

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Reporting Issuer

Chartwell Retirement Residences (“**Chartwell**”)
7070 Derrycrest Drive, Mississauga, Ontario, L5W 0G5

Item 2: Date of Material Change

June 20, 2024

Item 3: News Release

A news release was issued through GlobeNewswire on June 20, 2024, a copy of which is attached hereto as Schedule A. The news release was also filed on SEDAR+ and is available under Chartwell’s profile on SEDAR+ at www.sedarplus.com.

Item 4: Summary of Material Change

On June 20, 2024, Chartwell announced that it entered into an agreement with a syndicate of underwriters led by TD Securities Inc., Scotiabank, and RBC Capital Markets to issue to the public in Canada, subject to regulatory approval, on a bought deal basis, 24,600,000 trust units (“**Trust Units**”), representing approximately \$300 million of gross proceeds, at a price of \$12.20 per Trust Unit to partially finance the cash purchase price of its acquisitions of: (a) a 100% ownership interest in a portfolio of five high quality, modern retirement residences with 1,428 suites, located in the Greater Montreal area, Gatineau, and Sherbrooke; and (b) a 50% ownership interest in a portfolio of five high quality, modern retirement residences with 1,805 suites located in the Quebec City area and Shawinigan (collectively, the “**Portfolio Acquisitions**”). The Portfolio Acquisitions were also announced by Chartwell on June 20, 2024.

Item 5: Full Description of Material Change

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

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

Not applicable.

Item 7: Omitted Information

No information has been omitted on the basis that it is confidential.

Item 8: Executive Officer

The executive officer of Chartwell who is knowledgeable about this material change and this material change report is Jeffrey Brown, Chief Financial Officer, at 905-501-6777.

Item 9: Date of Report

June 24, 2024

SCHEDULE A

See attached.



**Chartwell Retirement Residences Announces Acquisition of Ownership Interests
in 10 Modern Residences Comprising 3,233 Suites in Quebec and \$300 Million
Bought Deal Offering of Trust Units**

*BASE SHELF PROSPECTUS IS ACCESSIBLE, AND PROSPECTUS SUPPLEMENT WILL BE
ACCESSIBLE WITHIN TWO BUSINESS DAYS, ON SEDAR+*

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MISSISSAUGA, ONTARIO, - June 20, 2024 – Chartwell Retirement Residences ("Chartwell" or the "Trust") (TSX: CSH.UN) announces that it has entered into definitive agreements for the strategic acquisition of two seniors housing portfolios in Quebec from separate vendors for an aggregate purchase price of \$511 million (the "Portfolio Acquisitions"), consisting of:

- a 100% ownership interest in a portfolio of five high quality, modern retirement residences with 1,428 suites, located in the Greater Montreal area (the "GMA"), Gatineau, and Sherbrooke (the "GMA Portfolio") for \$297 million; and
- a 50% ownership interest in a portfolio of five high quality, modern retirement residences with 1,805 suites located in the Quebec City area and Shawinigan (the "Quebec City Portfolio") for \$214 million

In addition to the Portfolio Acquisitions, Chartwell recently closed its acquisition of an 85% ownership interest in two modern, high quality residences with 685 suites from EMD-Batimo for \$166 million: Chartwell Le Prescott and Chartwell Trait-Carré (the "Batimo Acquisitions"). On a combined basis, the Portfolio Acquisitions and the Batimo Acquisitions (collectively, the "Acquired Properties") are expected to result in Chartwell acquiring 12 properties representing 3,918 suites with an average age of five years and current occupancy of 95% (excluding two assets in lease-up)¹. The total purchase price for the Acquired Properties, in aggregate, is \$677 million.

Chartwell is also in late-stage negotiations to acquire an 85% ownership interest in a retirement residence with 368 suites in Quebec from EMD-Batimo. Chartwell expects the price of the acquisition, if completed, to be approximately \$86 million including the assumption of existing mortgages of \$58 million.

Concurrently with the Portfolio Acquisitions, Chartwell announces a \$300 million bought deal offering (the "Offering") of units of the Trust ("Trust Units"), the net proceeds of which are expected to be used to partially fund the cash portion of the purchase prices for the GMA Portfolio and the Quebec City Portfolio, as further outlined below.

GMA Portfolio

The GMA Portfolio comprises five residences with 1,428 suites, of which three properties (55% of total suites) are located in the GMA, one property (23% of total suites) is located in Sherbrooke, and one property (21% of total suites) is located in Gatineau. The GMA Portfolio has a weighted average age of six years, with 105 seniors apartments ("SA"), 1,199 apartments offering independent supportive living services ("ISLA") and 124 suites offering assisted living services ("AL suites"). The current occupancy of the GMA Portfolio is 95%. Chartwell has agreed to purchase a 100% ownership interest in the GMA Portfolio for total consideration of \$297 million. All properties offer residents a high quality living environment with upscale finishes, extensive and elegant amenity offerings, such as restaurants, theatres, multi-purpose rooms, libraries, swimming pools, exercise facilities and spas, and are well located in vibrant communities. The GMA Portfolio has over five acres of total excess land with the potential for development of over 580 units, across four properties. The GMA Portfolio is being acquired free-and-clear of debt.

Quebec City Portfolio

The Quebec City Portfolio comprises five residences with 1,805 suites of which four properties (82% of total suites) are located in the Quebec City area and one property (18% of total suites) is located in Shawinigan. The Quebec City Portfolio has a weighted average age of five years, with 181 SA, 1,428 ISLA and 196 AL suites. The current occupancy of the Quebec City Portfolio is 82%. Excluding two assets in lease up, the current occupancy of the Quebec City Portfolio is 94%. Chartwell will acquire a 50% ownership interest in the Quebec City Portfolio for total consideration of \$214 million and will also assume management responsibilities. Chartwell expects to earn approximately \$1.7 million in annual management fees from its joint-venture partner on a stabilized basis. The vendor has agreed to provide Chartwell with a 2-year net operating income ("NOI") guarantee, with \$4.7 million of the purchase price to be held in escrow to support the vendor's obligation. The Quebec City Portfolio comprises modern assets with high end finishes and amenity offerings, such as restaurants, theatres, multi-purpose rooms, libraries, swimming pools, exercise facilities and spas. Each property is well-located close to stores, public transit and other community offerings. Chartwell will be assuming the current in-place mortgage debt on the Quebec City Portfolio totaling approximately \$154 million, being Chartwell's 50% share. Beginning on August 28, 2028, subject to a one-year extension at the vendor's option, Chartwell will have an option to purchase the remaining 50% ownership interest of the Quebec City Portfolio and the vendor will have an option to sell its remaining 50% ownership interest of the Quebec City Portfolio to Chartwell at the then fair market value.

Batimo Acquisitions

The Batimo Acquisitions comprise an 85% ownership interest in two modern, well-located retirement residences with 685 suites. One property (47% of total suites) is located in the GMA and one property (53% of total suites) is located in Quebec City. The Batimo Acquisitions have a weighted average age of five years, with 648 ISLA and 37 AL suites. The current occupancy of these residences is 96%. The aggregate purchase price for the 85% ownership interest in the Batimo Acquisitions was \$166 million. The Batimo Acquisitions offer residents attractive amenities, high quality finishes and are located in vibrant communities

in core Quebec cities. Chartwell assumed the current in-place mortgage debt on the portfolio totaling approximately \$100 million, being Chartwell's 85% share.

"These acquisitions of high quality, recently developed residences will positively contribute to the overall quality of Chartwell's portfolio and expand our presence in high-growth Quebec cities, particularly within the Greater Montreal and Quebec City areas. The Acquired Properties are complementary to our existing Quebec portfolio, which we expect will allow for operating and management synergies. The transactions are consistent with our investment strategy to grow in strong markets with newer, high-quality assets which we believe will be competitive for a long time." said Vlad Volodarski, Chief Executive Officer, Chartwell Retirement Residences.

Benefits of the Acquired Properties

The Acquired Properties are expected to enhance the quality of Chartwell's portfolio and fit strategically with Chartwell's growth objectives, increasing its presence in key cities in Quebec. The Acquired Properties are strategically located, with 76% concentration in the GMA and Quebec City area, two of Quebec's most sought-after and largest cities. Over 91% of total suites are apartments, with the majority offering independent supportive living services. 10 of the 12 Acquired Properties offer continuum of care with dedicated AL neighborhoods.

Pro forma the Acquired Properties, Chartwell's weighted average portfolio age will decline by approximately three years. The Acquired Properties are expected to have lower capital expenditure requirements than Chartwell's existing portfolio. The purchase price per suite for the Acquired Properties of approximately \$230,000 is estimated to be approximately 30% below current replacement costs.

The Acquired Properties have historically experienced strong operating and financial performance. As of May 2024, occupancy for the Acquired Properties was 95% (excluding two lease-up properties in the Quebec City Portfolio)¹. Chartwell expects the Acquired Properties to generate a stabilized operating margin of over 40%.

Based on Chartwell's underwriting and financing considerations, including estimated NOI support payments, the Acquired Properties are expected to be accretive to adjusted funds from operations per unit in the first full year of ownership, while enhancing the quality of Chartwell's property portfolio.

Acquisition Funding

The Acquired Properties will be funded through a combination of proceeds from previously announced dispositions, the assumption of in-place debt, net proceeds from the Offering (in the case of the Portfolio Acquisitions) and existing sources of liquidity. On a pro forma basis, taking into account the Offering, the Acquired Properties will not have a significant impact on Chartwell's Net Debt to Adjusted EBITDA ratio and with the expected continuing occupancy and earnings growth, Chartwell expects the ratio to continue to decline over time.

Closing Conditions

Closing of the GMA Portfolio acquisition is subject to customary closing conditions for transactions of this nature. Chartwell anticipates the closing of the GMA Portfolio acquisition to occur in Q3 2024.

Closing of the Quebec City Portfolio acquisition is subject to customary closing conditions for transactions of this nature. Chartwell anticipates the closing of the Quebec City Portfolio acquisition to occur in Q3 2024.

Bought Deal Equity Offering

Chartwell also announced today that it has entered into an agreement with a syndicate of underwriters led by TD Securities Inc., Scotiabank, and RBC Capital Markets (collectively, the "Underwriters") to issue to the public, on a bought deal basis, 24,600,000 Trust Units, representing approximately \$300 million of gross proceeds, at a price of \$12.20 per Trust Unit. Chartwell has also granted the Underwriters an over-allotment option to purchase up to an additional 15% of the Trust Units offered in the Offering on the same terms and conditions, exercisable at any time, in whole or in part, up to 30 days after the closing of the Offering.

Chartwell intends to use the net proceeds of the Offering, including over-allotment proceeds, if any, to fund the cash portion of the purchase price of the GMA Portfolio and the Quebec City Portfolio.

The Trust Units will be offered in each of the provinces of Canada pursuant to a prospectus supplement to the Trust's short form base shelf prospectus dated April 30, 2024 (the "Base Shelf Prospectus") that will be filed by no later than June 24, 2024 (the "Prospectus Supplement"). The Offering is expected to close on or about June 27, 2024 and is subject to certain conditions, including the approval of the Toronto Stock Exchange.

The Trust Units have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and may not be offered or sold in the United States (as defined in Regulation S under the 1933 Act), except pursuant to an exemption from the registration requirements of the 1933 Act. This press release does not constitute an offer to sell or a solicitation of an offer to buy any Trust Units in the United States.

Delivery of the Base Shelf Prospectus, the Prospectus Supplement, and any amendments to the documents will be provided in accordance with securities legislation relating to procedures for providing access to a shelf prospectus supplement, a base shelf prospectus and any amendment. The Base Shelf Prospectus is, and the Prospectus Supplement will be (within two business days of the date hereof), accessible on SEDAR+ at www.sedarplus.com. The Trust Units are offered under the Prospectus Supplement. An electronic or paper copy of the Base Shelf Prospectus, the Prospectus Supplement (when filed), and any amendment to the documents may be obtained without charge, from TD Securities Inc. at 1625 Tech Avenue, Mississauga, Ontario L4W 5P5 Attention: Symcor, NPM, or by telephone at (289) 360-2009 or by email at sdcconfirms@td.com by providing the contact with an email address or address, as applicable. The Base Shelf Prospectus and Prospectus Supplement contain important, detailed information about the Trust and the proposed Offering. Prospective investors should read the Base Shelf Prospectus and Prospectus Supplement (when filed) before making an investment decision.

Advisors

TD Securities Inc. is acting as exclusive financial advisor to Chartwell on the acquisition of the GMA Portfolio. Osler, Hoskin & Harcourt LLP is acting as legal advisor to Chartwell.

About Chartwell

Chartwell is in the business of serving and caring for Canada's seniors, committed to its vision of Making People's Lives BETTER and to providing a happier, healthier, and more fulfilling life experience for its residents. Chartwell is an unincorporated, open-ended real estate trust which indirectly owns and operates a complete range of seniors housing communities, from independent living through to assisted living and long term care. Chartwell is one of the largest operators in Canada, with approximately 25,000 suites in four provinces across the country. For more information visit www.chartwell.com.

Forward-Looking Information

This press release contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. Forward-looking information can be generally identified by the use of words such as "anticipate", "continue", "estimate", "expect", "expected", "intend", "may", "will", "project", "plan", "should", "believe" and similar expressions. Forward-looking statements in this press release include, without limitation, statements relating to the Offering and Acquired Properties, including expectations regarding timing for completion of the Offering, the anticipated use of the net proceeds of the Offering, expectations about the impact of the Acquired Properties on Chartwell's Net Debt to Adjusted EBITDA ratio, expectations regarding the anticipation timing of completion of the Portfolio Acquisitions, the accretiveness of the Acquired Properties, the extent to which the Acquired Properties will affect Chartwell's weighted average portfolio age, expectations regarding the Acquired Properties' capital expenditure requirements, anticipated annual management fees from the Quebec City Portfolio, the potential for further development of the GMA Portfolio, operating and management synergies resulting from the Acquired Properties, the potential acquisition of the additional 85% interest in a Quebec property from EMD-Batimo, and the expected operating margins for the Acquired Properties. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. See the "Risks and Uncertainties" section in Chartwell's management's discussion analysis of results of operations and financial condition for the year ended December 31, 2023 dated March 7, 2024 and in our management's discussion and analysis of results of operations and financial condition for the three months ended March 31, 2024 dated May 9, 2024 ("Q1 2024 MD&A"), and in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form and in the Prospectus Supplement to

be filed in connection with the Offering. Except as required by law, Chartwell does not intend to update or revise any forward-looking statements, whether as a result of new information, future events or for any other reason.

Non-GAAP Measures

Chartwell's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain financial measures to assess Chartwell's financial performance, which are measures not defined in generally accepted accounting principles ("GAAP") under IFRS and may not be comparable to similar metrics used by other entities. Chartwell's credit agreements and outstanding debentures contain numerous financial covenants. For a full description of certain of these covenants, please refer to the Q1 2024 MD&A available on Chartwell's website and at www.sedarplus.com.

For more information, please contact:

Chartwell Retirement Residences

Vlad Volodarski, Chief Executive Officer

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Appendix

Property	City	Year Built	Suite Type (at 100%)				Occupancy (May 2024)
			Seniors Apartments (SA)	Independent Supportive Living Apartments (ISLA)	Assisted Living (AL)	Total	
St Jérôme	Saint-Jérôme	2015	105	197	-	302	99.0%
Terrebonne	Terrebonne	2019	-	191	35	226	99.1%
St-Jean	Saint-Jean-sur-Richelieu	2018	-	224	37	261	92.3%
Rock Forest	Sherbrooke	2018	-	308	25	333	99.4%
Gatineau	Gatineau	2021	-	279	27	306	84.3%
GMA Portfolio		2018	105	1,199	124	1,428	94.7%
Shawinigan	Shawinigan	2019	-	251	65	316	96.9%
Val-Belair	Quebec City	2018	-	237	56	293	95.3%
Saint-Nicolas I	Lévis	2015	-	244	10	254	89.0%
Saint-Nicolas II	Lévis	2022	-	287	34	321	59.2%
Jules-Verne	L'Ancienne-Lorette	2019	181	409	31	621	77.7%
Quebec City Portfolio		2019	181	1,428	196	1,805	82.2%
Chartwell Le Prescott	Vaudreuil-Dorion	2017	-	324	-	324	97.8%
Chartwell Trait-Carré	Quebec City	2021	-	324	37	361	94.2%
Batimo Acquisitions		2019	-	648	37	685	95.9%
Acquired Properties		2019	286	3,275	357	3,918	89.2%
Acquired Properties (Excl. Lease Up Properties)¹		2018	105	2,579	292	2,976	94.8%

Note: Year-Built based on weighted average of phases completed, by suite count, if applicable.

1. Excludes Saint-Nicolas II and Jules-Verne.