

Registered Practical Nurse, Director of Care	Accounts Receivable Advisor, Guest Attendant	Activity Aide	Registered Practical Nurse, Director of Care	Registered Dietitian	Accounts Receivable
Administrative Manager	Cook, Registered Nurse	LPN, Data Entry Clerk	Administrative Manager	Consultant	Advisor, Guest Attendant
Community Relations Manager	Professional Practice Leader, Cook	Personal Support Worker	Community Relations Manager	Community	Cook, Registered Nurse
Registered Co-Director	Team Leader	Marketing Manager, Attendant	Registered Co-Director	Manager, PSW	Professional Practice Leader, Cook
Nurse, Cook	Housekeeper	Recreation	Nurse, Cook	Recreation	Team Leader
Activity Aide	Recreation	Recreation	Activity Aide	Recreation	Housekeeper
Application Support and	Application Support	Recreation	Application Support	Recreation	Registered
Trainer, RN	Social Worker, Cook	Recreation	Trainer, RN	Recreation	Recreation
Registered Practical Nurse	Bleach Consultant	Maintenance	Registered Practical Nurse	Recreation	Application Support
Personal Support Worker	PSW, Guest Attendant	Supervisor	Personal Support Worker	Recreation	Social Worker, Cook
Food Services Supervisor	Co-Director	Supervisor	Food Services Supervisor	Recreation	Bleach Consultant
Marketing Manager	of Care, BSM	Receptionist	Marketing Manager	Recreation	PSW, Guest Attendant
Registered	Application Support and	Recreation Assistant, Director of Care, Guest Attendant	Registered	Recreation	Co-Director
Dietitian	Trainer, Housekeeping	Marketing Manager	Dietitian	Recreation	of Care, BSM
Consultant	Adm. Marketing Manager	Marketing Manager	Consultant	Recreation	Application Support
Community	Accountant, Chaplain	Dietary Aide	Community	Recreation	Trainer, Housekeeping
Relations	Food Services Manager		Relations	Recreation	Adm. Marketing Manager
Manager, PSW			Manager, PSW	Recreation	Accountant, Chaplain
Housekeeper			Housekeeper	Recreation	Food Services Manager

# MAKING A DIFFERENCE



**CHARTWELL**  
SENIORS HOUSING REIT



# Q2 2010 Conference Call

## August 13, 2010



# Forward-Looking Statements



*This presentation contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. The words “plans”, “expects”, “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “intends”, “anticipates”, “does not anticipate”, “projects”, “believes” or variations of such words and phrases or statements to the effect that certain actions, events or results “may”, “will”, “could”, “would”, “might”, “occur”, “be achieved” or “continue” and similar expressions identify forward-looking statements. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements.*

*While we anticipate that subsequent events and developments may cause our views to change, we do not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this press release and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or 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, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.** These factors are not intended to represent a complete list of the factors that could affect us. See “Risks and Uncertainties” in our MD&A and risk factors highlighted in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent annual information form.*

*Funds from Operation (“FFO”), Adjusted Funds from Operations (“AFFO”) and Net Operating Income (“NOI”) are not measures recognized under GAAP and do not have a standardized meaning prescribed by GAAP. They are presented because management believes these non-GAAP measures are relevant measures of Chartwell's performance. FFO, AFFO and NOI as computed by Chartwell may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to those reported by such issuers. Chartwell's Q2, 2010 MD&A contains a reconciliation of Net Income/Loss to FFO and the calculation of AFFO for the three and six months periods ended June 30, 2010 and 2009. Detailed descriptions of these terms are contained in Chartwell's 2009 MD&A, available at [www.sedar.com](http://www.sedar.com).*



# Solid Progress on Strategic Priorities



1. Grow AFFO from Existing Portfolio
2. Reduce Mezzanine Loan Exposure
3. Internalized Development Program
4. Accretive Acquisitions
5. Asset Management Program



Empress Kanata Kanata,  
ON



Constantia Retirement Residence  
Thornhill, ON

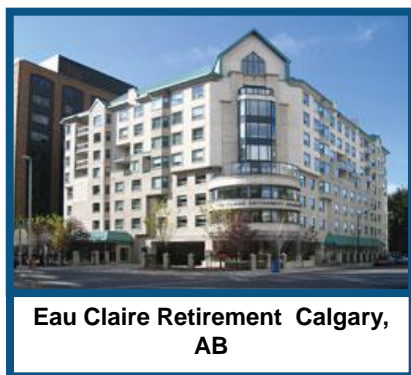


Waterford Dayton,  
OH

# 1. Grow AFFO from Current Portfolio



- Occupancy stable at 90.0%
- 2010 rental rate increases enhancing revenues
- Growing service offering and ancillary revenue
- Managing operating expenses, leveraging our size and scale
- Increased customer traffic, arrivals to enhance occupancy



## 2. Reduce Mezzanine Loan Exposure



For the six months ended and as at June 30, 2010 (\$ Millions)	2010	2009
Gross mezzanine loans outstanding (beginning of period)	89.8	108.1
Discharge of mezzanine loan on acquisition of properties	(19.9)	(5.7)
Settlement of mezzanine loan on acquisition of land	(2.7)	-
Other repayments and settlements of mezzanine loans	(2.8)	-
	<hr/> 64.4	<hr/> 102.4
Fees, net of costs recorded, as a reduction of mezzanine loans	(2.5)	(4.3)
Allowance for impairment of mezzanine loans	(22.1)	(29.4)
Net mezzanine loans outstanding (end of period)	<hr/> 39.8	<hr/> 68.7



# 3. Internalized Development Programs



- Added 71 suites in B.C. YTD
  - ❖ Total project costs \$10.2 million
- Commenced two projects in Kitchener / Oshawa
  - ❖ Will add 215 retirement suites
  - ❖ Estimated total cost of \$50.0 million
  - ❖ Completion in Q1 2012
- Will start rebuilding one LTC in B.C. later in year
  - ❖ Rebuild 128 LTC beds
  - ❖ Total cost approx \$26.6 million
- Ontario LTC re-builds
  - ❖ 35,000 Class B and C beds in Ontario to be rebuilt over 10 years
  - ❖ Chartwell has 12 Class B and C properties
  - ❖ 3 projects to start in 2010/early 2011



The Westmount  
Kitchener, ON



The WynField  
ON Oshawa,

# 4. Accretive Acquisitions



- Moderate pace of future acquisitions
- Target acquisitions
  - ❖ In existing markets
  - ❖ Newer, state-of-the-art properties
  - ❖ Accretive to AFFO
  - ❖ Preference to properties already under management



# 4. Accretive Acquisitions



- Acquired remaining 50% in Regency & Meridian portfolios from ING for approximately \$200 million
- Acquired Spectrum's 50% interest in Valley Vista residence for approximately \$17.4 million



# 5. Asset Management Program



- Exited non-strategic J.V. relationship
  - ❖ Sold 50% interest in 127-suite BC property in Q2
  - ❖ \$3.0 million net cash proceeds
  - ❖ \$4.4 million net gain
- Will divest two non-core retirement communities in 2010
  - ❖ Reduced carrying value by \$6.1 million to estimated fair value less cost to sell
- Strengthening portfolio for maximum returns
  - ❖ Reviewing every property every two years
- Capital Renewal/Repositioning Strategies



**Manior Pierrefonds  
Pierrefonds, QC**



**Barrington Retirement  
Residence  
Barrie, ON**

# RESPECT

**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 life long learning

**COMMITMENT**

We value commitment to the Chartwell family

**TRUST**

We believe in keeping our promises and doing the right thing

CHARTWELL SENIORS HOUSING REIT



## Property Operations

Richard J. Noonan

Chief Operating Officer



# Controlling Labour Costs



- Labour spent approximately 60% of operating expenses in Canadian retirement portfolio
  - ❖ Positive labour relations positively impact occupancies
- 80% of employees paid hourly
  - ❖ New master schedule developed for each residence
  - ❖ Attendance Management Program reducing absenteeism
- Implemented new master schedule program
  - ❖ Generated sustained \$1.2 million in annual savings in Ontario and Western Canada
- Reduced labour cost without compromising resident service



# Controlling Food Service Costs



- Second highest operating cost
  - ❖ Perceived quality directly related to resident satisfaction
  - ❖ 12,000 residents enjoy three meals per day, every day
- New menu, supply chain management, resident communications
- Generating savings and enhanced quality
- Savings invested in upgraded entree items
- Resident satisfaction ratings on food close to 90%
- Holding food cost inflation in check while improving products



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## Financial Review



# Q2 2010 Highlights



Three Months Ended June 30, (\$ Millions except per unit amounts)	2010	2009
FFO*	25.7	14.0
FFO per unit diluted*	0.20	0.14
Adjusted FFO (“AFFO”)*	21.6	18.0
AFFO per unit diluted*	0.17	0.18
Distributions declared	17.6	18.7
Distributions per unit	0.14	0.19
Weighted average units outstanding (diluted)	130.6	102.4

\*Please refer to the “Non-GAAP Measures” section of Q2, 2010 MD&A for the details of FFO and AFFO calculation  
Q2 2009 amounts exclude the provision for impairment of mezzanine loans and accounts receivable of \$30.7 million

# YTD 2010 Highlights



Six Months Ended June 30, (\$ Millions except per unit amounts)	2010	2009
FFO*	45.2	33.3
FFO per unit diluted*	0.35	0.33
Adjusted FFO (“AFFO”)*	41.8	39.9
AFFO per unit diluted*	0.32	0.39
Distributions declared	35.1	37.3
Distributions per unit	0.27	0.37
Weighted average units outstanding (diluted)	130.5	102.2

\*Please refer to the “Non-GAAP Measures” section of Q2, 2010 MD&A for the details of FFO and AFFO calculation  
Q2 2009 amounts exclude the provision for impairment of mezzanine loans and accounts receivable of \$30.7 million

# Strong Same Property Performance



Same Property	Q2 2010 (\$ Millions)	Q2 2010 vs. Q2 2009	
Revenue	\$ 131.3	↑	2.3%
NOI	\$ 40.4	↑	3.1%
Occupancy	90.0%	↓	0.1pp

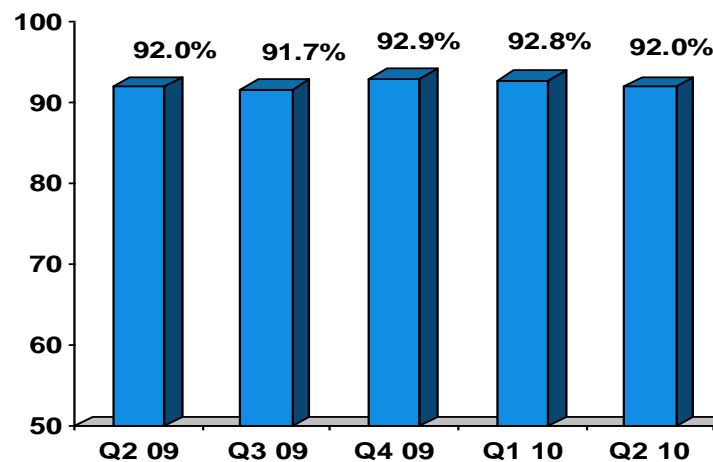
**1% change in occupancy = 4 cents in AFFO per Unit**

# Solid Performance in Ontario



Same Property	Q2 2010 (\$ Millions)	Q2 2010 vs. Q2 2009	
Revenue	\$ 37.3	↑	3.2%
NOI	\$14.9	↑	7.4%
Occupancy	92.0%	—	

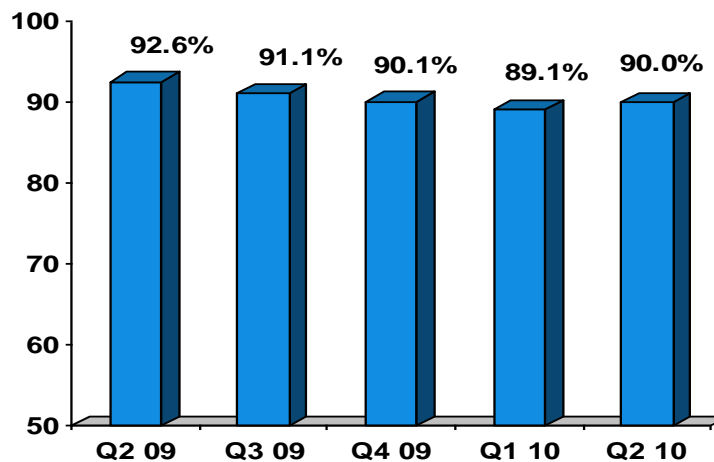
Occupancy





Same Property	Q2 2010 (\$ Millions)	Q2 2010 vs. Q2 2009	
Revenue	\$15.0	↑	0.4%
NOI	\$ 5.3	↓	0.6%
Occupancy	90.0%	↓	2.6pp

Occupancy

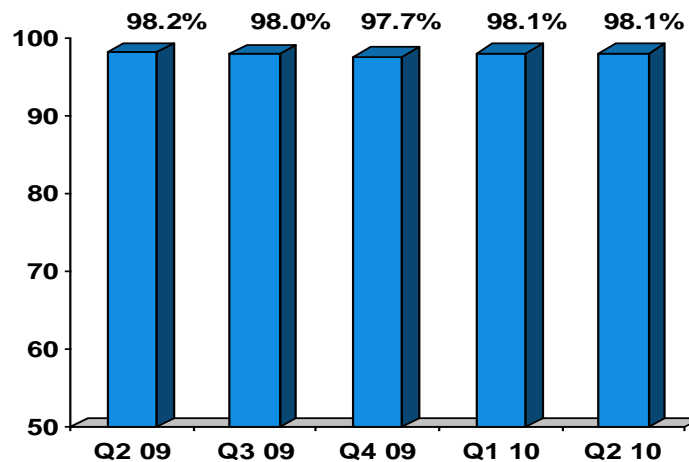


# Canadian LTC Performing Well



Same Property	Q2 2010 (\$ Millions)	Q2 2010 vs. Q2 2009
Revenue	\$ 26.0	↑ 1.8%
NOI	\$ 3.6	↑ 15.6%
Occupancy	98.1%	↓ 0.1pp

Occupancy

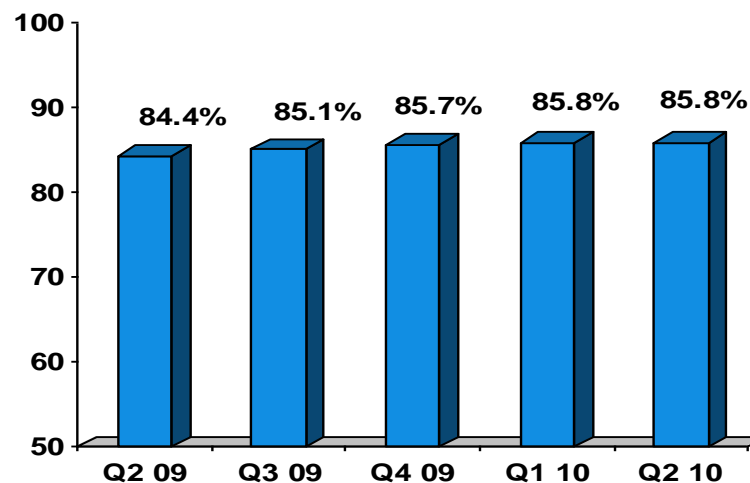


# Strong Growth in Quebec



Same Property	Q2 2010 (\$ Millions)	Q2 2010 vs. Q2 2009	
Revenue	\$18.6	↑	5.9%
NOI	\$ 6.0	↑	3.4%
Occupancy	85.8%	↑	1.4pp

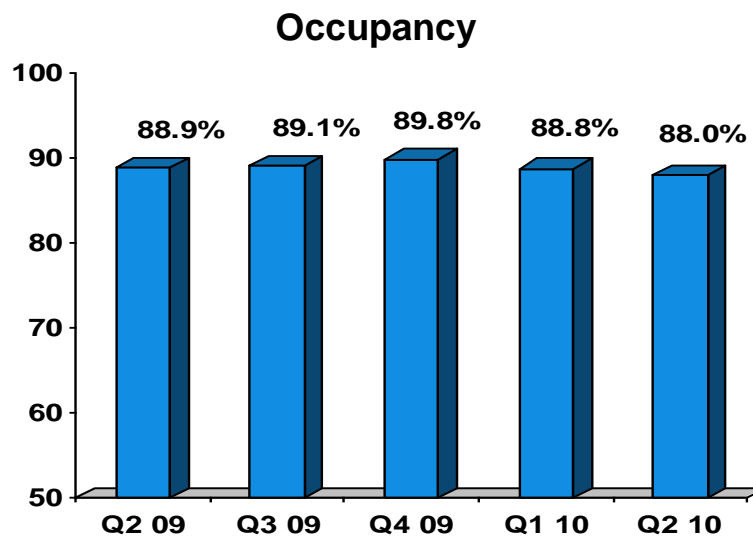
Occupancy



# U.S. Platform



Same Property	Q2 2010 (\$ Millions)	Q2 2010 vs. Q2 2009	
Revenue	\$ 34.3	↑	0.8%
NOI	\$ 10.7	↓	4.1%
Occupancy	88.0%	↓	0.9pp



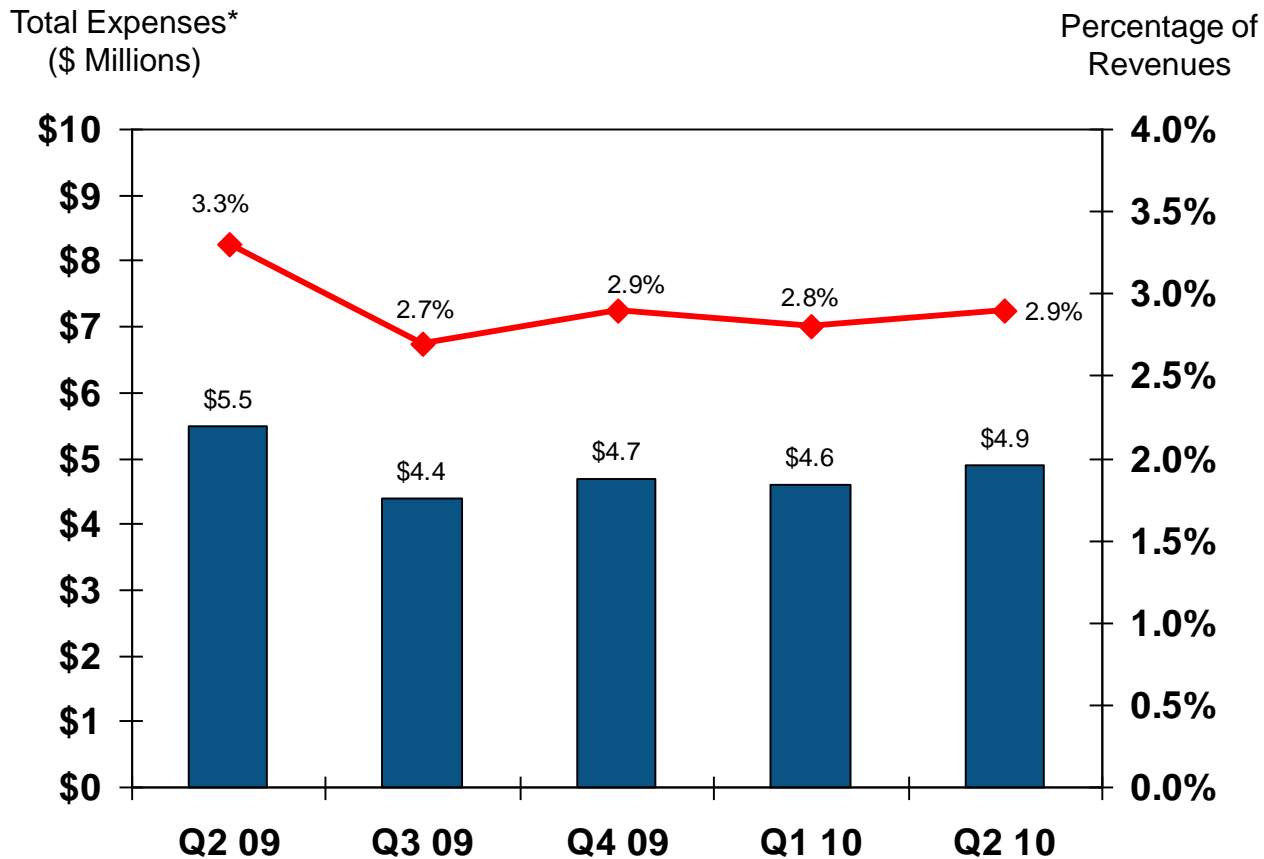
# Enhancing Quality of Earnings



Six Months Ended June 30, (\$ Millions except per unit amounts)	2010	2009
Mezzanine Loan Interest Income	2.8	5.3
Income from Management Operations	0.9	1.6

- Reduced emphasis on development management
- Wind down of relationship with Spectrum
- Collecting amounts due under mezzanine loans

# Managing G&A Expenses



**Maintaining G&A under 3% of Revenues**

\* Excludes severance and other costs

# Strengthened Financial Position



As at June 30, 2010

<b>Leverage ratio excluding convertible debentures</b>	<b>55.3%</b>
<b>Leverage ratio including convertible debentures</b>	<b>61.4%</b>
<b>Contracted weighted average interest rate</b>	<b>5.46%</b>
<b>Average term to maturity</b>	<b>7.6 yrs</b>

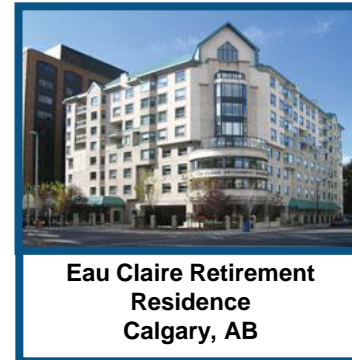
- Moderate loan to value ratio of maturing mortgages
- Taking advantage of low interest rate environment
- Extending term to maturity
- 65% of Canadian mortgages are CMHC-insured
- No US mortgage renewals until 2013



# Reducing Interest Expense



- Refinanced \$1.7 million mortgage
  - 3.5-year term at 3.75%, below 4.3% rate on maturing debt
- Refinanced \$10.0 million CMHC-insured mortgage
  - 10-year term at 4.33%, below 5.0% rate on maturing debt
- Renewed \$3.9 million CMHC mortgage
  - 15-year term at 4.40%
- Replaced \$4.6 million CMBS mortgage
  - New 10-year CMHC-insured mortgage
  - 3.94% interest rate



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CHARTWELL SENIORS HOUSING REIT



## Outlook



# 2010 Outlook



- **Steady occupancy recovery**
  - ❖ Improving economic/market dynamics
  - ❖ Sales training
  - ❖ Understanding customers' needs
  - ❖ Focus on resident satisfaction
- **Asset management program**
  - ❖ Funds allocated for repositioning and improvements
  - ❖ Select divestitures
- **Separation from third-party developers**
  - ❖ Select acquisitions in payment of mezzanine loans and AR
- **Development programs**
  - ❖ LTC redevelopment
  - ❖ Greenfield developments
  - ❖ Internal Growth
- **Portfolio management opportunities**
- **Continue capitalizing on low interest rate environment**



# Positive Long-Term Outlook



- Demand continues to be strong in many markets
- Interruption of construction activities further delayed new product coming to market
- Well-managed LTC portfolio – stable high occupancies
- Stable financial position



**The Bristol at North Hills**  
North Hills, NY



**Willow Wood** Fort  
Lauderdale, FL

Registered Practical Nurse, Director of Care Administrative Manager Community Relations Manager Registered Nurse, Cook Activity Aide Recreation Support and Assistant Registered Practical Nurse Personal Support Worker Food Services Supervisor Marketing Manager Registered Dietitian Consultant Support and Community Relations Manager, PSW Housekeeper	Accounts Receivable Admission Guest Attendant Cook, Registered Nurse Professional Practice Linen Cook Team Leader Housekeeper Recreation Support and Assistant Social Worker, Cook Dietitian Consultant PSW, Guest Attendant Co-Director of Care, RSM Application Support and Training, Housekeeping Aide, Marketing Manager Accountant, Chatelaine Food Services Manager	Activity Aide IPM, Data Entry Clerk Personal Support Worker Marketing Manager, Attendant Housekeeper Registered Nurse, Cook Team Leader Activity Aide Team Leader Housekeeper Maintenance Supervisor Community Relations Manager, PSW Receptionist Recreation Assistant, Director of Care, Guest Attendant Marketing Manager Dietary Aide	Registered Practical Nurse, Director of Care Administrative Manager Community Relations Manager Registered Nurse, Cook Activity Aide Recreation Support and Assistant Registered Practical Nurse Food Services Supervisor Marketing Manager Registered Dietitian Consultant Support and Community Relations Manager, PSW Housekeeper	Registered Dietitian Consultant Community Relations Manager, PSW Housekeeper Registered Nurse, Cook Application Support and Training, Housekeeping Aide Registered Practical Nurse Recreation Assistant Team Leader Housekeeper Maintenance Supervisor Accounts Receivable Admission Guest Attendant Cook, Registered Nurse Professional Practice	Accounts Receivable Admission Guest Attendant Cook, Registered Nurse Professional Practice Linen Cook Team Leader Housekeeper Recreation Support and Assistant Social Worker, Cook Dietitian Consultant PSW, Guest Attendant Co-Director of Care, RSM Application Support and Training, Housekeeping Aide, Marketing Manager Accountant, Chatelaine Food Services Manager
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