

# Q1 2013 Conference Call

May 3, 2013



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# Forward-Looking Statements and Non-IFRS Measures



*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 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 presentation 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 estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See “Risks and Uncertainties” in our 2012 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.*

*In this presentation we use a number of key performance indicators such as Funds from Operations (“FFO”), FFO per unit, Adjusted Funds from Operations (“AFFO”), AFFO per unit, Net Operating Income (“NOI”), Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”), Interest Coverage Ratio, Indebtedness Ratio, Net Debt to Adjusted EBITDA Ratio and others. These key performance indicators are not defined by International Financial Reporting Standards (“IFRS”) and may not be comparable to similar measures presented by other issuers; however, they are presented because management believes these non-IFRS measures are relevant and meaningful measures of Chartwell’s performance. Chartwell monitors its operations on a line-by-line basis and as such, includes its share of amounts from joint ventures. For details of each of these performance indicators, please refer to the “Key Performance Indicators” section of Chartwell’s Q1 2013 MD&A, available at [www.sedar.com](http://www.sedar.com).*

# Building Sustainable Value



## ❑ Strategic priorities

1. Grow core property portfolio contribution
2. Maintain a strong financial position
3. Improve quality and efficiency of our corporate support services
4. Build value of our real estate portfolio



# Transformation Program



## ❑ Completed Initiatives

- New core financial system implemented
- Prospect management system (CRM) rollout

## ❑ In progress

- Rebranding
- Website enhancements
- Improvements to financial reporting and consolidation
- IT infrastructure rollout to our properties
- Capital budgeting system and procurement system improvements

# Operations – Sales Initiatives



## □ Sales

- Enhanced sales process
- Maximize the value of Yardi Prospect data
- Improved hiring and orientation of sales consultants
- Targeted marketing programs

## □ Operations

- Focus on customer service, dining program, lifestyle and activation programs and quality care
- Ancillary services
- Resident assessments and additional care services



# Financial Review



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# Solid Financial Performance



## □ Q1 2013 highlights

- AFFO increased by 24.3%
- Same property NOI up 0.6% and occupancy growth to 89.5%
- Balance sheet debt metrics continue to improve

Key Performance Indicators	Q1 2013	Q1 2012	Increase/(Decrease)
Average occupancy – same property	89.5%	89.0%	0.5pp
NOI – same property (\$ millions)	\$55.5	\$55.2	\$0.3
AFFO* (\$ millions)	\$27.6	\$22.2	\$5.4
AFFO per unit diluted	\$0.16	\$0.15	\$0.01
Distributions declared as a percentage of AFFO	84.8%	89.0%	(4.2pp)

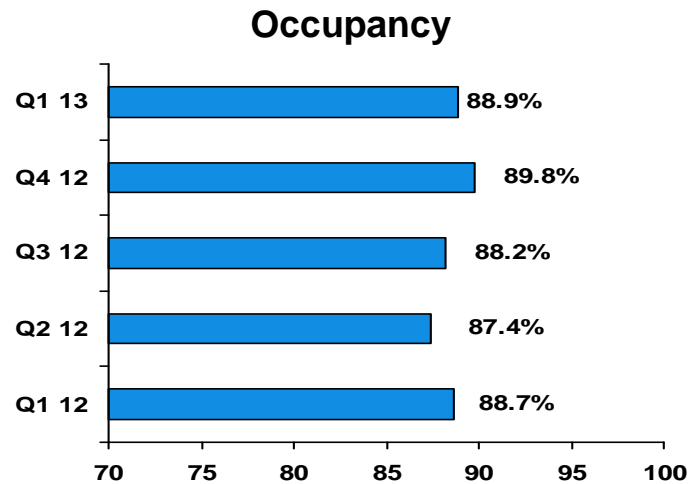
*\*Includes \$0.5 million of negative AFFO incurred on properties in lease-up in Q1 2013 (\$0.6 million in Q1 2012)*

# Ontario Retirement Platform



- Higher revenue from additional services
- Short-term discounts impact NOI performance
- Slower pace of new supply supports future occupancy growth

	Q1 2013	Q1 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$16.2	\$17.0	(\$0.8)	(4.6%)
<b>Occupancy</b>	88.9%	88.7%	N/A	0.2pp





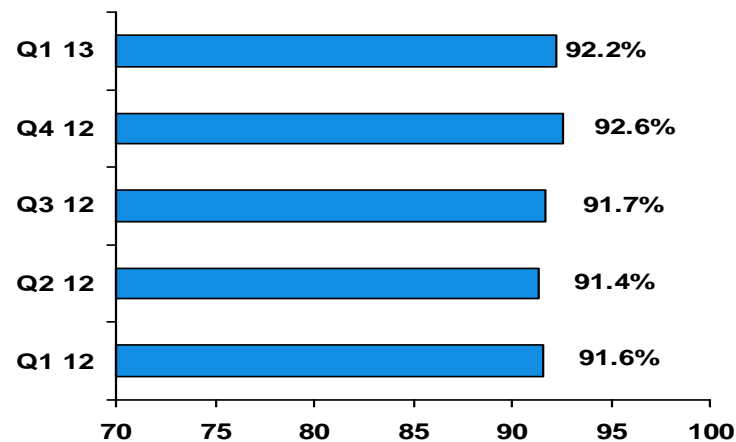
# Strong Growth in Western Canada



- Improving occupancy
- Solid NOI growth

	Q1 2013	Q1 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$7.8	\$7.4	\$0.4	5.8%
<b>Occupancy</b>	92.2%	91.6%	N/A	0.6pp

**Occupancy**



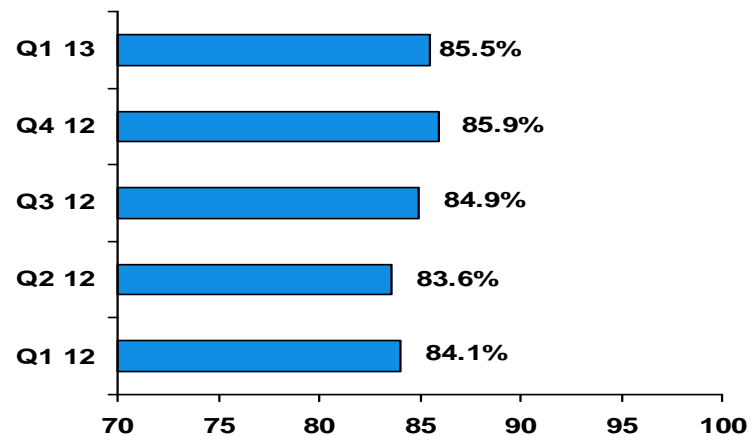
# Quebec Platform



- Improving occupancy
- Short-term discounts impact NOI performance

	Q1 2013	Q1 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$6.7	\$7.5	(\$0.8)	(10.7%)
<b>Occupancy</b>	85.5%	84.1%	N/A	1.4pp

## Occupancy



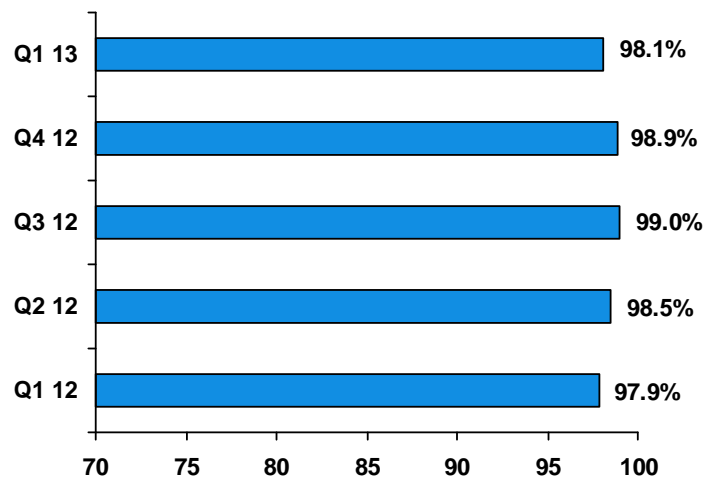
# Ontario LTC



- High occupancy
- Increased funding

	Q1 2013	Q1 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI (\$ millions)</b>	\$6.1	\$5.8	\$0.3	4.3%
<b>Occupancy</b>	98.1%	97.9%	N/A	0.2pp

## Occupancy



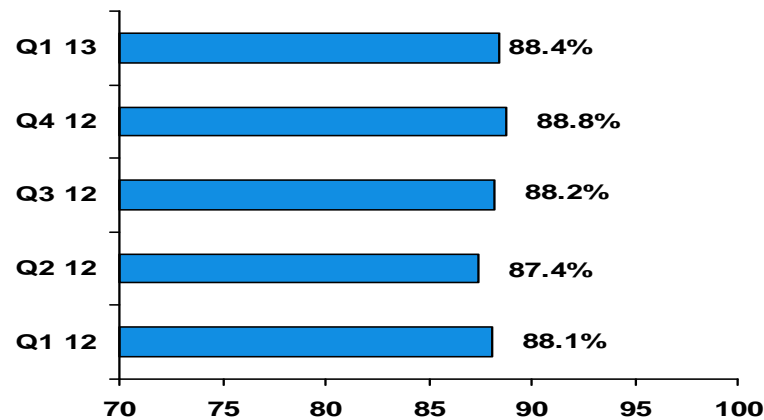
# U.S. Portfolio



- Improving occupancy
- Strong expense controls

	Q1 2013	Q1 2012	Increase/(Decrease)	
			\$	%
Same property statistics:				
<b>NOI</b> (\$ millions)	\$18.6	\$17.4	\$1.2	7.0%
<b>Occupancy</b>	88.4%	88.1%	N/A	0.3pp

**Occupancy**

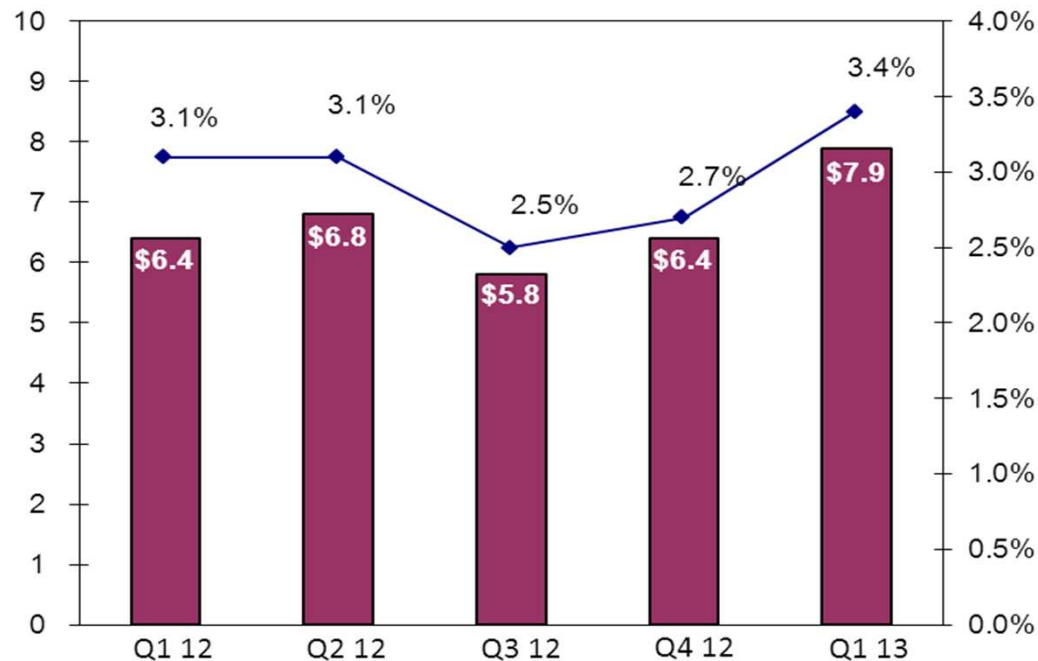


# Managing G&A Expenses



Total G&A Expenses\*  
(\$ millions)

Percentage of  
Revenue



\* Excludes severance costs

- Costs incurred to support significant growth in assets under management more than offset by management fees

# Outlook



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- **Grow core property portfolio contribution**
  - ❖ New brand rollout
  - ❖ Continued focus on occupancy, ancillary revenue growth and cost control
  - ❖ New resident services, including assisted living
  - ❖ Growing contribution from lease-up properties
- **Maintain a strong financial position**
  - ❖ Gradually reduce debt leverage over time
- **Improvements in quality and efficiency of corporate support services**
  - ❖ Continuous improvements of operating processes – Lean Six Sigma specialists
  - ❖ Streamlining of supply chain management processes
  - ❖ Capital budgeting and procurement systems
  - ❖ IT infrastructure rollout
  - ❖ Website update



# Outlook



- **Building value of our real estate portfolio**
  - ❖ Acquisitions pipeline
  - ❖ Two to three new development project starts in 2013
  - ❖ Divesting non-core assets
  - ❖ Ongoing asset management programs in Canada and the U.S.



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