credit Facilities and Term Loans	144,638	137,790
Less:		
Non-cash distributions settled by DRIP ⁽¹⁾	35,462	19,430
Non-cash distributions applied to Executive Unit Purchase Plan ("EUPP")	1,142	1,120
Non-cash distributions applied to DTUs	682	626
Cash distributions for Credit Facilities and Term Loans	107,352	116,614
AFFO for Credit Facilities and Term Loans ⁽²⁾	120,443	122,168
Cash distributions as a percentage of AFFO for Credit Facilities	89.1%	95.5%

(1) DRIP was reinstated, effective with the May 31, 2021, distribution paid on June 15, 2021.

(2) Refer to the "Supporting Covenant Calculations – 6. Adjusted Funds from Operations for Credit Facilities and Term Loans" section on page 47 of this MD&A for the calculation of AFFO for Credit Facilities and Term Loans.

5. Investment Restrictions for Credit Facilities and Term Loans

Our Credit Agreements include certain restrictions on investments in certain joint ventures, loans receivable and properties held for development as follows:

(\$000s)	Threshold as of September 30, 2022	As at September 30, 2022	As at December 31, 2021
Non-qualifying joint ventures and investments ⁽¹⁾	259,498	-	-
Loans receivable ⁽²⁾	778,494	8,009	8,009
Investments in property held for development/construction as defined in the Credit Facilities and Term Loans ⁽²⁾	778,494	112,356	85,864
Combined ⁽³⁾	1,297,490	120,365	93,873

(1) Limit of 5% of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.

(2) Limit of 15% of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.

(3) Limit of 25% of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.

The following financial covenants are only applicable to the unsecured credit facility and Term Loans:

6. Secured Indebtedness Ratio for the unsecured credit facility and Term Loans

We are required to maintain a secured indebtedness to adjusted consolidated gross book value of assets ratio of below 55%.

(\$000s, except secured indebtedness ratio)	As at September 30, 2022	As at December 31, 2021
Secured indebtedness for the unsecured credit facility and Term Loans ⁽¹⁾	2,124,390	1,956,606
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans ⁽²⁾	5,189,958	4,978,588
Secured indebtedness ratio for the unsecured credit facility and Term Loans	40.9%	39.3%

(1) Refer to the “Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures” section on page 46 of this MD&A for the calculation of secured indebtedness for Credit Facilities and Term Loans.

(2) Refer to the “Supporting Covenant Calculations — 5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Term Loans and Aggregate Adjusted Assets for Debentures” section on page 46 of this MD&A for the calculation of adjusted consolidated gross book value of assets for Credit Facilities and Term Loans.

7. Unencumbered Property Asset Ratio for the unsecured credit facility and Term Loans

We are required to maintain the unencumbered property asset value at more than 1.3 times our consolidated unsecured indebtedness.

(\$000s, except unencumbered property asset ratio)	As at September 30, 2022	As at December 31, 2021
Unencumbered property asset value for the unsecured credit facility and Term Loans ⁽¹⁾	1,090,500	997,750
Unsecured indebtedness for the unsecured credit facility and Term Loans ⁽²⁾	495,033	495,412
Unencumbered property asset ratio for the unsecured credit facility and Term Loans	2.2	2.0

(1) Includes 38 properties valued at \$1090.5 million as of September 30, 2022 (36 properties valued at \$997.8 million as of December 31, 2021) of which four properties valued at \$49.9 million relate to our LTC Discontinued Operations. The value is based on third-party appraisals that are dated no longer than two years from the applicable determination date.

(2) Refer to the “Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures” section on page 46 of this MD&A for the calculation of unsecured indebtedness for the Credit Facilities and Term Loans.

Debentures

1. Consolidated EBITDA to Consolidated Interest Expense Ratio for Debentures (“Interest Coverage Ratio for Debentures”)

We are required at all times to maintain an Interest Coverage Ratio for Debentures of not less than 1.65 on a proforma basis and calculated based on the definitions for the Debentures.

(\$000s, except Interest Coverage Ratio)	12 months September 30, 2022	12 months December 31, 2021
Consolidated EBITDA for Debentures ⁽¹⁾	232,547	232,898
Consolidated interest expense for Debentures ⁽²⁾	88,174	84,330
Interest Coverage Ratio for Debentures	2.6	2.8

(1) Refer to the “Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures” section on page 45 of this MD&A for the calculation of consolidated EBITDA for Debentures.

(2) Refer to the “Supporting Covenant Calculations – 2. Consolidated Interest Expense for Credit Facilities, Terms Loans, and Debentures” section on page 45 of this MD&A for the calculation of consolidated interest expense for Debentures.

2. Indebtedness Percentage for Debentures

We are required to maintain a ratio of consolidated indebtedness to aggregate adjusted assets of less than or equal to 65%.

(\$000s, except indebtedness percentage)	September 30, 2022	December 31, 2021
Consolidated indebtedness for Debentures ⁽¹⁾	2,595,896	2,343,757
Aggregate adjusted assets for Debentures ⁽²⁾	5,173,743	4,877,979
Indebtedness percentage for Debentures	50.2%	48.0%

(1) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 46 of this MD&A for the calculation of consolidated indebtedness for Debentures.

(2) Refer to the "Supporting Covenant Calculations — 5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Term Loans and Aggregate Adjusted Assets for Debentures" section on page 4646 of this MD&A for the calculation of aggregate adjusted assets for Debentures.

3. Coverage Ratio for Debentures

We are required to maintain a ratio of unencumbered aggregate adjusted assets to the aggregate principal amount of outstanding consolidated unsecured indebtedness of not less than 1.3 on a proforma basis giving effect to the transactions completed to the date of this MD&A and calculated based on the definition in the Supplemental Trust Indentures.

(\$000s, except ratio)	September 30, 2022	December 31, 2021
Unencumbered aggregate adjusted assets for Debentures ⁽¹⁾	1,090,500	997,750
Unsecured indebtedness for Debentures ⁽²⁾	487,721	487,760
Coverage ratio for Debentures	2.2	2.0

(1) Includes 38 properties valued at \$1090.5 million as of September 30, 2022 of which four properties valued at \$49.9 million relate to our LTC Discontinued Operations (36 properties valued at \$997.8 million as of December 31, 2021). The property values are based on third-party appraisals that are dated no longer than two years from the applicable determination date.

(2) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 46 of this MD&A for the calculation of unsecured indebtedness for the Debentures.

Supporting Covenant Calculations

1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures

The following table provides the calculation of consolidated EBITDA for the Credit Facilities, Term Loans, and Debentures.

(\$000s)	12 months December 31, 2021	Subtract: 2021 YTD	Add: 2022 YTD	Rolling 12 months September 30, 2022
Net income	10,132	(8,600)	2,068	20,800
Gain on disposal of assets ⁽¹⁾	(44,893)	(7,009)	(1,626)	(39,510)
Transaction costs ⁽¹⁾	1,374	516	889	1,747
Impairment losses	850	-	-	850
Non-cash change in fair value of financial instruments and foreign exchange loss/(gain) ⁽¹⁾	(1,937)	507	(21,890)	(24,334)
Consolidated net income/(loss) for Credit Facilities and Term Loans	(34,474)	(14,586)	(20,559)	(40,447)
Consolidated finance costs ⁽¹⁾	91,339	69,290	69,811	91,860
Consolidated depreciation of PP&E and amortization of intangible assets ⁽¹⁾	172,721	125,132	119,750	167,339
Consolidated income tax expense/(benefit)	984	(3,362)	(2,718)	1,628
Principal portion of capital funding	6,635	4,993	5,063	6,705
Net pandemic expenses ⁽²⁾	-	-	10,992	10,992
Consolidated EBITDA for Credit Facilities and Term Loans	237,205	181,467	182,339	238,077
Proforma adjustments ⁽³⁾	(4,307)			5,462
Less: Net pandemic expenses ⁽²⁾	-		(10,992)	(10,992)
Consolidated EBITDA for Debentures	232,898			232,547

(1) Non-GAAP; includes Chartwell's proportionate share of Equity-Accounted JVs and LTC Discontinued Operations.

(2) Amended to exclude incremental direct operating expenses from January 1, 2022, to June 30, 2022 and net reimbursement of such expenses (if any) from the definition of EBITDA for the purpose of the calculation of our debt service coverage for the periods ending at the earlier of December 31, 2023 and the maturity of the applicable credit agreement and as such excludes \$9.4 million of prior period reimbursement recognized in 2022 YTD.

(3) Adjusted to reflect a full-year impact of acquisitions and dispositions completed during the reporting period, on a proforma basis.

2. Consolidated Interest Expense for Credit Facilities, Term Loans, and Debentures

The following table provides the calculation of consolidated interest expense for Credit Facilities, Term Loans, and Debentures.

(\$000s)	12 months December 31, 2021	Subtract: 2021 YTD	Add: 2022 YTD	Rolling 12 months September 30, 2022
Interest on mortgages ⁽¹⁾	66,204	50,014	48,781	64,971
Interest on Debentures	13,888	10,388	10,388	13,888
Interest on Credit Facilities	1,636	1,214	4,438	4,860
Interest on Term Loans	7,363	6,189	3,673	4,847
Consolidated interest expense for Credit Facilities and Term Loans	89,091	67,805	67,280	88,566
Proforma adjustments ⁽²⁾	(4,761)			392
Consolidated interest expense for Debentures	84,330			88,174

(1) Non-GAAP; includes Chartwell's proportionate share of Equity-Accounted JVs and LTC Discontinued Operations.

(2) Adjusted to reflect a full-year impact of acquisitions, dispositions and financings completed during the reporting period, on a proforma basis.

3. Regularly Scheduled Debt Principal Payments for Credit Facilities and Term Loans

The following table summarizes regularly scheduled principal debt payments for the Credit Facilities and Term Loans.

(\$000s)	12 months December 31, 2021	Subtract: 2021 YTD	Add: 2022 YTD	Rolling 12 months September 30, 2022
Regularly scheduled debt principal payments per Financial Statements	84,017	62,821	65,320	86,516
Regularly scheduled debt principal payments for equity-accounted entities	516	393	205	328
Regularly scheduled debt principal payments for LTC Discontinued Operations	2,050			1,218
Regularly scheduled debt principal payments for Credit Facilities and Term Loans	84,533			86,844

4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures

The following table provides the calculation of consolidated indebtedness for Credit Facilities, Term Loans, and Debentures.

(\$000s)	September 30, 2022	December 31, 2021
Principal balance of mortgages payable	1,720,406	1,904,057
Principal balance of mortgages payable related to Equity-Accounted JVs	52,346	52,549
Principal balance of mortgages payable related to LTC Discontinued Operations	145,038	-
Outstanding amount on secured credit facility	193,000	-
Outstanding amount on secured Term Loan	13,600	-
Secured indebtedness for the unsecured credit facility and Term Loans	2,124,390	1,956,606
Principal balance of Debentures	350,000	350,000
Unsecured term loans	125,000	125,000
Capital lease obligations ⁽¹⁾	12,721	12,760
Unsecured indebtedness for Debentures	487,721	487,760
Outstanding letters of credit	6,353	6,466
Third-party guarantees	959	1,186
Unsecured indebtedness for Credit Facilities and Term Loans	495,033	495,412
Consolidated indebtedness for Credit Facilities and Term Loans	2,619,423	2,452,018
Add (Subtract):		
Outstanding letters of credit	(6,353)	(6,466)
Third-party guarantees	(959)	(1,186)
Cash and cash equivalents	(12,666)	(95,486)
Cash and cash equivalents of Equity-Accounted JVs	(3,549)	(5,123)
Cash and cash equivalents of LTC Discontinued Operations	-	-
Consolidated indebtedness for Debentures	2,595,896	2,343,757

(1) Includes capital lease obligations related to LTC Discontinued Operations of \$4.2 million at September 30, 2022 (\$4.3 million at December 31, 2021) and capital lease obligations related to joint ventures of \$0.2 million at September 30, 2022 (\$0.2 million at December 31, 2021).

5. Adjusted Consolidated Gross Book Value of Assets for Credit Facilities and Term Loans and Aggregate Adjusted Assets for Debentures

The following table provides the calculations of both the adjusted consolidated gross book value of assets for Credit Facilities and Term Loans and the aggregate adjusted assets for Debentures.

(\$000s)	September 30, 2022	December 31, 2021
Book value of assets ⁽¹⁾	3,607,475	3,472,033
Gross book value adjustment on IFRS transition	212,947	212,947
Adjustment for accumulated depreciation and amortization for Credit Facilities and Term Loans ⁽²⁾⁽³⁾	1,369,536	1,293,608
Adjusted consolidated gross book value of assets for Credit Facilities and Term Loans	5,189,958	4,978,588
<i>Add (Subtract):</i>		
Cash and cash equivalents	(12,666)	(95,486)
Cash and cash equivalents of Equity-Accounted JVs	(3,549)	(5,123)
Cash and cash equivalents of LTC Discontinued Operations	-	-
Aggregate adjusted assets for Debentures	5,173,743	4,877,979

(1) Non-GAAP; includes Chartwell's proportionate share of Equity-Accounted JVs and LTC Discontinued Operations.

(2) Includes accumulated depreciation of PP&E and amortization of intangible assets for Equity-Accounted JVs of \$30.4 million at September 30, 2022 (\$28.6 million at December 31, 2021) and fully amortized assets of \$279.9 million at September 30, 2022 (\$270.6 million at December 31, 2021).

(3) Includes accumulated depreciation of PP&E and amortization of intangible assets for LTC Discontinued Operations of \$72.7 million at September 30, 2022 (\$71.1 million at December 31, 2021) and fully amortized assets of \$1.6 million at September 30, 2022 (\$1.6 million at December 31, 2021).

6. Adjusted Funds from Operations for Credit Facilities and Term Loans

AFFO for Credit Facilities and Term Loans is calculated based on the definition used in our Credit Agreements and is likely not comparable to similar measures used by other entities. In accordance with the Credit Agreements, AFFO is calculated by adding or subtracting certain items measured to or from FFO as follows where, as required by the agreement, all such items are adjusted to account for our Equity-Accounted JVs using the proportionate consolidation method and LTC Discontinued Operations:

Principal portion of capital funding receivable: This item represents the principal portion of the cash flow stream provided in the respective period by the Ontario Ministry of Long Term Care to long term care homes which meet certain design criteria.

Income guarantees: This item represents amounts due from vendors of acquired residences under the applicable purchase and sale agreement. It is generally applicable to residences in lease-up.

Amortization of finance costs and fair value adjustments on assumed mortgages: Adjustments for non-cash interest expense items and to account for interest expense based on the contractual terms of the underlying debt.

Finance cost reserve: This reserve represents normalized costs of refinancing our mortgages, estimated at 60 basis points, applied to the debt balances outstanding at the end of the reporting period and taking into account weighted average term to maturity of our mortgage portfolio.

Net Pandemic Expense: Amendment to exclude incremental direct operating expenses directly related to the COVID-19 pandemic for the period from January 1, 2022 to June 30, 2022 and net reimbursement of such expenses (if any) for the periods ending at the earlier of December 31, 2023 and the maturity of the applicable credit agreement.

Capital maintenance reserve: Capital maintenance reserve is estimated at 2% of property revenue.

The following table provides the calculation of AFFO for Credit Facilities and Term Loans for the purposes of the covenant calculations in the Credit Agreements:

(\$000s)	12 Months September 30, 2022	12 Months December 31, 2021
FFO ⁽¹⁾	121,994	132,262
<i>Add (Subtract) amounts as defined in the Credit Agreements:</i>		
Principal portion of capital funding receivable	6,703	6,635
Income guarantees ⁽²⁾	-	2,033
Amortization of finance costs and fair value adjustments on assumed mortgages ⁽³⁾	2,891	2,440
Finance cost reserve	(1,967)	(1,899)
Net Pandemic Expense ⁽⁴⁾	10,992	-
AFFO for Credit Facilities and Term Loans before capital maintenance reserve		
Capital maintenance reserve - 2% of property revenue	(20,170)	(19,303)
AFFO for Credit Facilities and Term Loans	120,443	122,168

- (1) Non-GAAP; refer to the “Additional Information on Non-GAAP Financial Measures – Funds from Operations” section on page 55 of this MD&A for a discussion of the nature of various adjustments made in FFO calculations.
- (2) Non-GAAP; refer to the preamble to this table. Includes Chartwell’s proportionate share of Equity-Accounted JVs.
- (3) Non-GAAP; 2022 excludes \$1.9 million of amortization of finance costs incurred in respect of renewal of our Credit Facilities and Debentures (2021 - \$2.3 million).
- (4) Incremental direct operating expenses directly related to the COVID-19 pandemic for the period from January 1, 2022 to June 30, 2022 and net reimbursement of such expenses (if any) and as such excludes \$9.4 million of prior period reimbursements recognized in 2022 YTD.

Amendments to Covenants

Due to the uncertainty caused by the pandemic as described in the “COVID-19 Business Impacts and Related Risks” section on page 6 of this MD&A, we amended our debt service coverage ratios in various credit agreements. The debt service coverage ratio was reduced from 1.4 to 1.2 for the period ending at the earlier of December 31, 2023, and the maturity date of the applicable credit agreement.

In addition, during Q1 2022, we entered into additional amending agreements to exclude incremental direct operating expenses directly related to the COVID-19 pandemic from January 1, 2022 to June 30, 2022 and net reimbursement of such expenses (if any) from the definition of EBIDTA or AFFO for the purpose of the calculation of our debt service coverage and AFFO payout ratios for the periods ending at the earlier of December 31, 2023 and the maturity of the applicable credit agreement.

The amended loans are: the Credit Facilities, the unsecured term loan, the Large Borrower Agreement (“LBA”) with CMHC, the mortgage for our head office, and certain other property-level mortgages.

Total Equity

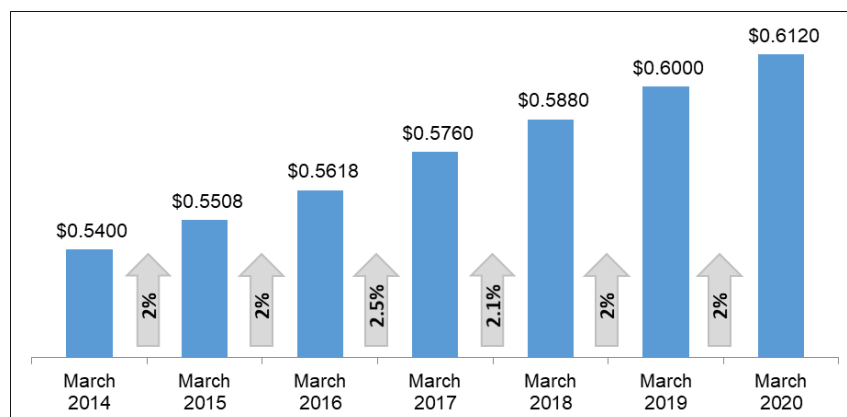
The following table summarizes changes in the number of outstanding units during 2022 YTD:

	Trust Units	Trust Units under EUPP	Class B Units	DTUs	Total Equity ⁽¹⁾
Balance December 31, 2021	231,226,547	1,845,284	1,530,360	1,094,679	235,696,870
Trust Units issued pursuant to DRIP	2,330,870	-	-	-	2,330,870
Trust Units issued under EUPP	-	180,789	-	-	180,789
Trust Units released on settlement of EUPP receivable	119,807	(119,807)	-	-	-
DTUs issued	-	-	-	59,113	59,113
Distributions on DTUs	-	-	-	44,460	44,460
Balance September 30, 2022	233,677,224	1,906,266	1,530,360	1,198,252	238,312,102

- (1) Non-GAAP; includes Class B Units and DTUs which are classified as liabilities in our Financial Statements.

Distributions

The following chart summarizes increases in our annualized per unit distributions since 2014:



The following table summarizes distributions declared on Trust Units in Q3 2022, 2022 YTD, 2021 and 2020 in relation to cash flows from operating activities and net income/(loss):

(\$000s)	Q3 2022	2022 YTD	2021	2020
Cash flows from operating activities	41,788	96,747	156,323	184,286
Net income/(loss)	4,278	2,068	10,132	14,879
Finance costs included in cash flow from financing activities	(6,129)	(8,199)	(8,434)	(7,751)
Distributions declared on Trust Units	35,950	107,446	136,227	131,259
Excess/(deficit) of cash flows from operating activities over distributions declared on Trust Units	5,838	(10,699)	20,096	53,027
Excess/(deficit) of cash flows from operating activities less finance costs included in cash flow from financing activities over distributions declared on Trust Units	(291)	(18,898)	11,662	45,276
Deficit of net income over distributions declared on Trust Units	(31,672)	(105,378)	(126,095)	(116,380)

The declaration and payment of future distributions is at the discretion of the Board of Trustees of Chartwell (the “Trustees”). The Trustees rely upon forward-looking cash flow information including forecasts and budgets, results of operations, requirements for capital expenditures and working capital, future financial prospects of the Trust, debt covenants and obligations, and any other factors considered relevant by them in setting the distribution rate. The Trustees do not use net income/(loss) as determined in accordance with GAAP as the basis for establishing the level of distributions to unitholders as it includes items that we do not believe are informative or reflective of the factors described above that are used in and considered relevant in the setting of distribution rates. The items that are included in net income/(loss) and are not used or considered relevant include, among other items, distributions on Class B Units which are recorded as interest expense, non-cash depreciation and amortization, changes in fair values of certain liabilities and impairment losses. We believe that, with the appropriate level of capital reinvestment in our properties, their income-generating potential does not generally diminish over time.

The pandemic introduced significant uncertainties as discussed in the “COVID-19 Business Impacts and Related Risks” and the “2022 Outlook” section of this MD&A. The Trustees continue to monitor the impact of the pandemic, including expected timing and pace of occupancy recovery and expense stabilization on Chartwell’s business and will exercise their discretion with respect to setting distribution rates accordingly.

The excess of distributions over cash flows from operating activities in 2022 YTD and the excess of distributions over cash flows from operating activities less finance costs included in cash flow from financing activities in Q3 2022 and in 2022 YTD are primarily due to the impact of the pandemic on our operations and timing in working capital changes which have been financed utilizing our Credit Facilities.

Throughout the pandemic we prioritized the needs of our residents and support for our employees, while balancing interests of our stakeholders, including unitholders, and we chose to maintain our distributions. The impact of the pandemic on our occupancies, NOI, FFO and cash flows has been significant. As a result

our current cash flow from operating activities does not fully cover our finance costs, capital investments and distributions.

We believe that the operational, sales, marketing, and portfolio optimization strategies we have put in place will result in improvements in our occupancies and cash flows in 2023 and beyond. We believe that with the available capacity on our Credit Facilities, access to CMHC insured and other financing sources, and the expected proceeds from the previously announced asset sales, we will have sufficient liquidity to finance our planned business activities and distributions.

In response to market disruptions caused by the pandemic, on March 16, 2020, we announced a temporary suspension of our DRIP, effective with the April 2020 distributions paid on May 15, 2020. Effective with the May 2021 distribution paid on June 15, 2021, our DRIP was reinstated. The DRIP allows unitholders to reinvest their distributions into new units of Chartwell, including a 3% bonus distribution with no commissions. This facilitates unitholders' ability to realize the benefits of compound growth in their investment. Unitholders can enroll in our DRIP by contacting their investment advisor. For Q3 2022, our average unitholder participation was 24.8%.

Capital Investments

We regularly reinvest capital in our owned property portfolio with the goal of growing our property NOI and protecting and maintaining our properties. Capital projects have remained below pre-pandemic levels into 2022 primarily due to continued pandemic-related restrictions.

The following table summarizes our capital investments in 2022 YTD and 2021 YTD for our continuing operations:

(\$000s)	2022 YTD ⁽¹⁾	2021 YTD ⁽²⁾
Building improvements	24,393	26,121
Mechanical and electrical ("M&E")	10,612	8,823
Suite improvements and upgrades	12,547	7,222
Interior improvements and upgrades	3,539	2,037
Furniture, fixtures and equipment	4,992	3,382
Communications and information systems	2,051	2,514
	58,134	50,099
Properties under development	24,925	33,829
Total capital investments	83,059	83,928

(1) Includes 162 properties (19,791 suites) at Chartwell's share of ownership.

(2) Includes 162 properties (19,496 suites) at Chartwell's share of ownership.

The following table is supplemental information and summarizes capital investments in our Equity-Accounted JVs in 2022 YTD and 2021 YTD not included in the table above:

(\$000s)	2022 YTD	2021 YTD
Capital investments in Equity-Accounted JVs	1,232	1,123

Building Improvements

This category primarily includes investments in facades, balconies, garages, elevators and parking lots. In addition to preserving the existing revenue generating capacity and value of our properties, these investments support occupancy growth due to improved physical appearance of the property, growth in ancillary property revenues (e.g., parking rates) and operating cost savings (e.g., energy efficient windows and doors, improved building insulation).

In 2022 YTD, we completed 105 major building improvement projects valued over \$50,000 each, totaling \$23.4 million (2021 YTD – 94 projects totaling \$23.0 million). In addition, included in this category are the acquisitions of three condominium suites at one of our properties in British Columbia totaling \$1.2 million (2021 YTD – five condominium suites for \$1.7 million).

Mechanical and Electrical

This category primarily includes investments in heating, air conditioning and ventilation systems, fire safety systems, including sprinklers and lighting systems. These investments are generally expected to result in energy cost savings and lower equipment maintenance costs over time.

In 2022 YTD, we completed 64 major M&E projects valued over \$50,000 each, totaling \$8.2 million (2021 YTD – 63 projects totaling \$6.7 million).

Suite Improvements and Upgrades

This category includes capital investments in resident suites. We have a developed and maintain a program of strategic capital allocation to resident suite upgrades. These discretionary investments are made to improve the competitive position of our properties in the market and to allow for higher rental rate increases on suite turnover. In most cases, in addition to regular painting, resident suite upgrades include flooring upgrades and/or, full renovations of bathrooms and kitchens.

In 2022 YTD, we invested in strategic suite upgrade programs in 46 properties (2021 YTD – 37 properties).

Interior Improvements and Upgrades

This category includes investments in common areas of our properties that are made primarily to improve their marketability and improved functionality for our residents. These investments include upgrades to property resident amenity areas, such as hallways, dining rooms, lounges, theatres, etc.

In 2022 YTD, we invested in strategic common area upgrade programs in 26 properties (2021 YTD – 14 properties).

Furniture, Fixtures and Equipment

This category primarily includes investments in resident area and model suite furnishings and equipment, including upgrades to commercial kitchens and investments in resident transportation programs. These investments are primarily made to improve competitiveness of our properties and to provide enhanced services to our residents.

Communication and Information Services

This category includes investments in telecommunication systems, including emergency call systems and computer hardware.

LTC Discontinued Operations

The following table is supplemental information and summarizes capital investments in our LTC Discontinued Operations in 2022 YTD and 2021 YTD not included in the table above and related discussion:

(\$000s)	2022 YTD ⁽¹⁾	2021 YTD ⁽¹⁾
Capital Investments	4,710	3,009
Properties under development	271	-
Total capital investments	4,981	3,009

(1) Includes 17 properties (2,418 suites) at Chartwell's share of ownership.

Balance Sheet Analysis

The following table summarizes the significant changes in assets, liabilities and equity for September 30, 2022 compared to December 31, 2021 including those in our LTC Discontinued Operations.

	Increase (Decrease) (\$millions)	Explanation
Total assets	135.2	Total assets increased primarily due to increases in PP&E, other assets and trade and other receivables, partially offset by decreases in cash and intangible assets.
Total liabilities	211.9	Total liabilities increased primarily due to debt used to finance investing activities.
Equity	(76.7)	The decrease in equity is primarily due to distributions partially offset by issuance of trust units under DRIP.

Commitments and Contingencies

Contractual Obligations and Guarantees

Details of our contractual obligations and guarantees are outlined in our 2021 MD&A. There were no significant changes in our contractual obligations and guarantees in Q3 2022 which are outside the ordinary course of business.

Litigation and Claims

In 2020, Chartwell was named in three proposed class action lawsuits related to our handling of the COVID-19 pandemic in our Ontario Long Term Care homes which were subsequently consolidated into one proceeding (the “Consolidated Claim”). The Consolidated Claim has not been certified. Chartwell's insurer has assigned defense counsel and is responding to the Consolidated Claim through the appropriate court process. The certification hearing is expected to take place in the first six months of 2023. On November 20, 2020, Bill 218, Supporting Ontario's Recovery and Municipal Elections Act, 2020 (the “Recovery Act”) received Royal Assent and came into effect. The Recovery Act, which applies retroactively to March 17, 2020, provides protections from liability to businesses that make good faith efforts to comply with public health guidelines and laws regarding exposure to COVID-19, provided the business was not grossly negligent. Chartwell did not record a provision with respect to the Consolidated Claims as at September 30, 2022.

On October 14, 2021, the application for leave to appeal from the judgment of the Court of Appeal for Ontario in Attorney General of Ontario et al. v. Ontario Nurses' Association, et al. was dismissed by the Supreme Court of Canada, thus upholding the appellate decision. The Court of Appeal decision held that LTC homes that used proxy comparators to develop pay equity plans have not met their maintenance requirements. Chartwell will be working with the unions, the other participating LTC homes and the Ontario Government to reach a pay equity maintenance framework appropriate for the sector.

There are a significant number of uncertainties related to how the appellate court decision regarding pay equity maintenance should be implemented. Discussions between the affected parties regarding the development of an appropriate framework and resolution to this matter have not progressed, thereby creating additional uncertainty related to potential outcomes, as well as uncertainty relating to the timing of when more information on the outcomes will be known and when the matter may be settled. As a result of the significant number of judgments that would be required, a reliable estimate of Chartwell's liability for any pay equity adjustments cannot currently be made. Chartwell expects that any adjustments will be fully funded by the Ontario government. No liability for potential pay equity adjustments or expected recovery from the Ontario Government has been recognized in Chartwell's financial statements. An increase in labour costs as a result of any unfunded adjustments could adversely affect the financial condition of Chartwell.

Details of our litigation and claims are outlined in our 2021 MD&A. There were no significant changes in the status with respect to these litigation and claims in Q3 2022.

Summary of Select Financial Information

Quarterly Financial Information

The following table summarizes our quarterly unaudited financial information for:

(\$000s, except per unit amounts and number of units)	2022				2021			2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	180,516	175,873	169,904	170,935	167,806	167,649	171,345	173,600
Direct property operating expense	(117,811)	(112,434)	(113,787)	(112,867)	(107,374)	(102,432)	(101,211)	(104,502)
Depreciation and amortization	(39,767)	(38,749)	(37,365)	(42,919)	(37,828)	(38,652)	(38,465)	(42,874)
Share of net income/(loss) from joint ventures	(1,015)	(933)	(161)	(3,309)	(1,293)	(1,463)	(2,311)	(503)
G&A expenses	(11,215)	(15,264)	(13,828)	(9,669)	(9,652)	(12,251)	(12,792)	(8,674)
Other income/(expense)	718	774	675	36,326	(55)	6,612	470	22,856
Finance costs	(21,978)	(20,943)	(19,300)	(19,484)	(20,441)	(20,541)	(20,464)	(20,722)
Changes in fair value of financial instruments and foreign exchange gain/(loss)	9,054	7,161	2,641	2,248	4,274	(4,792)	(435)	(4,374)
Deferred income tax benefit/(expense)	2,248	1,111	(641)	(4,346)	2,724	(550)	1,188	(7,052)
Net income(loss) from continuing operations	750	(3,404)	(11,862)	16,915	(1,839)	(6,420)	(2,675)	7,755
Net income/(loss) from LTC Discontinued Operations	3,528	4,510	8,546	1,817	2,756	1,836	(2,258)	4,427
Net income/(loss) for the period	4,278	1,106	(3,316)	18,732	917	(4,584)	(4,933)	12,182
FFO ⁽¹⁾								
Continuing operations	28,290	25,719	20,259	23,856	28,829	30,737	34,461	39,522
Total	31,880	30,355	31,324	28,435	33,937	34,756	35,134	43,496
FFOPU ⁽¹⁾								
Continuing operations	0.12	0.11	0.09	0.10	0.13	0.14	0.16	0.18
Total	0.13	0.13	0.13	0.12	0.15	0.16	0.16	0.20
IFFO ⁽¹⁾								
Continuing operations	29,535	26,785	21,279	25,347	30,412	32,743	36,607	42,081
Total	33,125	31,421	32,344	29,926	35,520	36,762	37,280	46,055
IFFOPU ⁽¹⁾								
Continuing operations	0.13	0.11	0.09	0.11	0.14	0.15	0.17	0.19
Total	0.14	0.13	0.14	0.13	0.16	0.17	0.17	0.21
Weighted Average number of units ⁽²⁾	237,837	236,859	236,048	235,268	225,074	218,541	218,331	218,312

(1) Non-GAAP; refer to the "Additional Information on Non-GAAP Measures" section on page 55 of this MD&A.

(2) Non-GAAP; refer to the "Weighted Average Number of Units" section on page 61 of this MD&A.

Our results for the past eight quarters have primarily been affected by:

- developments, acquisitions, and dispositions as described in the "Significant Events" section on page 16 and the "2022 Outlook" section on page 12 of this MD&A and in our 2021 MD&A
- changes in fair value of financial instruments and foreign exchange gains and losses
- impairment losses
- deferred income taxes, and
- the issuance of 15.5 million additional Trust Units in Q3 2021.

In addition, the pandemic significantly affected our results beginning in Q2 2020.

The effect of seasonal factors on our quarterly results is not a predictable pattern as these factors include outbreaks and weather patterns.

Additional Information on Non-GAAP Measures

Throughout this MD&A, there are references to certain non- GAAP measures. As described in the relevant sections of this MD&A, where a Non-GAAP Measure is discussed for the first time, we have described why we believe it is useful to investors and how management uses the non-GAAP Measure. Non-GAAP Measures do not have any standardized meaning prescribed by GAAP and therefore, are unlikely to be comparable to similar financial measures used by other issuers. The following provides detailed definitions and reconciliations to the most closely comparable GAAP measure for any Non-GAAP Measure that has not been provided elsewhere in this MD&A. We present FFO substantially consistent with the definition adopted by REALPAC.

Funds from Operations and Internal Funds from Operations

FFO

According to the REALPAC Guidance, FFO is defined as follows:

Profit or loss per GAAP Statement of Comprehensive Income adjusted for:

- A. Unrealized changes in the fair value of investment properties.
- B. Depreciation of depreciable real estate assets including depreciation for components relating to capitalized leasing costs, capitalized tenant allowances treated as capital improvements and lease-related items ascribed in a business combination.
- C. Amortization of tenant allowances and landlord's work spent for the fit-out of tenant improvements and amortized as a reduction to revenue.
- D. Amortization of tenant/customer relationship intangibles or other intangibles arising from a business combination.
- E. Gains or losses from sales of investment properties and owner-occupied properties, including the gain or loss included within LTC Discontinued Operations (if applicable).
- F. Tax on profits or losses on disposals of properties.
- G. Deferred taxes.
- H. Impairment losses or reversals recognized on land and depreciable real estate properties, excluding those relating to properties used exclusively for administrative purposes.
- I. Revaluation gains or losses recognized in profit or loss on owner-occupied properties, excluding those relating to properties used exclusively for administrative purposes.
- J. Transaction costs expensed as a result of the purchase of a property being accounted for as a business combination.
- K. Foreign exchange gains or losses on monetary items not forming part of a net investment in a foreign operation.
- L. Gain or loss on the sale of an investment in a foreign operation.
- M. Changes in the fair value of financial instruments which are economically effective hedges but do not qualify for hedge accounting.
- N. Negative goodwill or goodwill impairment.
- O. Effects of puttable instruments classified as financial liabilities.
- P. Results of LTC Discontinued Operations.
- Q. Adjustments for equity-accounted entities.
- R. Incremental leasing costs.
- S. Property taxes accounted for under IFRIC 21.
- T. Operational revenue and expenses from Right of Use assets.
- U. Non-controlling interests.

IFFO

IFFO is a Non-GAAP Financial Measure used to evaluate management performance and does not have a standardized meaning prescribed by IFRS; therefore, it is not comparable to similar measures presented by other income trusts or other companies. IFFO should not be construed as an alternative to net earnings or cash flow from operating activities as determined by IFRS. Chartwell calculates IFFO by adding or subtracting the following items to or from its FFO: (a) Lease-up-Losses and Imputed Cost of Debt on development properties; (b) income guarantees due from vendors of certain acquired properties; and (c) current income tax. These adjustments to FFO are made to ensure management is not incented to make short-term decisions for Chartwell by not developing new properties or acquiring properties with long-term value creation potential.

The following table provides a reconciliation of net income/(loss) to FFO for continuing operations and IFFO for continuing operations:

(\$000s, except per unit amounts and number of units)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Net income/(loss)	750	(1,839)	2,589	(14,516)	(10,933)	(3,583)
<i>Add (Subtract):</i>						
B Depreciation of PP&E	38,958	36,966	1,992	113,506	112,478	1,028
D Amortization of limited life intangible assets	809	862	(53)	2,375	2,467	(92)
B Depreciation of PP&E and amortization of intangible assets used for administrative purposes included in depreciation of PP&E and amortization of intangible assets above	(1,186)	(1,416)	230	(3,610)	(4,059)	449
E Loss/(gain) on disposal of assets	(656)	(149)	(507)	(1,626)	(6,986)	5,360
J Transaction costs arising on dispositions	122	420	(298)	200	516	(316)
G Deferred income tax	(2,248)	(2,724)	476	(2,718)	(3,362)	644
O Distributions on Class B Units recorded as interest expense	234	234	-	702	702	-
M Changes in fair value of financial instruments and foreign exchange loss/(gain)	(9,054)	(4,274)	(4,780)	(18,856)	953	(19,809)
Q FFO adjustments for Equity-Accounted JVs ⁽¹⁾	561	750	(189)	(1,188)	2,250	(3,438)
FFO ⁽²⁾	28,290	28,830	(540)	74,269	94,026	(19,757)
<i>Add (Subtract):</i>						
Lease-up-Losses and Imputed Cost of Debt ⁽³⁾	1,245	1,493	(248)	3,331	3,702	(371)
Income guarantees ⁽⁴⁾	-	90	(90)	-	2,033	(2,033)
IFFO ⁽⁵⁾	29,535	30,413	(878)	77,600	99,761	(22,161)
Weighted average number of units ⁽⁶⁾	237,837	225,074	12,763	236,921	220,673	16,248
FFOPU ⁽⁷⁾	0.12	0.13	(0.01)	0.31	0.43	(0.12)
IFFOPU ⁽⁷⁾	0.13	0.14	(0.01)	0.33	0.46	(0.13)

(1) Non-GAAP; see reconciliation table following for the calculation of these amounts.

(2) Non-GAAP; refer to the preamble to this table and to the "Consolidated Results of Operations – FFO" section on page 21 of this MD&A for a discussion of the significance of this metric.

(3) Non-GAAP; refer to the "Significant Events – Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt" section on page 16 of this MD&A. Includes Chartwell's proportionate share of Equity-Accounted JVs.

(4) Non-GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity-Accounted JVs.

(5) Non-GAAP; refer to the preamble to this table.

(6) Non-GAAP; refer to "Weighted Average Number of Units" section on page 61 of this MD&A.

(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 61 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides supplemental information in respect of the adjustment to FFO for Equity-Accounted JVs:

	(\$000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
B	Depreciation of PP&E and amortization of intangible assets	932	917	15	1,851	2,722	(871)
E	Loss/(gain) on disposal of assets	(2)	-	(2)	(5)	(26)	21
M	Change in fair value of financial instruments and foreign exchange loss/(gain)	(369)	(167)	(202)	(3,034)	(446)	(2,588)
Q	FFO adjustments for Equity-Accounted JVs ⁽¹⁾	561	750	(189)	(1,188)	2,250	(3,438)

(1) Non-GAAP; refer to the preamble to this section.

The following table provides a reconciliation of net income/(loss) to FFO for total operations and IFFO for total operations:

	(\$000s, except per unit amounts and number of units)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
	Net income/(loss)	4,278	917	3,361	2,068	(8,600)	10,668
	<i>Add (Subtract):</i>						
B	Depreciation of PP&E	38,958	39,109	(151)	115,322	119,316	(3,994)
D	Amortization of limited life intangible assets	809	1,072	(263)	2,577	3,093	(516)
B	Depreciation of PP&E and amortization of intangible assets used for administrative purposes included in depreciation of PP&E and amortization of intangible assets above	(1,186)	(1,416)	230	(3,610)	(4,059)	449
E	Loss/(gain) on disposal of assets	(655)	(151)	(504)	(1,622)	(6,985)	5,363
J	Transaction costs arising on dispositions	183	420	(237)	885	516	369
G	Deferred income tax	(2,248)	(2,724)	476	(2,718)	(3,362)	644
O	Distributions on Class B Units recorded as interest expense	234	234	-	702	702	-
M	Changes in fair value of financial instruments and foreign exchange loss/(gain)	(9,054)	(4,274)	(4,780)	(18,856)	953	(19,809)
Q	FFO adjustments for Equity-Accounted JVs ⁽¹⁾	561	750	(189)	(1,188)	2,250	(3,438)
	FFO ⁽²⁾	31,880	33,937	(2,057)	93,560	103,824	(10,264)
	<i>Add (Subtract):</i>						
	Lease-up-Losses and Imputed Cost of Debt ⁽³⁾	1,245	1,493	(248)	3,331	3,702	(371)
	Income guarantees ⁽⁴⁾	-	90	(90)	-	2,033	(2,033)
	IFFO ⁽⁵⁾	33,125	35,520	(2,395)	96,891	109,559	(12,668)
	Weighted average number of units ⁽⁶⁾	237,837	225,074	12,763	236,921	220,673	16,248
	FFOPU ⁽⁷⁾	0.13	0.15	(0.02)	0.39	0.47	(0.08)
	IFFOPU ⁽⁷⁾	0.14	0.16	(0.02)	0.41	0.50	(0.09)

(1) Non-GAAP; see reconciliation table following for the calculation of these amounts.

(2) Non-GAAP; refer to the preamble to this table and to the "Consolidated Results of Operations – FFO" section on page 21 of this MD&A for a discussion of the significance of this metric.

(3) Non-GAAP; refer to the "Significant Events – Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt" section on page 16 of this MD&A. Includes Chartwell's proportionate share of Equity-Accounted JVs.

(4) Non-GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity-Accounted JVs.

(5) Non-GAAP; refer to the preamble to this table.

(6) Non-GAAP; refer to "Weighted Average Number of Units" section on page 61 of this MD&A.

(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 61 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides a quarterly reconciliation of net income/(loss) to FFO for continuing operations and IFFO for continuing operations:

		2022				2021		2020	
(\$000s, except per unit amounts and number of units)		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	Net income/(loss)	750	(3,404)	(11,862)	16,915	(1,839)	(6,420)	(2,675)	7,755
	<i>Add (Subtract):</i>								
B	Depreciation of PP&E	38,958	37,927	36,621	38,650	36,966	37,833	37,679	41,847
D	Amortization of limited life intangible assets	809	822	744	4,269	862	819	786	1,027
B	Depreciation of PP&E and amortization of intangible assets used for administrative purposes included in depreciation of PP&E and amortization of intangible assets above	(1,186)	(1,203)	(1,222)	(3,848)	(1,416)	(1,380)	(1,264)	(1,367)
E	Loss/(gain) on disposal of assets	(656)	(425)	(545)	(37,857)	(149)	(6,471)	(361)	(22,998)
J	Transaction costs arising on dispositions	122	23	55	858	420	32	64	306
H	Impairment losses	-	-	-	850	-	-	-	-
G	Deferred income tax	(2,248)	(1,111)	641	4,346	(2,724)	550	(1,188)	7,052
O	Distributions on Class B Units recorded as interest expense	234	234	234	235	234	234	233	235
M	Changes in fair value of financial instruments and foreign exchange loss/(gain)	(9,054)	(7,161)	(2,641)	(2,248)	(4,274)	4,792	435	4,374
Q	FFO adjustments for Equity-Accounted JVs ⁽¹⁾	561	17	(1,766)	1,686	750	748	752	1,291
	FFO ⁽²⁾	28,290	25,719	20,259	23,856	28,830	30,737	34,461	39,522
	<i>Add (Subtract):</i>								
	Lease-up-Losses and Imputed Cost of Debt ⁽³⁾	1,245	1,066	1,020	1,491	1,493	1,241	968	1,483
	Income guarantees ⁽⁴⁾	-	-	-	-	90	765	1,178	1,076
	IFFO ⁽⁵⁾	29,535	26,785	21,279	25,347	30,413	32,743	36,607	42,081
	Weighted average number of units ⁽⁶⁾	237,837	236,859	236,048	235,268	225,074	218,541	218,331	218,312
	FFOPU ⁽⁷⁾	0.12	0.11	0.09	0.10	0.13	0.14	0.16	0.18
	IFFOPU ⁽⁷⁾	0.13	0.11	0.09	0.11	0.14	0.15	0.17	0.19

(1) Non-GAAP; see reconciliation table following for the calculation of these amounts.

(2) Non-GAAP; refer to the preamble to this table and to the "Consolidated Results of Operations – FFO" section on page 21 of this MD&A for a discussion of the significance of this metric.

(3) Non-GAAP; refer to the "Significant Events – Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt" section on page 16 of this MD&A. Includes Chartwell's proportionate share of Equity-Accounted JVs.

(4) Non-GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity-Accounted JVs.

(5) Non-GAAP; refer to the preamble to this table.

(6) Non-GAAP; refer to "Weighted Average Number of Units" section on page 61 of this MD&A.

(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 61 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides a quarterly reconciliation of net income/(loss) to FFO for total operations and IFFO for total operations:

		2022				2021			2020
(\$000s, except per unit amounts and number of units)		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	Net income/(loss)	4,278	1,106	(3,316)	18,732	917	(4,584)	(4,933)	12,182
	<i>Add (Subtract):</i>								
B	Depreciation of PP&E	38,958	37,927	38,437	41,066	39,109	39,806	40,401	41,092
D	Amortization of limited life intangible assets	809	822	946	4,615	1,072	1,029	995	1,332
B	Depreciation of PP&E and amortization of intangible assets used for administrative purposes included in depreciation of PP&E and amortization of intangible assets above	(1,186)	(1,203)	(1,222)	(3,848)	(1,416)	(1,380)	(1,264)	(1,367)
E	Loss/(gain) on disposal of assets	(655)	(423)	(545)	(37,857)	(151)	(6,471)	(361)	(23,001)
J	Transaction costs arising on dispositions	183	147	556	858	420	32	64	306
H	Impairment losses	-	-	-	850	-	-	-	-
G	Deferred income tax	(2,248)	(1,111)	641	4,346	(2,724)	550	(1,188)	7,052
O	Distributions on Class B Units recorded as interest expense	234	234	234	235	234	234	233	235
M	Changes in fair value of financial instruments and foreign exchange loss/(gain)	(9,054)	(7,161)	(2,641)	(2,248)	(4,274)	4,792	435	4,374
Q	FFO adjustments for Equity-Accounted JVs ⁽¹⁾	561	17	(1,766)	1,686	750	748	752	1,291
	FFO ⁽²⁾	31,880	30,355	31,324	28,435	33,937	34,756	35,134	43,496
	<i>Add (Subtract):</i>								
	Lease-up-Losses and Imputed Cost of Debt ⁽³⁾	1,245	1,066	1,020	1,491	1,493	1,241	968	1,483
	Income guarantees ⁽⁴⁾	-	-	-	-	90	765	1,178	1,076
	IFFO ⁽⁵⁾	33,125	31,421	32,344	29,926	35,520	36,764	37,280	46,055
	Weighted average number of units ⁽⁶⁾	237,837	236,859	236,048	235,268	225,074	218,541	218,331	218,312
	FFOPU ⁽⁷⁾	0.13	0.13	0.13	0.12	0.15	0.16	0.16	0.20
	IFFOPU ⁽⁷⁾	0.14	0.13	0.14	0.13	0.16	0.17	0.17	0.21

(1) Non-GAAP; see reconciliation table following for the calculation of these amounts.

(2) Non-GAAP; refer to the preamble to this table and to the "Consolidated Results of Operations – FFO" section on page 21 of this MD&A for a discussion of the significance of this metric.

(3) Non-GAAP; refer to the "Significant Events – Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt" section on page 16 of this MD&A. Includes Chartwell's proportionate share of Equity-Accounted JVs.

(4) Non-GAAP; refer to the preamble to this table. Includes Chartwell's proportionate share of Equity-Accounted JVs.

(5) Non-GAAP; refer to the preamble to this table.

(6) Non-GAAP; refer to "Weighted Average Number of Units" section on page 61 of this MD&A.

(7) Non-GAAP; refer to the "Per Unit Amounts" section on page 61 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides the reconciliation net income/(loss) of FFO from LTC Discontinued Operations and IFFO from LTC Discontinued Operations:

(\$000s, except per unit amounts and number of units)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Net income/(loss) for the period	3,528	2,756	772	16,584	2,333	14,251
<i>Add (Subtract):</i>						
Depreciation of PP&E ⁽¹⁾	-	2,143	(2,143)	1,816	6,838	(5,022)
Amortization of limited life intangible assets ⁽¹⁾	-	210	(210)	202	626	(424)
Transaction costs arising on dispositions ⁽¹⁾	61	-	61	685	-	685
Loss (gain) on disposal of property ⁽¹⁾	1	(2)	3	4	1	3
FFO ⁽¹⁾⁽²⁾	3,590	5,107	(1,517)	19,291	9,798	9,493
IFFO ⁽⁴⁾	3,590	5,107	(1,517)	19,291	9,798	9,493
Weighted average number of units ⁽⁵⁾	237,837	225,074	12,763	236,921	220,673	16,248
FFOPU ⁽⁶⁾	0.01	0.02	(0.01)	0.08	0.04	0.04
IFFOPU ⁽⁶⁾	0.01	0.02	(0.01)	0.08	0.04	0.04

(1) Non-GAAP; see reconciliation table following for the calculation of these amounts.

(2) Non-GAAP; refer to the preamble to this table and to the "Consolidated Results of Operations – FFO" section on page 21 of this MD&A for a discussion of the significance of this metric.

(3) Non-GAAP; refer to the "Significant Events – Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt" section on page 16 of this MD&A.

(4) Non-GAAP; refer to the preamble to this table.

(5) Non-GAAP; refer to "Weighted Average Number of Units" section on page 61 of this MD&A.

(6) Non-GAAP; refer to the "Per Unit Amounts" section on page 61 of this MD&A for a discussion of the calculation of the per unit amounts.

The following table provides the quarterly reconciliation of net income/(loss) to FFO from LTC Discontinued Operations and IFFO from LTC Discontinued Operations:

(\$000s, except per unit amounts and number of units)	2022				2021			2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Income/(loss) for the period	3,528	4,510	8,546	1,817	2,756	1,836	(2,258)	4,427
<i>Add (Subtract):</i>								
Depreciation of PP&E ⁽¹⁾	-	-	1,816	2,416	2,143	1,973	2,722	(755)
Amortization of limited life intangible assets ⁽¹⁾	-	-	202	346	210	210	209	305
(Gain)/loss on sale of assets ⁽¹⁾	1	2	-	-	(2)	-	-	(3)
Transaction costs arising on dispositions ⁽¹⁾	61	124	501	-	-	-	-	-
FFO ⁽¹⁾⁽²⁾	3,590	4,636	11,065	4,579	5,107	4,019	673	3,974
IFFO ⁽⁴⁾	3,590	4,636	11,065	4,579	5,107	4,019	673	3,974
Weighted average number of units ⁽⁵⁾	237,837	236,859	236,048	235,268	225,074	218,541	218,331	218,312
FFOPU ⁽⁶⁾	0.01	0.02	0.04	0.02	0.02	0.02	0.00	0.02
IFFOPU ⁽⁶⁾	0.01	0.02	0.04	0.02	0.02	0.02	0.00	0.02

(1) Non-GAAP; see reconciliation table following for the calculation of these amounts.

(2) Non-GAAP; refer to the preamble to this table and to the "Consolidated Results of Operations – FFO" section on page 21 of this MD&A for a discussion of the significance of this metric.

(3) Non-GAAP; refer to the "Significant Events – Unlevered Yield, Development Lease-up-Losses and Imputed Cost of Debt" section on page 16 of this MD&A.

(4) Non-GAAP; refer to the preamble to this table.

(5) Non-GAAP; refer to "Weighted Average Number of Units" section on page 61 of this MD&A.

(6) Non-GAAP; refer to the "Per Unit Amounts" section on page 61 of this MD&A for a discussion of the calculation of the per unit amounts.

Per Unit Amounts

In our calculations of FFOPU and IFFOPU, we add the weighted average Class B Units to the weighted average Trust Units as the Class B Units are exchangeable into Trust Units at any time at the option of the unitholder. In addition, we add Trust Units issued under EUPP and DTUs.

Weighted Average Number of Units

The following table provides details of the weighted average number of units outstanding:

(000s)	Q3 2022	Q3 2021	Change	2022 YTD	2021 YTD	Change
Weighted average number of units ⁽¹⁾	237,837	225,074	12,763	236,921	220,673	16,248

(1) Includes Trust Units, Class B Units, Trust Units issued under EUPP and DTUs.

Net Debt to Adjusted EBITDA

In addition to the financial covenants related to our Credit Facilities and Debentures, we internally monitor the Net Debt to Adjusted EBITDA ratio as calculated based on the definitions of Consolidated Indebtedness and Consolidated EBITDA contained in the trust indentures for our Debentures.

The following table summarizes our Net Debt to Adjusted EBITDA ratio at September 30, 2022, and December 31, 2021:

(\$000s, except Net Debt to Adjusted EBITDA ratio)	September 30, 2022	December 31, 2021
Consolidated Indebtedness for Debentures ⁽¹⁾	2,595,896	2,343,757
Consolidated EBITDA for Debentures ⁽²⁾	232,547	232,898
Net Debt to Adjusted EBITDA ratio	11.2	10.1

(1) Refer to the "Supporting Covenant Calculations – 4. Consolidated Indebtedness for Credit Facilities, Term Loans, and Debentures" section on page 46 of this MD&A for the calculation of this amount.

(2) Refer to the "Supporting Covenant Calculations – 1. Consolidated EBITDA for Credit Facilities, Term Loans, and Debentures" section page 43 of this MD&A for the calculation of this amount.

The increase in Net Debt to Adjusted EBITDA ratio is primarily due to financing of certain acquisitions and development projects in lease-up which have not yet achieved their expected stabilized EBITDA contribution and lower EBITDA as a result of reduced occupancy primarily as a result of the pandemic.

As discussed in the "Acquisitions and Development Portfolio" section of this MD&A, as at September 30, 2022, our Retirement Operations acquisitions and development portfolio included 15 acquired and newly developed retirement residences that contributed \$23 million for the rolling 12 months ended September 30, 2022. If we achieve the expected stabilized average occupancy of 95%, these projects would be estimated to generate annualized adjusted NOI of \$52.2 million. Our Net Debt to Adjusted EBITDA ratio, when calculated based on consolidated EBITDA for debentures and adding the incremental NOI of these properties on a rolling 12-month basis of \$29.2 million as though stabilized would be 9.9.

Critical Accounting Policies and Estimates

Critical Accounting Judgements, Estimates and Assumptions in Applying Accounting Policies

In our 2021 MD&A as well as in our 2021 Financial Statements, we identified the accounting policies and estimates that are critical to the understanding of our business operations and our results of operations. There were no significant changes in Q3 2022.

Changes in Accounting Estimates and Changes in Accounting Policies

Our significant accounting policies are described in Note 3 of our 2021 Financial Statements. Notes 3 (n) and (o) outline 2021 accounting policy changes and future accounting policy changes. There were no significant changes to our accounting policies following the date of our 2021 Financial Statements. During 2022 YTD, we applied the accounting policy related to the LTC Discontinued Operations resulting from the definitive agreement to substantially exit our Long-Term Care operations in Ontario. A full disclosure and effect of the accounting policy is described in Note 2 and 16 of the Q3 2022 Financial Statements.

Controls and Procedures

We are committed to maintaining effective disclosure controls and procedures and internal control over financial reporting. A control system, no matter how well conceived and operated, can provide only reasonable, and not absolute, assurance that its objectives are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; and (ii) the impact of isolated errors. Additionally, controls may be circumvented by the unauthorized acts of individuals, by the collusion of two or more people or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

Evaluation of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused an evaluation under their direct supervision of, the design of disclosure controls and procedures and internal controls over financial reporting (as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings) as at September 30, 2022. Based on this evaluation, we have concluded that we have a) designed disclosure controls and procedures to provide reasonable assurance that (i) material information relating to Chartwell is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the interim filings are being prepared and (ii) information required to be disclosed by Chartwell in its various reports filed or submitted under securities legislation is recorded, processed, summarized and reported within time periods specified in securities legislation; and b) designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no material changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2022, that have significantly affected or are reasonably likely to significantly affect our internal control over financial reporting.

Risks and Uncertainties and Forward-Looking Information

Risk and Uncertainties

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Please refer to the “COVID-19 Business Impacts and Related Risks” section on page 6 of this MD&A for a discussion of risks related to COVID-19.

Forward-Looking Information

This MD&A contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. The words “plans”, “expects”, “scheduled”, “estimates”, “intends”, “anticipates”, “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 and other similar expressions, identify forward-looking statements. 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.

Examples of such forward-looking information in this document include but are not limited to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions which may prove to be incorrect:

- statements regarding our business strategies, including targets, and the expected results of such strategies,
- our occupancy, employee engagement, customer satisfaction, liquidity and pay out targets,
- our predictions and expectations with respect to the pandemic and its potential impact on Chartwell, including statements regarding recovery of occupancy levels and reallocation of corporate resources in response to the pandemic, including expectations regarding agency staffing and recruitment costs,
- our expectations regarding changes to operating and development costs,
- our expectations regarding long term care funding that will be made available by government,
- our expectations regarding our ability to meet our obligations as they become due utilizing our sources of liquidity,
- our expectations regarding achievement of certain occupancy levels,
- our estimates of the number of suites that could potentially be built on our owned lands,
- information related to the expected completion dates of communities under construction,
- the expected closings and closing dates of, and proceeds from, acquisitions and dispositions, including the LTC Transactions and the BC LTC Transactions,
- our ability to realize expected unlevered yields on our development projects,
- our ability to renew maturing debt and to obtain new financings in due course,
- our expectations regarding repayment of debt and the impact of such repayment on our unencumbered asset pool,
- our ability to access low-cost mortgage financing insured by CMHC,
- the sustainability of our current distributions and plans to maintain the current level of distributions,
- our expectations regarding future acquisition opportunities, including but not limited to Batimo,
- statements regarding our ability to compete with new entrants,
- statements regarding the impact of certain litigation,
- expectations regarding taxes that are expected to be payable in future years under the SIFT rules, and
- our expectations regarding future demand for retirement suites in the provinces in which we operate.

While we anticipate that subsequent events and developments may cause our views to change, we do not intend to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this MD&A and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimated 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. 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 highlighted in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent AIF.