



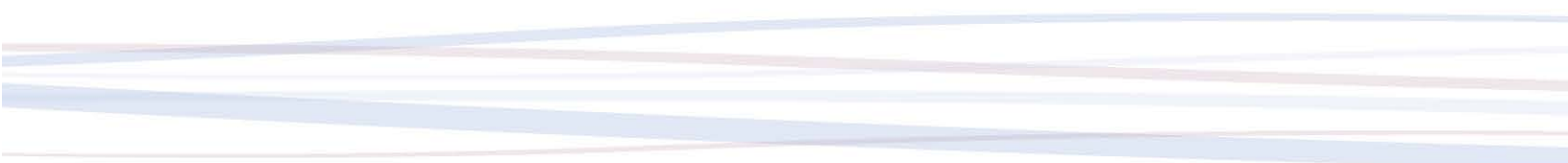
CHARTwell
retirement residences

making people's
lives **BETTER**[®]



Third Quarter Report | September 30, 2015
MANAGEMENT'S DISCUSSION & ANALYSIS

Q3





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

For the Three and Nine Months Ended September 30, 2015

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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, 2015. 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, 2015, and the notes thereto (the “Financial Statements,”) the audited consolidated financial statements for the year ended December 31, 2014 and the notes thereto (the “2014 Financial Statements”) and the annual Management’s Discussion and Analysis for the year ended December 31, 2014 (the “2014 MD&A.”) This material is available on Chartwell’s website at www.chartwell.com. Additional information about Chartwell, including its Annual Information Form (“AIF”) for the year ended December 31, 2014, 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 12, 2015.

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, “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; “2015” refers to the calendar year 2015; “2014” refers to the calendar year 2014 and “YTD” means year-to-date.

Unless otherwise indicated, all comparisons of results for Q3 2015 and 2015 YTD are in comparison to results from Q3 2014 and 2014 YTD, respectively.

In this document we use a number of performance measures that are not measures defined in generally accepted accounting principles (“GAAP”) such as Funds from Operations (“FFO”), Adjusted Funds from Operations (“AFFO”), Net Operating Income (“NOI”), “Same Property NOI,” “Same Property Revenue,” “Same Property Direct Operating Expenses,” “G&A Expenses as a percentage of Revenue,” “Interest Coverage Ratio,” “Indebtedness Ratio,” “Adjusted EBITDA,” “Net Debt to Adjusted EBITDA Ratio,” “Chartwell’s Interest,” “Distributions Declared as a Percentage of Total AFFO” and any related per unit amounts 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 a standardized meaning prescribed by International Financial Reporting Standards (“IFRS”) and, therefore, may not be comparable to similar measures presented by other publicly-traded entities. Please refer to the “Joint Arrangements” and “Non-GAAP Measures” sections of this MD&A for details.

The results of operations of our United States Operations segment (the “U.S. Portfolio”) are reported as discontinued operations throughout this MD&A. Unless otherwise indicated, all comparative amounts have been restated to conform to the current-period presentation.

All dollar references, unless otherwise stated, are in Canadian dollars. Amounts in United States (“U.S.”) dollars are identified as U.S.\$.

This document contains forward-looking information based on management’s expectations, estimates 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 and Risks and Uncertainties” section of this MD&A for more information.

Business Overview

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

Our Continuum of Care:

- Independent living (“IL”) - Age-qualified suites/ townhouses/ bungalows with availability of providing meals and dining, housekeeping and laundry services without personal care services/personal assistance available.
- Independent supported living (“ISL”) - Age-qualified suites/ townhouses/ bungalows with dining, housekeeping and laundry services with personal assistance services available.
- Assisted living (“AL”) - Age-qualified suites with a base level of personal assistance services included in the service fee, in a separate wing, floor or building. Additional care services may be added on top of base fee.
- Memory care (“MC”) - Age-qualified suites with personal care services included in base fee for persons with Alzheimer’s disease or some other form of dementia, in a separate/secure wing, floor or building.
- Long term care (“LTC”) – 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 is overseen by local government agencies in each province.

Our Vision is... Making People’s Lives Better

Our Mission is...

- to provide a happier, healthier and more fulfilled life experience for seniors;
- to provide peace of mind for our residents’ loved ones; and
- to attract and retain employees who care about making a difference in our residents’ lives.

Our Values are...

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

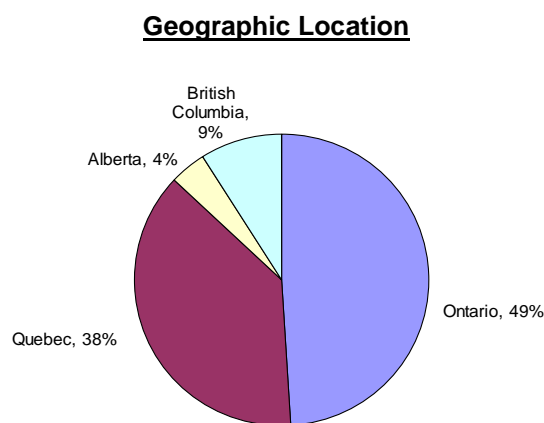
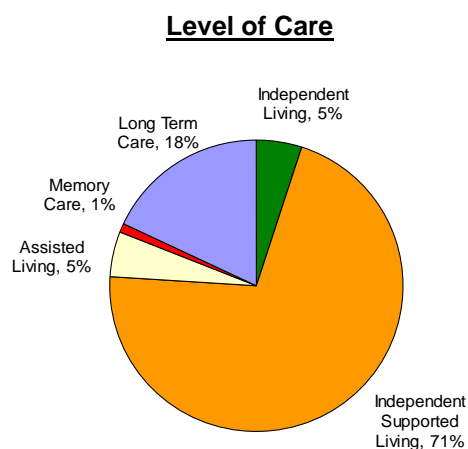
Trust – We believe in keeping our promises and doing the right thing

The following is the composition of our owned and managed portfolio of seniors housing communities in our two operating segments at September 30, 2015:

	Canadian Retirement Operations		Canadian Long Term Care Operations		Total	
	Communities	Suites/Beds	Communities	Suites/Beds	Communities	Suites/Beds
Owned Communities: ⁽¹⁾						
100% Owned – operating ⁽²⁾	104	13,099	24	3,136	128	16,235
Partially Owned – operating ⁽³⁾	47	8,339	-	-	47	8,339
Total Owned	151	21,438	24	3,136	175	24,574
Managed Communities	3	511	4	608	7	1,119
Total	154	21,949	28	3,744	182	25,693

- (1) 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.
 (2) Includes two communities (343 suites) in our Canadian Retirement Operations classified as held for sale.
 (3) We have a 50% ownership interest in these communities with the exception of three Canadian retirement communities and one medical office building in which we have an 85% ownership interest.

**Composition of Portfolio of Owned Suites
at Chartwell’s Share of Ownership Interest, at September 30, 2015 by:**



Business Strategy

Our business strategy is principally focused on providing quality services and care to our residents, which we believe will help us to achieve sustainable growth in our AFFO per unit and long-term value creation for our unitholders. The following summarizes our key strategic objectives:

Grow core property portfolio contribution by:

- Providing high-quality and expanding service offerings to our residents to maintain and improve resident satisfaction.
- Enhancing our brand recognition.
- Investing in innovative marketing and sales programs to increase customer traffic, sales closing ratios and occupancy.
- Managing rental rates to ensure our properties are competitively positioned in the marketplace.
- Mitigating inflationary pressures on our operating costs through specific vendor management and cost-control initiatives.

Maintain a strong financial position by:

- Maintaining sufficient liquidity to execute on our strategic priorities.
- Staggering debt maturities over time to reduce financing and interest rate risks.
- Financing our properties with long-term debt where applicable, while managing interest costs.

Improve quality and efficiency of our corporate support services by:

- Implementing information technology solutions to better understand our customers, communicate with our employees, and reduce administrative time commitment in the field.
- Continuously reviewing our administrative and operating processes in order to increase efficiencies and improve support services provided to our operating teams.

Build value of our real estate portfolio by:

- Managing our real estate portfolio and individual assets to maximize long-term value through market analysis and research, prudent capital planning, strategic repositioning and divestiture.
- Innovatively developing modern, market specific and operationally efficient seniors communities that remain competitive over the long term.
- Accretively growing our real estate portfolio with newer properties by consolidating the fragmented industry.

The following summarizes the progress we made in executing our strategy to date:

<p>Grow core property portfolio contribution</p>	<ul style="list-style-type: none"> Improved brand awareness and online and social media strategies have generated a 5.2% increase in initial contacts and a 4.2% increase in personal visits in 2015 YTD. Same property NOI ⁽¹⁾ increased \$1.0 million or 2.0% in Q3 2015 and \$2.1 million or 1.4% in 2015 YTD. Same property occupancy improved to 92.0% in Q3 2015, compared to 90.7% in Q3 2014, with all operating platforms posting strong occupancy gains.
<p>Maintain a strong financial position</p>	<ul style="list-style-type: none"> At September 30, 2015, we had cash on hand ⁽²⁾ of \$13.1 million and \$141.4 million of available borrowing capacity under our secured, revolving operating credit facility (“Credit Facility”). Interest Coverage Ratio ⁽¹⁾ increased to 3.12 in Q3 2015 compared to 2.70 in Q3 2014. Net Debt to Adjusted EBITDA Ratio ⁽¹⁾ decreased to 7.1 at September 30, 2015 compared to 8.6 at September 30, 2014. Indebtedness Ratio ⁽¹⁾ was 47.0% at September 30, 2015 compared to 55.0% at December 31, 2014.
<p>Improve quality and efficiency of our corporate support services</p>	<ul style="list-style-type: none"> Ongoing updates to our website generating significant improvements to several key online metrics with our monthly average web traffic increasing by 27% in 2015 YTD from Q4 2014. Continued optimization of our unique call centre that now assists close to 1,400 prospective customers and their family members per month. Ongoing reviews of corporate support processes generate improving and more efficient services to our operating teams.
<p>Build value of our real estate portfolio</p>	<ul style="list-style-type: none"> Completed the sale of the U.S. Portfolio for U.S.\$847.0 million on June 30, 2015. Proceeds from the sale, after repayment of debt, amounted to approximately \$416.0 million. Completed acquisitions of interests in 13 properties in Canada for \$587.3 million. Completed two development projects totalling 60 suites with an additional eight projects totalling 1,255 suites in various stages of development.

(1) Non-GAAP; refer to the “Non-GAAP Measures” section of this MD&A.

(2) Non-GAAP; includes Chartwell’s Interest in equity accounted investments of \$3.1 million. Refer to the “Joint Arrangements” section of this MD&A for details.

2015 Outlook

Our 2014 MD&A contains a detailed discussion of our 2015 Outlook. There were no significant changes in Q3 2015 except for the following:

U.S. Operations

On June 30, 2015, we completed the sale of all outstanding shares of our U.S. subsidiary CSH Master Care USA Inc. (the "U.S. Subsidiary") through a series of transactions. The U.S. Subsidiary wholly owned our U.S. Portfolio comprised of 5,022 suites in 35 properties. The net proceeds from the sale have been utilized for acquisitions and development of seniors housing in Canada and for repayment of certain Canadian indebtedness.

Significant Events

Significant events that have affected or may be expected to affect our results in the future are described in our 2014 MD&A. There were no significant changes to date, except as follows:

Acquisitions

On May 4, 2015, we completed the acquisition of a 94-suite retirement residence in Thunder Bay, Ontario. The purchase price was \$22.1 million before closing costs and was settled in cash.

On June 1, 2015, we completed the acquisition of our joint-venture partner's 50% interests in the 117-suite Chartwell Pickering City Centre Retirement Residence ("Pickering") and the 151-suite Chartwell Valley Vista Retirement Residence ("Valley Vista"), both located in Ontario, for \$40.1 million before closing costs. We now own 100% interest in these properties. The purchase price was partially settled by the assumption of our partner's share of mortgages, totalling \$19.8 million, with the remainder paid in cash.

On July 31, 2015, we completed the acquisition of The Grenadier Retirement Residence (257 suites and 66,800 square feet of commercial space) in Toronto, Ontario for \$84.0 million before closing costs. The purchase price was settled in cash.

On August 5, 2015, we completed the acquisition of an 85% interest in Chartwell L'Unique Phase II Retirement Residence ("Phase II") in Ste. Eustache, Quebec for \$15.4 million before closing costs. The vendor, Batimo Inc. ("Batimo"), has retained a 15% interest in the property. This 90-suite Phase II addition is connected to the 169-suite Chartwell L'Unique Retirement Residence co-owned by Chartwell and Batimo. Phase II opened in April 2015 and was 70% leased at the time of acquisition. The purchase price was settled by the assumption of an 85% share of the construction loan of \$10.9 million, settlement of our mezzanine loan to Batimo of \$1.5 million, with the remainder of the purchase price paid in cash. The construction loan bears interest at 5.0% and is expected to be refinanced with a long-term, fixed-rate mortgage upon the property achieving stabilized occupancy. On closing, Batimo provided us with a 12-month NOI guarantee of \$0.2 million.

On September 11, 2015, we acquired from three separate vendor groups, three retirement residences in Ontario totalling 447 suites for an aggregate purchase price of \$171.7 million before closing costs. One of the acquired properties has excess land for the potential development of up to 69 additional suites. Included in the purchase price for this property is \$1.0 million related to this excess land and a deferred payment of \$1.85 million due on the third anniversary of closing. The vendor of another property provided us with a 24 month occupancy support of up to \$2.5 million and undertook to convert at their cost certain common spaces in the building to four additional suites within 12 months.

On November 9, 2015, we acquired from separate groups of vendors, five retirement residences in Ontario totalling 616 suites for an aggregate purchase price of \$253.9 million before closing costs. The purchase price was settled by the assumption of two mortgages totalling \$51.5 million bearing interest at a weighted average rate of 4.5% with the average term to maturity of 4.6 years, the issuance of \$15.0 million of exchangeable Class B Units of Chartwell Master Care LP, with the remaining balance paid in cash. The vendors of two of the properties provided us with a three-year NOI guarantee for their respective properties. The combined first-year NOI guarantee is \$4.75 million, growing by 3% per year. Signature Senior Living, an affiliate of one of the vendors, will continue to manage these two properties until December 31, 2018. In January 2019, we may be required to pay the vendors of these two properties an additional amount equal to the excess of the actual combined NOI achieved for the year ended December 31, 2018, over the guaranteed NOI for that year, divided by 6.25%.

Dispositions

On June 2, 2015, we completed the sale of Villa val-des-Arbres Residence (“VVDA”) in Laval, Quebec for \$8.0 million. The purchase price was settled by the purchaser assuming the existing \$5.2 million mortgage, a vendor take back mortgage of \$1.5 million, with the balance received in cash.

On June 30, 2015, we completed the sale of the U.S. Portfolio. The gross sale price was U.S.\$847.0 million. The U.S. Portfolio was encumbered by mortgage debt with the principal amount of U.S.\$439.0 million, bearing interest at a weighted average rate of 5.85% per annum. The mortgage debt, including mortgage prepayment costs, was repaid using proceeds from the sale. This sale allows us to fully focus on the Canadian seniors housing markets where we believe we have a strong competitive advantage due to the quality of our management platform and our scale. The sale also reduces operating risk by removing the reliance on third-party management and eliminates U.S. mortgage refinancing and foreign exchange risks.

In our Financial Statements and throughout this MD&A, the Q3 2015 and 2015 YTD results of operations of the U.S. Portfolio are reported as discontinued operations. Comparative Q3 2014 and 2014 YTD amounts have been restated to conform with this treatment.

On November 11, 2015, we completed the sale of two non-core LTC residences (343 beds) in Quebec for \$10.2 million before closing costs. Mortgages totalling \$11.5 million bearing interest at the weighted average rate of 4.87% were assumed by the purchaser on closing. These properties were classified as held for sale at September 30, 2015.

Development

In accordance with our strategy to innovatively develop modern, market-specific and operationally efficient seniors communities that remain competitive over the long term, we maintain a moderate internal development program. We also partner with other reputable developers in order to gain access to attractive sites in strong markets.

To date in 2015, we have completed two development projects:

- A 30-bed memory care unit at Chartwell Georgian Traditions Retirement Residence in Collingwood, Ontario, was completed in Q2 2015 and is currently fully occupied. Total development costs are \$8.6 million and the expected unlevered yield is 9.6%.
- A 30-suite apartment building at Chartwell Tranquility Place Retirement Residence opened in October 2015 with leasing progressing well. Total development costs are \$7.7 million and expected unlevered yield is 7.7%. We own a 50% interest in this project.

The following table summarizes development projects that were in progress as of the date of this MD&A:

Project	Location	Suites / Beds	Current Project Status	Estimated Development Costs ⁽¹⁾ (\$ millions)	Expected Completion Date	Expected Stabilization Date	Expected Unlevered Yield ⁽²⁾
Chartwell Waterford Retirement Residence	Oakville, ON	128	Pre-development	39.9	Q3 2017	Q4 2019	8.2%
Chartwell Carlton Gardens Retirement Residence	Burnaby, BC	105	Pre-development	35.3	Q3 2017	Q1 2020	7.9%
Chartwell Malaspina Gardens Care Residence	Nanaimo, BC	136	Pre-development	27.5	Q3 2017	Q3 2017	8.4%
Chartwell Bankside Apartments	Kitchener, ON	58	Pre-development	17.0	Q2 2017	Q1 2019	7.8%
Chartwell Regent Park Apartments ⁽³⁾	Toronto, ON	332	Pre-development	91.4	Q3 2017	Q3 2019	7.0%
Chartwell Meadowbrook Village	Lively, ON	55	Pre-development	17.4	Q3 2017	Q3 2018	8.9%
		814		228.5			
Chartwell Le Teasdale ⁽⁴⁾	Terrebonne, QC	343	In construction	N/A	Q2 2016	Q3 2018	N/A
Chartwell Monarques Phase II ⁽⁵⁾	Ste. Eustache, QC	98	In construction	N/A	Q3 2016	Q4 2018	N/A
		441					
		1,255					

(1) Non-GAAP; includes imputed cost of capital and lease-up losses.

(2) Non-GAAP; defined as first year stabilized NOI divided by development costs.

(3) Chartwell owns a 90% interest in this project.

(4) Development is undertaken by Batimo. Construction commenced in March 2015. Chartwell advanced a mezzanine loan of \$5.9 million in Q3 2015 and intends to acquire an 85% interest in this project upon stabilization.

(5) Development is undertaken by Batimo. Chartwell intends to acquire an 85% interest in this project upon stabilization.

On July 13, 2015, we advanced a \$5.9 million mezzanine loan to Batimo for the development of Chartwell Le Teasdale, a 343-suite retirement residence in Quebec. The loan is for a five-year term with a two-year extension option, subject to certain conditions, and bears interest at 10% per annum. We will manage the operations and lease-up of this property and intend to acquire an 85% interest in this project upon stabilization.

Joint Arrangements

IFRS 11 – Joint Arrangements requires certain joint arrangements that were previously accounted for using line-by-line proportionate (“line-by-line”) consolidation to now be accounted for using the equity method. Under IFRS 11, as applied to Chartwell, equity accounting is required where an interest in a joint arrangement is held through a separate legal entity such as a limited partnership or corporation; however, where an interest is held directly, line-by-line consolidation continues to apply.

The following table summarizes the details of our joint arrangements and related accounting methods:

Joint Arrangements	# of Properties	Suites/Beds	Chartwell Ownership	Method of Accounting
Chartwell-Welltower Landlord ⁽¹⁾⁽²⁾	38	7,605	50.0%	Line-by-line
Chartwell-Welltower Operator ⁽¹⁾⁽²⁾	Same as above	Same as above	50.0%	Equity
Batimo	4	357	85.0%	Line-by-line
Oakville	1	147	50.0%	Equity
Constantia	1	121	50.0%	Equity
Riverside	1	138	50.0%	Line-by-line
Churchill	1	97	50.0%	Line-by-line
Kamloops	1	97	50.0%	Line-by-line

(1) Chartwell directly holds its interest in real estate but its interest in operations is held through separate legal entities.

(2) On July 2, 2014, one property (196 suites) previously held by Chartwell-Welltower Landlord and operated by Chartwell-Welltower Operator was sold.

On June 1, 2015, we acquired the remaining 50% interest in Pickering and Valley Vista. Prior to acquisition, we accounted for Pickering using the equity method of accounting and for Valley Vista using the line-by-line method.

Throughout this document, amounts reported ‘per our Financial Statements’ are prepared in accordance with IFRS, and amounts reported at ‘Chartwell’s Interest,’ a non-GAAP measure, represent Chartwell’s proportionate share of interests in our entire portfolio of investments excluding discontinued operations. Refer to the “Non-GAAP Measures – Chartwell’s Interest” section of this MD&A for a detailed description of this measure.

We believe that presenting the operating and financial results of our joint arrangements at Chartwell’s Interest, a non-GAAP basis, provides useful information to current and prospective investors to assist them with their understanding of our financial performance by providing transparency of revenue earned, expenses incurred, as well as assets and liabilities held through joint arrangements. Management uses this measure when making strategic and operational decisions at the portfolio level.

The following table provides a reconciliation of the Q3 2015 Statement of Comprehensive Income (Loss) as presented in our Financial Statements to this MD&A's presentation at Chartwell's Interest:

(\$000s, unaudited)	Q3 2015 per Financial Statements ⁽¹⁾	Equity Accounted Investments ⁽²⁾	Q3 2015 Chartwell's Interests ⁽³⁾
Revenue			
Resident	162,509	25,922	188,431
Management and other fees	1,925	-	1,925
Lease revenue from joint ventures	8,299	(8,299)	-
Interest on loans receivable	355	-	355
	173,088	17,623	190,711
Expenses			
Direct operating	115,562	15,702	131,264
General, administrative and Trust ("G&A")	7,003	-	7,003
	122,565	15,702	138,267
Income before the undernoted	50,523	1,921	52,444
Finance costs	(17,386)	(252)	(17,638)
Other income/(expense)	(7,379)	62	(7,317)
Depreciation of property, plant and equipment ("PP&E")	(28,012)	(774)	(28,786)
Amortization of intangible assets	(152)	(4)	(156)
Changes in fair value of financial instruments and foreign exchange gain/(loss)	(863)	13	(850)
Share of net income from joint ventures	966	(966)	-
Loss before income taxes	(2,303)	-	(2,303)
Income tax (expense)/benefit:			
Current	(2,796)		(2,796)
Deferred	789	-	789
	(2,007)		(2,007)
Net loss from continuing operations	(4,310)	-	(4,310)
Net loss from discontinued operations	(458)	-	(458)
Total comprehensive loss	(4,768)	-	(4,768)

(1) Prepared in accordance with IFRS.

(2) Represents Chartwell's proportionate share of the revenues and expenses of our joint ventures that are accounted for using the equity method of accounting.

(3) Non-GAAP; represents Chartwell's proportionate share of interests in our entire portfolio of investments.

The following table provides a reconciliation of the Q3 2014 Statement of Comprehensive Income (Loss) as presented in our Financial Statements to this MD&A's presentation at Chartwell's Interest:

(\$000s, unaudited)	Q3 2014 per Financial Statements ⁽¹⁾	Equity Accounted Investments ⁽²⁾	Q3 2014 Chartwell's Interests ⁽³⁾
Revenue			
Resident	152,578	25,793	178,371
Management and other fees	1,927	-	1,927
Lease revenue from joint ventures	8,150	(8,150)	-
Interest on loans receivable	126	-	126
	162,781	17,643	180,424
Expenses			
Direct operating	109,731	15,615	125,346
G&A	6,442	-	6,442
	116,173	15,615	131,788
Income before the undernoted	46,608	2,028	48,636
Finance costs	(18,570)	(391)	(18,961)
Other income/(expense)	5,289	(77)	5,212
Depreciation of property, plant and equipment ("PP&E")	(29,206)	(765)	(29,971)
Amortization of intangible assets	(268)	(8)	(276)
Changes in fair value of financial instruments and foreign exchange gain/(loss)	(661)	-	(661)
Share of net income from joint ventures	787	(787)	-
Income before income taxes	3,979	-	3,979
Income tax (expense)/benefit:			
Current	(198)	-	(198)
	(198)	-	(198)
Net income from continuing operations	3,781	-	3,781
Net income from discontinued operations	28,065	-	28,065
Other comprehensive income/(loss):			
Unrealized foreign currency income/(loss) on translation of foreign operations	3,494	-	3,494
Total comprehensive income	35,340	-	35,340

(1) Prepared in accordance with IFRS.

(2) Represents Chartwell's proportionate share of the revenues and expenses of our joint ventures that are accounted for using the equity method of accounting.

(3) Non-GAAP; represents Chartwell's proportionate share of interests in our entire portfolio of investments.

The following table provides a reconciliation of the 2015 YTD Statement of Comprehensive Income (Loss) as presented in our Financial Statements to this MD&A's presentation at Chartwell's Interest:

(\$000s, unaudited)	2015 YTD per Financial Statements ⁽¹⁾	Equity Accounted Investments ⁽²⁾	2015 YTD Chartwell's Interests ⁽³⁾
Revenue			
Resident	470,501	77,940	548,441
Management and other fees	5,838	-	5,838
Lease revenue from joint ventures	24,701	(24,701)	-
Interest on loans receivable	781	-	781
	501,821	53,239	555,060
Expenses			
Direct operating	341,033	48,690	389,723
G&A	23,190	-	23,190
	364,223	48,690	412,913
Income before the undernoted	137,598	4,549	142,147
Finance costs	(54,009)	(914)	(54,923)
Other income/(expense)	7,309	101	7,410
Depreciation of property, plant and equipment ("PP&E")	(79,511)	(2,390)	(81,901)
Amortization of intangible assets	(510)	(13)	(523)
Changes in fair value of financial instruments and foreign exchange gain/(loss)	4,160	(74)	4,086
Share of net income from joint ventures	1,259	(1,259)	-
Income before income taxes	16,296	-	16,296
Income tax (expense)/benefit:			
Current	(2,796)	-	(2,796)
	(2,796)	-	(2,796)
Net income from continuing operations	13,500	-	13,500
Net income from discontinued operations	348,171	-	348,171
Other comprehensive income/(loss):			
Unrealized foreign currency income/(loss) on translation of foreign operations	5,945	-	5,945
Foreign currency translation reclassified to net income/(loss) on disposition of discontinued operations	(10,599)	-	(10,599)
Total comprehensive income	357,017	-	357,017

(1) Prepared in accordance with IFRS.

(2) Represents Chartwell's proportionate share of the revenues and expenses of our joint ventures that are accounted for using the equity method of accounting.

(3) Non-GAAP; represents Chartwell's proportionate share of interests in our entire portfolio of investments.

The following table provides a reconciliation of the 2014 YTD Statement of Comprehensive Income (Loss) as presented in our Financial Statements to this MD&A's presentation at Chartwell's Interest:

(\$000s, unaudited)	2014 YTD per Financial Statements ⁽¹⁾	Equity Accounted Investments ⁽²⁾	2014 YTD Chartwell's Interests ⁽³⁾
Revenue			
Resident	453,934	76,857	530,791
Management and other fees	5,635	-	5,635
Lease revenue from joint ventures	24,486	(24,486)	-
Interest on loans receivable	269	-	269
	484,324	52,371	536,695
Expenses			
Direct operating	331,389	48,103	379,492
G&A	24,632	-	24,632
	356,021	48,103	404,124
Income before the undernoted	128,303	4,268	132,571
Finance costs	(57,959)	(1,177)	(59,136)
Other income/(expense)	9,592	12	9,604
Depreciation of property, plant and equipment ("PP&E")	(86,435)	(2,121)	(88,556)
Amortization of intangible assets	(1,321)	(12)	(1,333)
Changes in fair value of financial instruments and foreign exchange gain/(loss)	(8,087)	-	(8,087)
Share of net income from joint ventures	970	(970)	-
Loss before income taxes	(14,937)	-	(14,937)
Income tax (expense)/benefit:			
Current	(1,622)	-	(1,622)
	(1,622)	-	(1,622)
Net loss from continuing operations	(13,315)	-	(13,315)
Net income from discontinued operations	21,316	-	21,316
Other comprehensive income/(loss):			
Unrealized foreign currency income/(loss) on translation of foreign operations	4,277	-	4,277
Total comprehensive income	12,278	-	12,278

(1) Prepared in accordance with IFRS.

(2) Represents Chartwell's proportionate share of the revenues and expenses of our joint ventures that are accounted for using the equity method of accounting.

(3) Non-GAAP; represents Chartwell's proportionate share of interests in our entire portfolio of investments.

The following table provides a reconciliation of the September 30, 2015 Balance Sheet as presented in our Financial Statements to this MD&A's presentation at Chartwell's Interest:

(\$000s)	September 30, 2015 per Financial Statements ⁽¹⁾	Equity Accounted Investments ⁽²⁾	September 30, 2015 Chartwell's Interests ⁽³⁾
Assets			
Current assets:			
Cash and cash equivalents	9,974	3,076	13,050
Trade and other receivables	11,191	(927)	10,264
Capital funding receivable	5,171	-	5,171
Other assets	16,628	2,875	19,503
Assets held for sale	10,319	-	10,319
Total current assets	53,283	5,024	58,307
Non-current assets:			
Other assets	2,716	-	2,716
Loans receivable	15,793	-	15,793
Capital funding receivable	57,550	-	57,550
Investment in joint ventures	17,792	(17,792)	-
Intangible assets	47,192	30	47,222
PP&E	2,215,010	30,755	2,245,765
Total non-current assets	2,356,053	12,993	2,369,046
Total assets	2,409,336	18,017	2,427,353
Liabilities and Unitholders' Equity			
Current liabilities:			
Credit Facility	50,000	-	50,000
Accounts payable and other liabilities	98,337	(3,282)	95,055
Distributions payable	8,170	-	8,170
Mortgages payable	162,810	12,798	175,608
Liabilities related to assets held for sale	12,250	-	12,250
Total current liabilities	331,567	9,516	341,083
Non-current liabilities:			
Mortgages payable	1,168,029	8,501	1,176,530
Convertible debentures	154,441	-	154,441
Class B Units of Chartwell Master Care LP ("Class B Units")	20,188	-	20,188
Deferred consideration on business combinations	1,506	-	1,506
Total non-current liabilities	1,344,164	8,501	1,352,665
Total liabilities	1,675,731	18,017	1,693,748
Unitholders' equity	733,605	-	733,605
Total liabilities and unitholders' equity	2,409,336	18,017	2,427,353

(1) Prepared in accordance with IFRS.

(2) Represents Chartwell's proportionate share of the assets and liabilities of our joint ventures that are accounted for using the equity method of accounting.

(3) Non-GAAP; represents Chartwell's proportionate share of interests in our entire portfolio of investments.

The following table provides a reconciliation of the December 31, 2014 Balance Sheet as presented in our Financial Statements to this MD&A's presentation at Chartwell's Interest:

(\$000s)	December 31, 2014 per Financial Statements ⁽¹⁾	Equity Accounted Investments ⁽²⁾	December 31, 2014 Chartwell's Interests and Discontinued Operations	Discontinued Operations	December 31, 2014 Chartwell's Interests ⁽³⁾
Assets					
Current assets:					
Cash and cash equivalents	10,927	3,705	14,632	(5,808)	8,824
Trade and other receivables	18,940	(88)	18,852	(9,106)	9,746
Capital funding receivable	4,963	-	4,963	-	4,963
Other assets	24,641	3,278	27,919	(9,600)	18,319
Assets held for sale	5,306	-	5,306	603,246	608,552
Total current assets	64,777	6,895	71,672	578,732	650,404
Non-current assets:					
Other assets	7,008	-	7,008	(4,232)	2,776
Loans receivable	9,901	-	9,901	-	9,901
Capital funding receivable	61,506	-	61,506	-	61,506
Investment in joint ventures	23,431	(23,431)	-	-	-
Intangible assets	49,025	45	49,070	(2,864)	46,206
PP&E	2,489,601	45,569	2,535,170	(571,636)	1,963,534
Total non-current assets	2,640,472	22,183	2,662,655	(578,732)	2,083,923
Total assets	2,705,249	29,078	2,734,327	-	2,734,327
Liabilities and Unitholders' Equity					
Current liabilities:					
Credit Facility	45,500	-	45,500	-	45,500
Accounts payable and other liabilities	124,221	538	124,759	(30,348)	94,411
Distributions payable	7,954	-	7,954	-	7,954
Mortgages payable	372,184	466	372,650	(162,312)	210,338
Liabilities related to assets held for sale	6,086	-	6,086	542,558	548,644
Total current liabilities	555,945	1,004	556,949	349,898	906,847
Non-current liabilities:					
Mortgages payable	1,544,892	28,074	1,572,966	(349,898)	1,223,068
Convertible debentures	151,200	-	151,200	-	151,200
Class B Units	19,614	-	19,614	-	19,614
Total non-current liabilities	1,715,706	28,074	1,743,780	(349,898)	1,393,882
Total liabilities	2,271,651	29,078	2,300,729	-	2,300,729
Unitholders' equity	433,598	-	433,598	-	433,598
Total liabilities and unitholders' equity	2,705,249	29,078	2,734,327	-	2,734,327

(1) Prepared in accordance with IFRS.

(2) Represents Chartwell's proportionate share of the assets and liabilities of our joint ventures that are accounted for using the equity method of accounting.

(3) Non-GAAP; represents Chartwell's proportionate share of interests in our entire portfolio of investments excluding discontinued operations.

Consolidated Results of Operations

Highlights

The following table summarizes selected financial and operating performance measures:

(\$000s, except occupancy rates and per unit amounts)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Resident revenue ⁽¹⁾	188,431	178,371	10,060	548,441	530,791	17,650
Weighted average occupancy rate - same property portfolio ⁽²⁾	92.0%	90.7%	1.3pp	91.5%	90.1%	1.4pp
Same property NOI ⁽³⁾	51,931	50,913	1,018	148,851	146,751	2,100
AFFO - continuing operations ⁽⁴⁾	33,047	27,920	5,127	82,237	72,136	10,101
AFFO per unit diluted - continuing operations ⁽⁵⁾⁽⁶⁾	0.18	0.16	0.02	0.46	0.41	0.05
Total AFFO ⁽⁴⁾	33,047	33,885	(838)	98,535	95,799	2,736
Total AFFO per unit diluted ⁽⁵⁾⁽⁶⁾	0.18	0.19	(0.01)	0.55	0.54	0.01
FFO - continuing operations ⁽⁷⁾	35,559	30,617	4,942	89,819	80,696	9,123
FFO per unit diluted - continuing operations ⁽⁵⁾⁽⁶⁾	0.20	0.17	0.03	0.50	0.46	0.04
Total FFO ⁽⁷⁾	35,559	37,364	(1,805)	107,833	106,865	968
Total FFO per unit diluted ⁽⁵⁾⁽⁶⁾	0.20	0.21	(0.01)	0.60	0.60	-
Distributions declared ⁽⁸⁾	24,567	23,859	708	73,182	71,418	1,764
Distributions declared per unit ⁽⁶⁾	0.14	0.14	-	0.41	0.41	-
Distributions declared as a percentage of total AFFO ⁽⁹⁾	74.3%	70.4%	3.9pp	74.3%	74.5%	(0.2pp)
Net income/(loss) - continuing operations	(4,310)	3,781	(8,091)	13,500	(13,315)	26,815
Net income/(loss)	(4,768)	31,846	(36,614)	361,671	8,001	353,670

(1) Non-GAAP; reported at Chartwell's Interest. Resident revenue per Financial Statements was \$162.5 million in Q3 2015 and \$470.5 million in 2015 YTD (\$152.6 million in Q3 2014 and \$453.9 million in 2014 YTD.) Refer to the "Joint Arrangements" section of this MD&A for details of this calculation.

(2) pp = percentage points.

(3) Non-GAAP; reported at Chartwell's Interest. Refer to the "Non-GAAP Measures – Same Property Performance" section of this MD&A for a discussion of the significance of this metric.

(4) Non-GAAP; refer to the "Non-GAAP Measures – Adjusted Funds from Operations" section of this MD&A for the details of the AFFO and AFFO per unit diluted calculations.

(5) Includes dilutive impact of conversion of convertible debentures into Trust Units.

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

(7) Non-GAAP; refer to the "Non-GAAP Measures – Funds from Operations" section of this MD&A for the reconciliation of FFO to net income/(loss) and calculations of FFO per unit diluted.

(8) Non-GAAP; includes distributions declared on Trust Units, Class B Units and Deferred Trust Units ("DTUs").

(9) Non-GAAP; refer to the "Non-GAAP Measures – Distributions Declared as a Percentage of Total AFFO" section of this MD&A for details of this calculation.

For Q3 2015, AFFO from continuing operations was \$33.0 million or \$0.18 per unit diluted, an 18.4% increase from \$27.9 million or \$0.16 per unit diluted in Q3 2014. The following items impacted the change in AFFO from continuing operations:

- higher NOI of \$4.1 million consisting of a \$1.0 million increase in same property NOI and a \$3.1 million contribution from acquisitions, net of the impact of property sales;
- higher NOI guarantees of \$0.5 million; and

- lower interest expense of \$1.1 million, primarily due to lower loan balances outstanding and lower interest rates achieved on refinancing of properties, partially offset by higher early mortgage repayment costs;

partially offset by:

- higher G&A expenses of \$0.6 million, primarily due to higher staffing costs and the timing of certain other expenses.

For 2015 YTD, AFFO from continuing operations was \$82.2 million or \$0.46 per unit diluted, a 14.0% increase from \$72.1 million or \$0.41 per unit diluted in 2014 YTD. The following items impacted the change in AFFO from continuing operations:

- higher NOI of \$7.4 million consisting of a \$2.1 million increase in same property NOI and a \$5.3 million contribution from acquisitions, net of the impact of property sales;
- higher NOI guarantees of \$0.9 million;
- lower interest expense of \$4.5 million, primarily due to lower loan balances outstanding and lower interest rates achieved on refinancing of properties, as well as lower early mortgage repayment costs;
- lower G&A expenses of \$1.4 million, primarily due to lower severance and legal costs; and
- other income combined of \$0.2 million;

partially offset by:

- proceeds from the settlement of certain tax matters of \$3.1 million included in 2014 YTD; and
- the reversal of a previously-recorded provision for impairment of mezzanine loans of \$1.2 million in 2014 YTD.

Total AFFO decreased \$0.8 million or 2.5% in Q3 2015, reflecting, in addition to the items listed above, the completion of the sale of the U.S. portfolio in Q2 2015. Total AFFO increased \$2.7 million or 2.9% in 2015 YTD. In addition to the items listed above, this increase is due to a positive effect of the foreign exchange on our U.S. operations, partially offset by the proceeds of the settlement of litigation in the U.S. in 2014 of \$3.4 million for which there was no comparable amount in 2015.

In Q3 2015, FFO from continuing operations was \$35.6 million or \$0.20 per unit diluted, an increase from \$30.6 million or \$0.17 per unit diluted in Q3 2014. For 2015 YTD, FFO from continuing operations was \$89.8 million or \$0.50 per unit diluted compared to \$80.7 million or \$0.46 per unit diluted in 2014 YTD. Total FFO decreased \$1.8 million or \$0.01 per unit diluted in Q3 2015 and increased \$1.0 million in 2015 YTD.

In addition to the items noted in the discussion of AFFO above, FFO from continuing operations was also impacted by changes in amortization of financing costs and debt mark-to-market adjustments.

In Q3 2015, net income from continuing operations decreased \$8.1 million. For 2015 YTD, net income from continuing operations was \$13.5 million compared to net loss from continuing operations of \$13.3 million in 2014 YTD. In addition to the items noted in the discussion of AFFO and FFO above, net income from continuing operations was also impacted by depreciation of properties and amortization of limited life intangibles, transaction costs arising on business acquisitions and dispositions, changes in fair value of financial instruments, gains on sales of assets net of related taxes, and gains on remeasurement of previously-held interests in step acquisitions.

In Q3 2015, net loss was \$4.8 million compared to net income of \$31.8 million in Q3 2014. For 2015 YTD, net income was \$361.7 million compared to net income of \$8.0 million in 2014 YTD. In addition to the items noted in the discussion of net income from continuing operations, net income was affected by the results of discontinued operations which is comprised of the results of operations of the U.S. Portfolio and the gain on sale thereof, net of tax.

Refer to the "Non-GAAP Measures" section of this MD&A for a discussion of the calculation of AFFO, FFO and per unit amounts.

Same Property Portfolio Highlights

(\$000s, except occupancy rates)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Canadian retirement:						
NOI ⁽¹⁾	44,854	43,687	1,167	128,055	125,629	2,426
Occupancy	90.6%	89.0%	1.6pp	90.0%	88.4%	1.6pp
Canadian LTC:						
NOI ⁽¹⁾	7,077	7,226	(149)	20,796	21,122	(326)
Occupancy	99.1%	98.8%	0.3pp	98.6%	98.5%	0.1pp
Combined:						
NOI ⁽¹⁾⁽²⁾	51,931	50,913	1,018	148,851	146,751	2,100
Occupancy	92.0%	90.7%	1.3pp	91.5%	90.1%	1.4pp

(1) Non-GAAP; reported at Chartwell's Interest.

(2) Non-GAAP. Refer to the "Non-GAAP Measures – Same Property Performance" section of this MD&A for a discussion of the significance of this metric.

In Q3 2015, combined same property occupancy was 92.0% compared to 90.7% in Q3 2014 with same property NOI increasing \$1.0 million or 2.0% as follows:

- In our Canadian retirement portfolio, same property NOI increased 2.7%, primarily due to higher occupancies, regular annual rental rate increases in line with competitive market conditions and lower marketing costs, partially offset by higher staffing costs incurred to improve services delivered to our residents, higher utilities and insurance expenses. In Q3 2015, occupancy increased 1.6 percentage points to 90.6% compared to 89.0% in Q3 2014.
- In our Canadian LTC portfolio, same property NOI decreased 2.1%, primarily due to higher utilities and timing of other expenses. In Q3 2015, occupancy remained high at 99.1% compared to 98.8% in Q3 2014.

For 2015 YTD, combined same property occupancy was 91.5% compared to 90.1% in 2014 YTD with same property NOI increasing \$2.1 million or 1.4% as follows:

- In our Canadian retirement portfolio, same property NOI increased 1.9%. The growth in revenues, primarily due to higher occupancies, regular annual rental rate increases in line with competitive market conditions, was partially offset by higher staffing costs incurred to improve services delivered to our residents as well as higher marketing costs due to acceleration of our marketing investments in the first half of 2015, higher food, insurance and property tax expenses. In 2015 YTD, occupancy increased to 90.0% from 88.4% in 2014 YTD.
- In our Canadian LTC portfolio, same property NOI decreased 1.5%, primarily due to higher utilities and timing of other expenses. In 2015 YTD, occupancy was 98.6% compared to 98.5% in 2014 YTD.

Summary of Net Operating Income

(\$000s, except occupancy rates)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Resident Revenue						
Same property ⁽¹⁾⁽²⁾	173,990	168,807	5,183	512,942	498,247	14,695
Acquisitions and other ⁽¹⁾⁽²⁾	14,441	9,564	4,877	35,499	32,544	2,955
	188,431	178,371	10,060	548,441	530,791	17,650
Less: Share of resident revenue from joint ventures	25,922	25,793	129	77,940	76,857	1,083
Total resident revenue	162,509	152,578	9,931	470,501	453,934	16,567
Direct Operating Expenses						
Same property ⁽¹⁾⁽²⁾	122,059	117,894	4,165	364,091	351,496	12,595
Acquisitions and other ⁽¹⁾⁽²⁾	9,205	7,452	1,753	25,632	27,996	(2,364)
	131,264	125,346	5,918	389,723	379,492	10,231
Less: Share of direct operating expenses from joint ventures	15,702	15,615	87	48,690	48,103	587
Total direct operating expenses	115,562	109,731	5,831	341,033	331,389	9,644
Net Operating Income						
Same property ⁽¹⁾⁽²⁾	51,931	50,913	1,018	148,851	146,751	2,100
Acquisitions and other ⁽¹⁾⁽²⁾	5,236	2,112	3,124	9,867	4,548	5,319
	57,167	53,025	4,142	158,718	151,299	7,419
Less: Share of net operating income from joint ventures	10,220	10,178	42	29,250	28,754	496
Total net operating income	46,947	42,847	4,100	129,468	122,545	6,923
Weighted average occupancy rate - same property portfolio	92.0%	90.7%	1.3pp	91.5%	90.1%	1.4pp
Weighted average occupancy rate - total portfolio excluding discontinued operations	90.8%	89.8%	1.0pp	90.3%	88.5%	1.8pp

(1) Non-GAAP; reported at Chartwell's Interest.

(2) Non-GAAP. Refer to the "Non-GAAP Measures – Same Property Performance" section of this MD&A for a discussion of the significance of this metric.

Total resident revenue increased 6.5% in Q3 2015 and 3.6% in 2015 YTD. The changes in resident revenue were primarily due to increased revenue in our same property portfolio and a growing revenue contribution from acquisitions and developments, partially offset by the reduction in revenue from the sales of non-core Ontario properties in 2014.

Same property resident revenue increased \$5.2 million or 3.1% in Q3 2015 and \$14.7 million or 2.9% in 2015 YTD, primarily as a result of higher occupancies and regular annual rental rate increases in line with competitive market conditions.

Total direct operating expenses increased 5.3% in Q3 2015 and 2.9% in 2015 YTD. The changes in direct operating expenses were primarily due to higher expenses in our same property portfolio, acquisitions and developments and a reduction in expenses from the sales of non-core Ontario properties in 2014.

Same property direct operating expenses increased \$4.2 million or 3.5% in Q3 2015 and \$12.6 million or 3.6% in 2015 YTD, primarily due to higher staffing costs incurred to deliver enhanced services to our residents, higher marketing, insurance and property tax expenses.

General, Administrative and Trust Expenses

(\$000s, except percentage of revenue)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
G&A expenses	(7,003)	(6,442)	(561)	(23,190)	(24,632)	1,442
G&A expenses as a percentage of revenue ⁽¹⁾	3.7%	3.6%	0.1pp	4.2%	4.6%	(0.4pp)

(1) Non-GAAP; refer to the "Non-GAAP Measures – G&A Expenses as a Percentage of Revenue" section of this MD&A for a discussion of the significance of this metric and a reconciliation of revenue used in the calculation of this measure to our Financial Statements.

G&A expenses increased \$0.6 million or 8.7% in Q3 2015, primarily due to higher staffing costs incurred to provide enhanced support to our communities, including new acquisitions, and timing of certain other expenses.

In 2015 YTD, G&A expenses decreased \$1.4 million or 5.9%, primarily due to lower severance and legal costs, partially offset by higher staffing costs.

G&A expenses, as a percentage of revenue at Chartwell's Interest, were 3.7% in Q3 2015 and 4.2% in 2015 YTD, compared to 3.6% in Q3 2014 and 4.6% in 2014 YTD.

Management Fee Revenue

(\$000s)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Welltower	1,483	1,461	22	4,417	4,289	128
Other	442	466	(24)	1,421	1,346	75
Total management fee revenue	1,925	1,927	(2)	5,838	5,635	203

Management fee revenue increased 3.6% in 2015 YTD, primarily due to higher fees earned from properties co-owned with or managed for Welltower and Batimo.

Interest on Loans Receivable

(\$000s)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Interest on loans receivable	355	126	229	781	269	512

Interest on loans receivable increased primarily due to higher loan balances outstanding in Q3 2015 and 2015 YTD.

Finance Costs

(\$000s)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Mortgages and loans payable ⁽¹⁾						
Same property ⁽²⁾	13,749	15,226	(1,477)	43,010	46,455	(3,445)
Acquisitions and other ⁽²⁾	1,133	1,072	61	3,589	3,096	493
	14,882	16,298	(1,416)	46,599	49,551	(2,952)
Convertible debentures	1,938	1,940	(2)	5,752	5,755	(3)
Credit Facility and other interest expense	843	556	287	2,141	3,756	(1,615)
	17,663	18,794	(1,131)	54,492	59,062	(4,570)
Amortization of financing costs and debt mark-to-market adjustments ⁽¹⁾	(197)	(14)	(183)	(76)	(421)	345
	17,466	18,780	(1,314)	54,416	58,641	(4,225)
Interest capitalized to properties under development	(54)	(41)	(13)	(168)	(172)	4
Distributions on Class B Units recorded as interest expense	226	222	4	675	667	8
	17,638	18,961	(1,323)	54,923	59,136	(4,213)
Less: Share of finance costs from joint ventures	252	391	(139)	914	1,177	(263)
Total finance costs	17,386	18,570	(1,184)	54,009	57,959	(3,950)

(1) Non-GAAP; reported at Chartwell's Interest.

(2) Non-GAAP. Refer to the "Non-GAAP Measures – Same Property Performance" section of this MD&A for a discussion of the significance of this metric.

Interest expense on the same property portfolio decreased \$1.5 million in Q3 2015 and decreased \$3.4 million in 2015 YTD, primarily due to lower interest rates achieved on mortgage renewals and lower outstanding loan balances.

Credit Facility and other interest expense increased \$0.3 million in Q3 2015 primarily due to early mortgage repayment costs of \$0.4 million incurred in Q3 2015, compared to \$0.2 million of such costs in Q3 2014. For 2015 YTD, Credit Facility and other interest expense decreased \$1.6 million. Included in 2014 YTD, is \$2.5 million of early mortgage repayment costs compared to \$0.4 million of such costs in 2015 YTD. The remaining variance is primarily due to higher utilization of our Credit Facility in 2015.

Amortization of financing costs and debt mark-to-market adjustments decreased \$0.2 million in Q3 2015 and increased \$0.3 million in 2015 YTD, primarily as a result of acceleration of amortization of mark-to-market adjustments and financing costs upon refinancing of certain mortgages.

Other (Expense)/Income

(\$000s)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Transaction costs arising on business acquisitions and dispositions ⁽¹⁾	(7,403)	(1,322)	(6,081)	(9,366)	(2,824)	(6,542)
Interest and other income ⁽¹⁾	888	976	(88)	2,673	3,881	(1,208)
Impairment of assets net of reversals	(755)	-	(755)	(755)	1,245	(2,000)
Gain on remeasurement to fair value of existing interests ⁽¹⁾	-	-	-	10,452	435	10,017
Gain on sale of assets ⁽¹⁾	51	5,657	(5,606)	4,708	7,163	(2,455)
Property lease expense ⁽¹⁾	(98)	(99)	1	(302)	(296)	(6)
	(7,317)	5,212	(12,529)	7,410	9,604	(2,194)
Less: Share of other (expense)/income from joint ventures	62	(77)	139	101	12	89
Total other (expense)/income	(7,379)	5,289	(12,668)	7,309	9,592	(2,283)

(1) Non-GAAP; reported at Chartwell's Interest.

Transaction costs arising on business acquisitions and dispositions are expensed as incurred and fluctuate from period to period based on the timing and volume of transactions. Transaction costs related to the sale of the U.S. Portfolio are reported in discontinued operations.

Interest and other income in Q3 2015 and 2015 YTD primarily relates to interest income on capital funding receivable. In Q2 2014 we received \$0.8 million in settlement of certain commodity tax matters which was recorded as other income in 2014 YTD.

In Q3 2015, we recorded impairment provision of \$2.4 million on three Quebec properties, partially offset by a reversal of previously-recorded impairment provision of \$1.6 million related to two properties in Quebec classified as held for sale as of September 30, 2015 and which were subsequently sold on November 11, 2015. In Q1 2014, we reversed a \$1.2 million previously-recorded provision for impairment of mezzanine loans receivable on collection of the related mezzanine loan.

Gain on remeasurement to fair value of existing interest of \$10.5 million in 2015 YTD relates to the remeasurement of the original 50% interests in Pickering and Valley Vista upon acquisition of the remaining 50% interests from our joint-venture partner.

Gain on sale of assets includes a \$3.3 million gain on the sale of VVDA completed in Q2 2015.

Other Items

(\$000s)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Depreciation of PP&E ⁽¹⁾	(28,786)	(29,971)	1,185	(81,901)	(88,556)	6,655
Amortization of intangible assets ⁽¹⁾	(156)	(276)	120	(523)	(1,333)	810
Changes in fair value of financial instruments and foreign exchange (loss)/gain ⁽¹⁾	(850)	(661)	(189)	4,086	(8,087)	12,173
Current income tax (expense)/benefit ⁽¹⁾	(2,796)	(198)	(2,598)	(2,796)	1,622	(4,418)
Deferred income tax (expense)/benefit ⁽¹⁾	789	-	789	-	-	-

(1) Non-GAAP; reported at Chartwell's Interest.

Depreciation of PP&E decreased \$1.2 million in Q3 2015 and \$6.7 million in 2015 YTD primarily due to certain assets becoming fully depreciated in 2015.

Changes in fair value of financial instruments and foreign exchange loss/(gain) result from changes in the market value of the underlying financial instruments and foreign exchange rate movements. These amounts are expected to fluctuate from period to period due to changes in financial markets. In Q3 2015, we recorded a realized foreign exchange gain of \$11.2 million related to conversion of net proceeds from the sale of the U.S. Portfolio to Canadian dollars.

Current income tax expense in Q3 2015 and 2015 YTD relates to the capital gain on settlement of the foreign exchange swap arrangement. Current income tax benefit in 2014 YTD includes a \$2.2 million SIFT tax refund for the 2007 taxation year received in Q1 2014.

Summary of Results of Operations by Segment

The following section provides an analysis of the operating performance of each of our operating segments in Q3 2015.

Where a community 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.

All results are presented at Chartwell's Interest (refer to the "Non-GAAP Measures" section of this MD&A.)

Canadian Retirement Operations

The following table summarizes the composition of our Canadian Retirement Operations:

	Properties	Composition of Suites					Total
		IL	ISL	AL	MC	LTC	
Same Property							
100% owned	92	771	9,483	515	73	483	11,325
50% owned	42	499	6,678	511	61	45	7,794
Total same property owned	134	1,270	16,161	1,026	134	528	19,119
Acquisitions, Development & Other							
100% owned – operating ⁽¹⁾	12	-	1,310	234	50	180	1,774
Partially owned – operating ⁽²⁾	5	43	404	98	-	-	545
Total acquisitions, development & other	17	43	1,714	332	50	180	2,319
Total	151	1,313	17,875	1,358	184	708	21,438

(1) Includes two properties (343 suites) classified as held for sale.

(2) Includes one medical office building. Chartwell owns an 85% interest in four of these properties and a 50% interest in one property.

The following table presents the results of operations of our Canadian Retirement Operations:

(\$000s, except occupancy rates)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Revenue						
Same property	118,477	114,642	3,835	350,630	338,524	12,106
Acquisitions, development and other	14,441	9,564	4,877	35,499	32,544	2,955
Total revenue	132,918	124,206	8,712	386,129	371,068	15,061
Direct Operating Expenses						
Same property	73,623	70,955	2,668	222,575	212,895	9,680
Acquisitions, development and other	9,205	7,452	1,753	25,632	27,996	(2,364)
Total direct operating expenses	82,828	78,407	4,421	248,207	240,891	7,316
Net Operating Income						
Same property	44,854	43,687	1,167	128,055	125,629	2,426
Acquisitions, development and other	5,236	2,112	3,124	9,867	4,548	5,319
Total net operating income	50,090	45,799	4,291	137,922	130,177	7,745
Weighted average occupancy rate - same property	90.6%	89.0%	1.6pp	90.0%	88.4%	1.6pp
Weighted average occupancy rate – total portfolio	89.3%	88.0%	1.3pp	88.8%	86.7%	2.1pp

Same property revenue increased 3.3% in Q3 2015, primarily due to higher occupancies and regular annual rental rate increases in line with competitive market conditions.

Same property direct operating expenses increased 3.8% in Q3 2015, primarily due to higher staffing costs incurred to deliver enhanced services to our residents, higher utilities and insurance expenses, partially offset by lower marketing expenses.

Same property NOI increased \$1.2 million or 2.7% in Q3 2015 as follows:

- Our Ontario retirement platform same property NOI increased \$0.3 million or 1.5%, primarily due to higher occupancies, regular annual rental rate increases in line with competitive market conditions and lower marketing expenses, partially offset by higher staffing, repairs and maintenance, utilities and insurance expenses.
- Our Western Canada platform same property NOI increased \$0.2 million or 1.6%, primarily due to higher occupancies, regular annual rental rate increases in line with competitive market conditions, partially offset by higher staffing, utilities, insurance and property tax expenses.
- Our Quebec platform same property NOI increased \$0.7 million or 4.9%, primarily due to higher occupancies, regular annual rental rate increases in line with competitive market conditions and lower marketing and bad debt expenses. These were partially offset by higher staffing, supplies and insurance expenses.

The following table summarizes our quarterly weighted average occupancy rates in our Canadian retirement same property portfolio:

	Q3 2015	Q3 2014	Change	Q2 2015	Change
Ontario	87.6%	85.9%	1.7pp	86.6%	1.0pp
Western Canada	93.3%	91.4%	1.9pp	92.4%	0.9pp
Quebec	91.9%	90.5%	1.4pp	90.8%	1.1pp
Total	90.6%	89.0%	1.6pp	89.6%	1.0pp

In Q3 2015, occupancies in our Canadian retirement same property portfolio were 90.6%, a 1.6 percentage point increase from Q3 2014 and a 1.0 percentage point increase from Q2 2015.

Canadian Long Term Care Operations

The following table summarizes the composition of our Canadian Long Term Care Operations:

	Properties	Composition of Suites					Total
		IL	ISL	AL	MC	LTC	
Same property - 100% owned	24	-	136	-	-	3,000	3,136
Total	24	-	136	-	-	3,000	3,136

The following table presents the results of operations of our Canadian Long Term Care Operations:

(\$000s, except occupancy rates)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Same property revenue	55,513	54,165	1,348	162,312	159,723	2,589
Same property direct operating expenses	48,436	46,939	1,497	141,516	138,601	2,915
Total net operating income	7,077	7,226	(149)	20,796	21,122	(326)
Weighted average occupancy rate – same property	99.1%	98.8%	0.3pp	98.6%	98.5%	0.1pp

Same property NOI decreased 2.0% in Q3 2015, primarily due to higher utilities and timing of other expenses.

Weighted average occupancies in the same property portfolio increased to 99.1% in Q3 2015 compared to 98.8% in Q3 2014.

Financial Position

Balance Sheet Analysis

The following table summarizes the significant changes in our assets, liabilities and equity per our Financial Statements for September 30, 2015 compared to December 31, 2014.

	Increase / (Decrease) (\$millions)	Explanation
Total assets	(295.9)	Total assets decreased primarily due to the sales of the U.S. Portfolio and VVDA, partially offset by acquisitions and capital additions to properties.
Total liabilities	(595.9)	Total liabilities decreased primarily due to reduction in mortgages payable and other liabilities as a result of the sale of the U.S. Portfolio and VVDA, partially offset by liabilities related to newly-acquired properties.
Equity	300.0	The increase in equity is primarily due to gains on sale of assets, partially offset by distributions of Trust Units.

Outstanding Units Data

The following table summarizes changes in the number of outstanding units during 2015 YTD:

	Trust Units	Trust Units under LTIP	Class B Units	Deferred Trust Units	Total
Balance December 31, 2014	173,485,992	1,640,764	1,641,323	692,049	177,460,128
Trust Units issued pursuant to the Distribution Reinvestment Plan ("DRIP")	1,201,429	-	-	-	1,201,429
Trust Units issued under the Long Term Incentive Plan ("LTIP")	-	71,734	-	-	71,734
Trust Units surrendered for cancellation under LTIP	-	(32,992)	-	-	(32,992)
Trust Units released on settlement of LTIP receivable	90,923	(90,923)	-	-	-
DTUs issued	-	-	-	75,531	75,531
DTU distributions	-	-	-	24,969	24,969
Trust Units issued on conversion of convertible debentures	10,634	-	-	-	10,634
Balance September 30, 2015	174,788,978	1,588,583	1,641,323	792,549	178,811,433

Liquidity and Capital Commitments

Liquidity

Our cash commitments include payments related to mortgages and convertible debentures, contractual purchase obligations, obligations under operating leases as well as cash distributions to unitholders.

Our principal source of liquidity is cash flow from operations. At September 30, 2015, we had cash on hand in the amount of \$13.1 million, including cash from Chartwell's Interest in equity-accounted investments of \$3.1 million. In order to provide for our operating and capital requirements, we have put in place a Credit Facility and arranged mortgage debt financing. At times we may also raise funds through the capital markets.

On June 1, 2015, we entered into a new Credit Facility with a maximum committed capacity of \$150.0 million that matures on June 1, 2018. In Q3 2015, we increased the maximum borrowing capacity to \$200.0 million. Based on the level of our Indebtedness Ratio, the amounts outstanding on our Credit Facility bear interest ranging from the bank's prime rate ("Prime") plus 0.65% to 0.80%, or the applicable banker's acceptance rate ("BA") plus 1.65% to 1.80%. It is secured by charges on certain of our properties and includes minimum equity requirements and covenants requiring limitations on the amounts of distributions that can be paid to unitholders. At September 30, 2015, based on security provided, the maximum available borrowing capacity under the Credit Facility was \$195.4 million, of which \$4.0 million was utilized to support outstanding letters of credit and \$50.0 million was drawn, leaving available borrowing capacity at \$141.4 million. Based on our Indebtedness Ratio as of September 30, 2015, the interest rate applicable to the amounts outstanding on the Credit Facility in Q4 2015 will be equal to Prime plus 0.65% or BA plus 1.65%.

Indebtedness Ratio:

Our Declaration of Trust limits the amount of overall indebtedness that we can incur to 60% of Adjusted Gross Book Value ("GBV"), excluding convertible debentures, or 65% of GBV including convertible debentures ("Indebtedness Ratio").

The following table presents the calculation of our Indebtedness Ratio at Chartwell's Interest:

(\$000s)	September 30, 2015	December 31, 2014
Mortgages payable (contractual amount)	1,357,759	1,436,826
Credit Facility	50,000	45,500
Total Indebtedness excluding convertible debentures	1,407,759	1,482,326
Convertible debentures (at face value)	134,883	135,000
Total Indebtedness	1,542,642	1,617,326
Total assets	2,417,034	2,125,775
Accumulated depreciation and amortization	557,539	520,798
Cumulative transaction costs on business combinations	28,302	19,238
Change in GBV on transition to IFRS	278,581	276,288
GBV of assets	3,281,456	2,942,099
Less: Assets financed by deferred purchase consideration on acquisition of properties	1,506	-
GBV of assets (net of deferred consideration)	3,279,950	2,942,099
Indebtedness Ratio before convertible debentures ^{(1) (2)}	42.9%	50.4%
Indebtedness Ratio including convertible debentures ^{(1) (2)}	47.0%	55.0%

(1) Excludes assets held for sale and related liabilities.

(2) Non-GAAP; refer to the "Non-GAAP Measures – Indebtedness Ratio" section of this MD&A for a discussion of Indebtedness Ratio.

In addition to the Indebtedness Ratio restrictions under our Declaration of Trust, we employ supplemental targets for managing our debt portfolio and monitor our Interest Coverage Ratio and Net Debt to Adjusted EBITDA Ratio.

Interest Coverage Ratio:

We target to maintain our Interest Coverage Ratio above 1.65.

The following table summarizes our Interest Coverage Ratio at Chartwell's Interest:

(\$000s, except Interest Coverage Ratio)	Q3 2015	Q3 2014	2015 YTD	2014 YTD
Interest expense including capitalized interest	17,466	18,780	54,416	58,641
Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") ⁽¹⁾	54,500	50,695	148,266	139,655
Interest Coverage Ratio ⁽²⁾	3.12	2.70	2.72	2.38
Target Interest Coverage Ratio			>1.65	

(1) Non-GAAP; refer to the "Non-GAAP Measures – Adjusted EBITDA" section of this MD&A for a discussion of Adjusted EBITDA.

(2) Non-GAAP; refer to the "Non-GAAP Measures – Interest Coverage Ratio" section of this MD&A for a discussion of Interest Coverage Ratio.

The following table presents the calculation of Adjusted EBITDA at Chartwell's Interest:

(\$000s)	Q3 2015	Q3 2014	2015 YTD	2014 YTD
Net income/(loss) for the period	(4,310)	3,781	13,500	(13,315)
<i>Add (Subtract):</i>				
Current income tax	2,796	198	2,796	(1,622)
Impairment provisions net of reversals	755	-	755	(1,245)
Gain on remeasurement to fair value of existing interest	-	-	(10,452)	(435)
Deferred income tax	(789)	-	-	-
Transaction costs arising on business acquisitions and dispositions	7,403	1,322	9,366	2,824
Finance costs	17,638	18,961	54,923	59,136
Depreciation of PP&E	28,786	29,971	81,901	88,556
Amortization of intangible assets	156	276	523	1,333
Gain on sale of assets	(51)	(5,657)	(4,708)	(7,163)
Changes in fair value of financial instruments and foreign exchange loss/(gain)	850	661	(4,086)	8,087
Principal portion of capital funding receivable from Health Authorities	1,266	1,182	3,748	3,499
Adjusted EBITDA ⁽¹⁾	54,500	50,695	148,266	139,655

(1) Non-GAAP; refer to the "Non-GAAP Measures – Adjusted EBITDA" section of this MD&A for a discussion of Adjusted EBITDA.

Net Debt to Adjusted EBITDA Ratio:

In our calculation of Net Debt to Adjusted EBITDA, we define Net Debt as indebtedness less cash on hand at the end of the reporting period and use trailing 12-month Adjusted EBITDA including the annualized effect of acquisitions and dispositions completed during such 12-month period.

The following table summarizes our Net Debt to Adjusted EBITDA Ratio at September 30, 2015 and 2014, at Chartwell's Interest:

(\$000s, except Net Debt to Adjusted EBITDA Ratio)	September 30, 2015	September 30, 2014 ⁽¹⁾
Trailing 12-month Adjusted EBITDA ⁽²⁾	197,545	185,242
<i>Add (Subtract):</i>		
Adjustment for part-year acquisitions	15,150	3,971
Adjustment for part-year dispositions and assets held for sale	1,336	(3,274)
Trailing 12-month Adjusted EBITDA (net of part-year acquisitions and dispositions and assets held for sale)	214,031	185,939
Indebtedness ⁽³⁾	1,542,642	1,617,326
Less: Cash and cash equivalents	13,050	12,017
Net debt	1,529,592	1,605,309
Net Debt to Adjusted EBITDA Ratio ⁽⁴⁾	7.1	8.6

(1) September 30, 2014 amounts have been restated to adjust for discontinued operations.

(2) Non-GAAP; refer to the "Non-GAAP Measures – Adjusted EBITDA" section of this MD&A for a discussion of Adjusted EBITDA.

(3) Excludes indebtedness related to assets held for sale.

(4) Non-GAAP; refer to the "Non-GAAP Measures – Net Debt to Adjusted EBITDA Ratio" section of this MD&A for a discussion of Net Debt to Adjusted EBITDA Ratio.

The following table presents the calculation of trailing 12-month Adjusted EBITDA as of September 30, 2015 at Chartwell's Interest:

(\$000s)	2014 ⁽¹⁾	Subtract: 2014 YTD ⁽¹⁾	Add: 2015 YTD	12 months ended September 30, 2015
Adjusted EBITDA ⁽²⁾	188,934	139,655	148,266	197,545

(1) 2014 amounts have been restated to adjust for discontinued operations.

(2) Non-GAAP; refer to the "Non-GAAP Measures – Adjusted EBITDA" section of this MD&A for a discussion of Adjusted EBITDA.

Debt Strategy

We currently employ the following sources of debt financing: property-specific secured mortgages; unsecured convertible subordinated debentures; and the Credit Facility. Our debt management objectives are to:

- Access low-cost, long-term, fixed-rate debt and short-term, variable-rate construction financing;
- Manage interest rate risk by spreading debt maturities over time with the target of having no more than approximately 10% of our total debt maturing in any year; and
- Proactively manage our short-term maturities and where appropriate, refinance maturing mortgages early with long-term debt.

Mortgage Debt

We monitor our mortgage portfolio at Chartwell's Interest.

The following table outlines the future principal repayments on outstanding mortgages and their respective weighted average interest rates at Chartwell's Interest as at September 30, 2015:

(\$000s)	Regular Principal Payments	Principal Due at Maturity	Total	% of Total Debt	Weighted Average Interest Rate of Maturing Debt
Year					
Remainder of 2015	13,339	29,246	42,585	3%	4.06%
2016	47,334	107,708	155,042	11%	4.57%
2017	46,064	59,235	105,299	8%	4.58%
2018	45,329	78,096	123,425	9%	4.62%
2019	44,279	88,815	133,094	10%	2.39%
2020	44,801	53,562	98,363	7%	4.22%
2021	43,249	50,150	93,399	7%	4.59%
2022	40,180	62,200	102,380	7%	3.54%
2023	35,426	58,992	94,418	8%	4.25%
2024	26,001	127,725	153,726	11%	3.91%
2025	19,778	21,071	40,849	3%	3.19%
2026	19,527	1,528	21,055	2%	5.13%
2027	20,140	-	20,140	1%	-
2028	27,234	18,925	46,159	3%	4.20%
2029	18,191	-	18,191	1%	-
2030	17,701	3,996	21,697	2%	3.41%
Thereafter	65,686	22,251	87,937	7%	4.18%
Total	574,259	783,500	1,357,759	100%	
Mark-to-market adjustments arising on acquisition			12,248		
Less: Financing costs			(17,869)		
Total Mortgage Debt			1,352,138		

The following table provides selected financial statistics for our mortgage debt portfolio at Chartwell's Interest:

	At September 30, 2015		At December 31, 2014	
	Fixed Rate	Variable Rate	Total	Total
Amount (\$millions)	1,292.0	65.8	1,357.8	1,436.8
Weighted average interest rate	4.36%	3.62%	4.33%	4.50%
Average term to maturity (years)	8.9	3.0	8.6	8.4

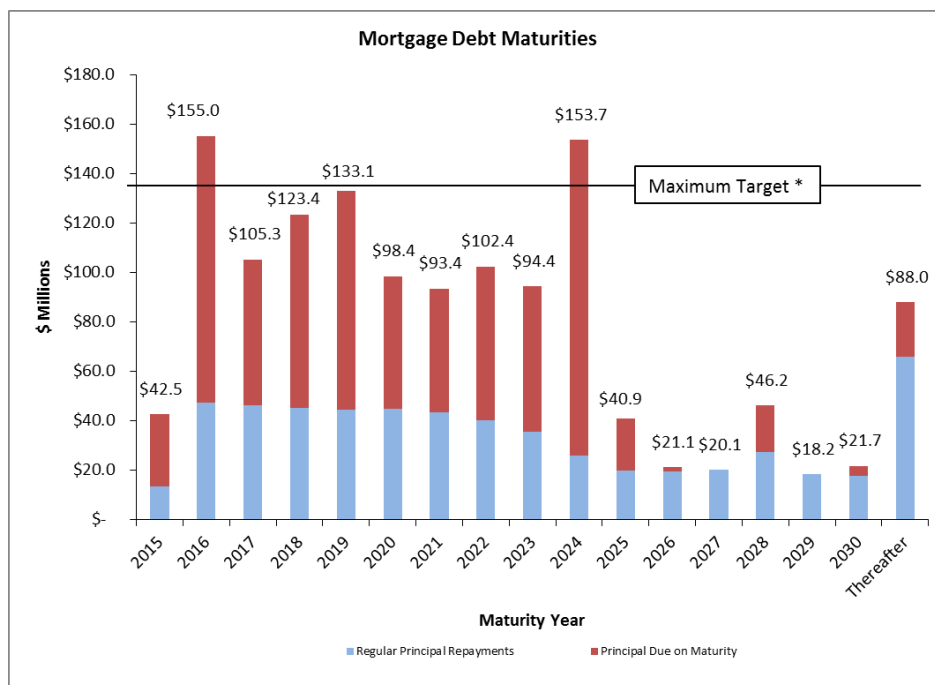
We generally have access to low-cost mortgage financing insured by Canada Mortgage and Housing Corporation ("CMHC"). Our properties are generally eligible for CMHC financing and as of September 30, 2015, approximately 68% of our total mortgage debt was CMHC insured. We intend to continue financing our properties through this program, including converting conventional mortgages to CMHC-insured debt upon renewal.

Our variable-rate mortgages primarily relate to communities that have not yet achieved stabilized occupancy levels, including our development projects. Variable-rate mortgages are expected to be refinanced with fixed-rate, CMHC-insured debt upon stabilization of the properties.

The following table summarizes our variable-rate mortgages at Chartwell's Interest as at September 30, 2015:

(\$000s, except number of projects)	Number of Projects	September 30, 2015	Number of Projects	December 31, 2014
Mortgages on properties under construction	1	5,546	1	3,358
Mortgages on non-stabilized properties	6	25,580	9	101,948
Mortgages on stabilized properties	4	34,674	4	36,071
Total	11	65,800	14	141,377

The following chart provides the breakdown of our mortgage debt maturities at Chartwell's Interest:



* 10% of total mortgage debt = \$135.8 million

Convertible Debentures

At September 30, 2015, we have \$134.9 million of 5.7% convertible debentures that mature on March 31, 2018. Each debenture is convertible into freely tradeable Trust Units of Chartwell at the option of the holder at any time prior to the earlier of March 31, 2018 and the last business day immediately preceding the date specified by Chartwell for the redemption of the debentures, at a conversion price of \$11.00 per Trust Unit.

Capital Expenditures

We classify our property capital expenditures in the following main categories:

- Routine – capital expenditures incurred to maintain existing revenue generating potential of our properties, such as routine replacement of building components, furniture, fixtures and equipment.
- Major projects / compliance – capital expenditures incurred with respect to large, often multi-phased renovation projects and projects undertaken to comply with the requirements of various regulatory or government authorities.
- Accretive / acquisitions – capital expenditures that improve the revenue generating potential of our properties including major upgrades to common areas and resident suites, building upgrades and equipment purchases to increase service offerings to our residents. Also includes projects that were identified during due diligence for newly acquired assets.
- Development – capital expenditures in respect of our development projects.

The following table summarizes additions to properties at Chartwell's Interest, during Q3 2015:

(\$000s)	Q3 2015	2015 YTD
Routine	7,720	15,989
Major projects / compliance	1,777	2,644
Accretive / acquisitions	3,147	8,479
Development	45	6,476
Total ⁽¹⁾⁽²⁾⁽³⁾	12,689	33,588

(1) Excludes \$1.9 million in capital additions relating to corporate office leasehold improvements and information technology assets as well as other intangibles.

(2) Excludes \$0.2 million in capital additions, the majority of which has been or is expected to be, funded by insurers.

(3) Excludes \$11.4 million in capital additions relating to discontinued operations.

Contractual Obligations and Guarantees

Contractual Obligations

The following table summarizes the major contractual obligations at Chartwell's Interest as at September 30, 2015, excluding discontinued operations:

(\$000s)	Total	2015	2016	2017	2018	2019	Thereafter
Mortgages payable	1,357,759	42,585	155,042	105,299	123,425	133,094	798,314
Accounts payable and other liabilities	95,055	95,055	-	-	-	-	-
Distributions payable	8,170	8,170	-	-	-	-	-
Convertible debentures	134,883	-	-	-	134,883	-	-
Credit Facility	50,000	50,000	-	-	-	-	-
Purchase obligations	634	634	-	-	-	-	-
Deferred consideration	1,845	-	-	-	1,845	-	-
Other operating leases	7,796	327	1,164	1,129	1,129	1,129	2,918
Land leases	14,579	99	395	395	395	395	12,900
Total contractual obligations	1,670,721	196,870	156,601	106,823	261,677	134,618	814,132

Cash Flow Analysis

The following table summarizes the significant changes in our operating, financing and investing cash flows between Q3 2015 and Q3 2014 using our consolidated statements of cash flows:

Cash Provided by (Used in):	Increase / (Decrease) (\$millions)	Explanation
Operating activities	1.9	Cash flows from operating activities increased primarily due to higher operating cash flows from our property portfolio including positive changes in working capital balances, partially offset by higher cash outlays for transaction-related costs.
Financing activities	(118.1)	Cash flows from financing activities decreased primarily due to repayment of mortgages and repayment of our Credit Facility.
Investing activities	(285.4)	Cash flows from investing activities decreased primarily due to higher cash outlays for acquisitions, lower proceeds from disposal of PP&E, net of related debt repayments and higher mezzanine loan advances.

Distributions

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. On February 26, 2015, the Trustees approved a 2.0% increase in our monthly cash distributions from \$0.0450 per unit (\$0.5400 on an annualized basis) to \$0.0459 per unit (\$0.5508 on an annualized basis) effective for the March 31, 2015 distribution payable on April 15, 2015.

Unitholders who are Canadian residents are eligible to participate in our Distribution Reinvestment Plan (“DRIP”), which allows unitholders to use their monthly cash distributions to steadily increase ownership without incurring any commission or other transaction costs. Participating investors registered in the DRIP receive additional bonus units in an amount equal to 3% of the distributions which they have elected to reinvest. In Q3 2015, our average DRIP participation was 20.7% compared to 17.1% participation in Q3 2014.

The following table summarizes distributions made in Q3 2015, 2015 YTD, 2014, and 2013:

(\$000s)	Q3 2015	2015 YTD	2014	2013
Distributions declared on Trust Units	24,236	72,208	94,103	93,069
Distributions on Class B Units	226	675	889	895
Distributions on DTUs	105	299	336	-
Distributions reinvested under DRIP	(4,965)	(13,792)	(17,408)	(19,058)
Distributions applied against LTIP receivable	(223)	(671)	(1,009)	(1,081)
Distributions on DTUs reinvested	(105)	(299)	(336)	-
Distributions paid or payable in cash	19,274	58,420	76,575	73,825

The following table summarizes distributions declared on Trust Units in Q3 2015, 2015 YTD, 2014 and 2013 in relation to net income/(loss) from continuing operations and cash flows from operating activities:

(\$000s)	Q3 2015	2015 YTD	2014	2013
Cash flows from operating activities	34,700	63,233	123,375	131,852
Net income/(loss) from continuing operations	(4,310)	13,500	(26,027)	(72,443)
Excess/(deficit) of cash flows from operating activities over distributions declared on Trust Units	10,464	(8,975)	29,272	38,783
Excess/(deficit) of net income/(loss) over distributions declared on Trust Units	(28,546)	(58,708)	(120,130)	(165,512)

In 2015 YTD, our distributions declared on Trust Units exceeded cash flows from operating activities by \$9.0 million, primarily due to settlement of working capital items that reduced cash flows from operating activities and transaction-related expenses. Excess distributions were funded utilizing our Credit Facility and through the issuance of Trust Units under DRIP.

We distributed cash to our unitholders while recording a net loss from continuing operations in Q3 2015, 2014 and 2013. We do not use net income/(loss) as determined in accordance with IFRS as the basis for establishing the level of distributions to unitholders, as net income/(loss) includes, among other items, non-cash depreciation and amortization and changes in fair values of certain liabilities. We do not consider non-cash depreciation and amortization and fluctuations in fair values of certain liabilities in establishing our distribution levels. We believe that, with the appropriate level of capital reinvestment in our properties, their income-generating potential does not generally diminish over time.

We believe our current distributions are sustainable.

Summary of Select Financial Information

Quarterly Financial Information

The following table summarizes our quarterly unaudited financial information:

(\$000s, except per unit amounts)	2015				2014 ⁽¹⁾			2013 ⁽²⁾⁽³⁾	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Revenues	173,088	165,545	163,188	167,520	162,781	159,509	162,034	166,263	
Direct operating expenses	(115,562)	(112,836)	(112,635)	(114,964)	(109,731)	(108,928)	(112,730)	(116,980)	
G&A expenses	(7,003)	(7,519)	(8,668)	(6,950)	(6,442)	(8,255)	(9,935)	(8,547)	
Income before the understated ⁽⁴⁾	50,523	45,190	41,885	45,606	46,608	42,326	39,369	40,736	
Finance costs	(17,386)	(18,510)	(18,118)	(18,423)	(18,570)	(20,505)	(18,884)	(20,707)	
Other income/(expense)	(7,379)	13,649	1,039	754	5,289	2,064	2,239	(10,821)	
Depreciation and amortization	(28,164)	(23,621)	(28,236)	(34,070)	(29,474)	(29,275)	(29,007)	(32,474)	
Changes in fair value of financial instruments and foreign exchange gains/(losses)	(863)	12,840	(7,817)	(7,529)	(661)	(3,790)	(3,636)	(367)	
Share of net income/(loss) from joint ventures	966	197	96	349	787	65	118	(74)	
Current income tax (expense)/benefit	(2,796)	-	-	600	(198)	(397)	2,218	-	
Deferred income tax (expense)/benefit	789	(789)	-	-	-	-	-	-	
Net income/(loss) for the period – continuing operations	(4,310)	28,956	(11,151)	(12,713)	3,781	(9,512)	(7,583)	(23,707)	
Net income/(loss) for the period	(4,768)	355,310	11,128	(16,280)	31,846	(6,975)	(16,870)	(12,577)	
FFO – continuing operations	35,559	28,477	25,778	29,405	30,616	24,269	25,815	23,354	
Diluted FFO – continuing operations	37,497	30,394	27,675	31,345	32,555	26,188	27,712	25,294	
FFO per unit diluted – continuing operations	0.20	0.16	0.15	0.17	0.17	0.14	0.15	0.13	
Total FFO ⁽⁵⁾	35,559	37,679	34,596	36,171	37,364	35,818	33,688	30,459	
Total Diluted FFO ⁽⁵⁾	37,497	39,596	36,493	38,111	39,303	37,737	35,585	32,399	
Total FFO per unit diluted ⁽⁵⁾	0.20	0.21	0.19	0.20	0.21	0.20	0.19	0.17	
AFFO – continuing operations	33,047	25,903	23,282	26,655	27,920	21,270	22,951	20,423	
Diluted AFFO – continuing operations	34,985	27,820	25,179	28,595	29,860	23,189	24,848	22,363	
AFFO per unit diluted – continuing operations	0.18	0.15	0.13	0.15	0.16	0.12	0.13	0.12	
Total AFFO ⁽⁵⁾	33,047	34,152	31,337	32,695	33,885	31,899	30,019	26,635	
Total Diluted AFFO ⁽⁵⁾	34,985	36,069	33,234	34,635	35,825	33,818	31,916	28,575	
Total AFFO per unit diluted ⁽⁵⁾	0.18	0.19	0.17	0.18	0.19	0.18	0.17	0.15	

(1) 2014 amounts have been restated to adjust for discontinued operations.

(2) 2013 amounts have been restated to include the effect of the property tax adjustment requirements of IFRIC 21, effective January 1, 2014.

(3) 2013 amounts have been restated to adjust for discontinued operations.

(4) Refers to income before finance costs, other income/(expense), depreciation and amortization, changes in fair value of financial instruments and unrealized foreign exchange gains/(losses), share of net income/(loss) from joint ventures, and income tax.

(5) Non-GAAP; includes the reversal of provision for impairment associated with the mezzanine loan portfolio of \$1.2 million in Q1 2014.

Our results for the past eight quarters have been affected by acquisitions and dispositions; refer to the “Significant Events” section of this MD&A and in our 2014 MD&A for details. In addition, our results have been affected by reversals of previously-recorded provisions for mezzanine loans in Q1 2014, a recovery of SIFT tax in Q1 2014 and changes in the fair value of assets and liabilities.

Discontinued Operations

In Q3 2014, we completed the sale of four non-core U.S. properties (827 suites) (the “Cypress Portfolio”). On June 30, 2015, we completed the sale of the remainder of the U.S. Portfolio. The results of the U.S. Portfolio are presented as discontinued operations in this MD&A.

The following table summarizes the composition of the U.S Operations:

	Properties	Composition of Suites					Total
		IL	ISL	AL	MC	LTC	
100% owned	33	-	4,375	-	224	190	4,789
Properties under operating lease – 100% interest	2	-	194	-	39	-	233
Total	35	-	4,569	-	263	190	5,022

The following table presents the results of operations of the U.S. Operations:

(U.S.\$000s, except as noted otherwise)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Revenue	-	47,035	(47,035)	92,395	148,089	(55,694)
Operating expenses	-	31,198	(31,198)	65,366	102,005	(36,639)
NOI	-	15,837	(15,837)	27,029	46,084	(19,055)
Foreign exchange in CDN	-	1,423	(1,423)	6,262	4,320	1,982
Total NOI in CDN	-	17,260	(17,260)	33,291	50,404	(17,113)
Weighted average occupancy rate – total portfolio	N/A	89.3%	N/A	88.4%	88.7%	(0.3pp)

The operating results for the U.S. operating segment in Canadian dollars were also affected by fluctuations in foreign exchange rates. The average exchange rates were as follows:

	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Weighted average exchange rate for U.S.\$1.00 to CDN	1.31	1.09	0.22	1.26	1.09	0.17

Other Items Related to Discontinued Operations

(\$000s)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Finance costs	-	(8,197)	(8,197)	(16,939)	(27,079)	10,140
Other income/(expense)	(458)	34,357	(34,815)	430,669	36,187	396,482
Depreciation of PP&E	-	(10,724)	10,724	(13,870)	(36,211)	22,341
Amortization of intangible assets	-	(224)	224	(255)	(675)	420
Changes in fair value of financial instruments and foreign exchange (loss)/gain and adjustment on mortgages	-	(17)	17	(26,827)	1,174	(28,001)
Current income tax expense	-	(1,087)	1,087	(57,897)	(1,237)	(56,660)
Deferred income tax expense	-	(3,304)	3,304	-	(1,247)	1,247

Other income/(expense) in Q3 2015 include post-closing settlement of certain working capital and other items. Included in 2015 YTD amount is a \$434.7 million gain on sale of the U.S. Portfolio.

The following table provides the calculation of FFO from discontinued operations:

(\$000s)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Net income/(loss) for the period	(458)	28,065	(28,523)	348,171	21,316	326,855
<i>Add (Subtract):</i>						
Depreciation of PP&E ⁽¹⁾	-	10,724	(10,724)	13,870	36,211	(22,341)
Amortization of limited life intangible assets ⁽¹⁾	-	224	(224)	255	675	(420)
(Gain)/loss on sale of assets ⁽¹⁾	458	(35,557)	36,015	(445,321)	(35,406)	(409,915)
Transaction costs arising on business acquisitions and dispositions ⁽¹⁾	-	615	(615)	13,285	842	12,443
Tax on gains/losses on disposal of properties	-	1,013	(1,013)	57,729	1,013	56,716
Deferred income tax	-	3,304	(3,304)	-	1,247	(1,247)
Adjustment for property tax accounted for under IFRIC 21	-	(1,658)	1,658	3,198	1,445	1,753
Changes in fair value of financial instruments and unrealized foreign exchange gains/losses	-	17	(17)	26,827	(1,174)	28,001
FFO ⁽¹⁾⁽²⁾	-	6,747	(6,747)	18,014	26,169	(8,155)

(1) Non-GAAP; reported at Chartwell's Interest.

(2) Refer to the "Non-GAAP Measures – Funds from Operations" section of this MD&A for a discussion of the nature of various adjustments made in FFO calculations.

The following table provides the calculation of AFFO from discontinued operations:

(\$000s)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
FFO ⁽¹⁾	-	6,747	(6,747)	18,014	26,169	(8,155)
<i>Add (Subtract):</i>						
Amortization of financing costs and debt mark-to-market adjustments ^{(2)/(3)}	-	357	(357)	772	1,115	(343)
Financing cost reserve ⁽⁴⁾	-	(115)	115	(206)	(380)	174
AFFO before capital maintenance reserve	-	6,989	(6,989)	18,580	26,904	(8,324)
Capital maintenance reserve - 2% of property revenue ⁽⁵⁾	-	(1,024)	1,024	(2,282)	(3,241)	959
AFFO ⁽⁶⁾	-	5,965	(5,965)	16,298	23,663	(7,365)

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

(2) Non-GAAP; reported at Chartwell's Interest.

(3) Excludes amortization of financing costs incurred in respect of renewal of our Credit Facility.

(4) Refer to the "Non-GAAP Measures – Adjusted Funds from Operations" section of this MD&A for a discussion of the nature of the financing cost reserve.

(5) Refer to the "Non-GAAP Measures – Adjusted Funds from Operations" section of this MD&A for a discussion of the nature of the capital maintenance reserve. Refer to the "Capital Expenditures" section of this MD&A for details of actual capital expenditures.

(6) Non-GAAP; refer to the "Non-GAAP Measures – Adjusted Funds from Operations" section of this MD&A for a discussion of the nature of various adjustments made in the AFFO calculations.

Non-GAAP Measures

We use a number of Non-GAAP Measures for monitoring and analyzing our financial results as outlined in this section. These measures do not have any standardized meaning prescribed by IFRS and therefore, are unlikely to be comparable to similar measures presented by other income trusts or other companies.

Funds from Operations

FFO should not be construed as an alternative to net earnings or cash flow from operating activities as determined by IFRS. FFO as presented may not be comparable to similar measures presented by other real estate investment trusts. However, we present FFO substantially consistent with the definition adopted by the Real Property Association of Canada (“REALpac”) with the exception of the following:

- Transaction costs related to the disposition of properties are added back in our FFO calculation.
- Realized foreign exchange gains resulting from conversion of the net proceeds of the sale of the U.S. Portfolio are deducted in our FFO calculation.

According to REALpac guidance, FFO is defined as follows: Profit or loss per IFRS 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 in accordance with SIC-15.
- D. Amortization of tenant/customer relationship intangibles or other intangibles arising from a business combination.
- E. Gains / losses from sales of investment properties and owner-occupied properties, including the gain or loss included within 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. Property taxes accrued and expensed prior to the associated period of lease term revenue, wherein certain jurisdictions require the owner of a property at the time of tax assessment to irrevocably be solely liable for property taxes regardless of subsequent changes in ownership.
- M. Gain or loss on the sale of an investment in a foreign operation.
- N. Changes in the fair value of financial instruments which are economically effective hedges but do not qualify for hedge accounting.
- O. Bargain purchase or goodwill impairment.
- P. Effects of redeemable units classified as financial liabilities.
- Q. Results of discontinued operations.
- R. Adjustments for equity accounted entities.
- S. Non-controlling interests in respect of the above.

T. Incremental leasing costs.

In our opinion, the use of FFO, combined with the required primary IFRS presentations, is fundamentally 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 (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 recorded as interest expense, convertible debenture issue costs, changes in fair value of financial instruments, unrealized foreign exchange gains/losses, and adjustments for equity-accounted entities, FFO can assist the user of the financial information in comparing the operating performance of our real estate portfolio between financial reporting periods.

FFO from continuing operations excludes the results of our U.S portfolio classified as discontinued operations.

To the extent that our convertible debentures are dilutive to FFO per unit, convertible debenture interest is added back to calculate a diluted FFO for the sole purpose of calculating the FFO per unit diluted.

The following table provides a reconciliation of net income/(loss) to FFO:

(\$000s, except per unit amounts)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Net income/(loss) from continuing operations	(4,310)	3,781	(8,091)	13,500	(13,315)	26,815
<i>Add (Subtract):</i>						
Depreciation of PP&E ⁽¹⁾	28,786	29,971	(1,185)	81,901	88,556	(6,656)
Amortization of limited life intangible assets ⁽¹⁾	156	276	(120)	523	1,333	(810)
Depreciation of leasehold improvements and amortization of software costs included in depreciation and amortization above ⁽¹⁾	(263)	(159)	(104)	(451)	(458)	7
Gain on sale of assets ⁽¹⁾	(51)	(5,657)	5,606	(4,708)	(7,163)	2,455
Gain on remeasurement to fair value of existing interest	-	-	-	(10,452)	(435)	(10,017)
Transaction costs arising on business acquisitions and dispositions ⁽¹⁾	7,403	1,322	6,081	9,366	2,824	6,542
Tax on gains or losses related to disposal of properties	2,796	200	2,596	2,796	600	2,196
Deferred income tax	(789)	-	(789)	-	-	-
Distributions on Class B Units recorded as interest expense	226	222	4	675	667	8
Changes in fair value of financial instruments and foreign exchange gain/loss ⁽²⁾	850	661	189	(4,086)	8,087	(12,173)
Impairment provisions net of reversals	755	-	755	755	-	755
FFO - continuing operations ⁽¹⁾⁽³⁾	35,559	30,617	4,942	89,819	80,696	9,123
FFO - discontinued operations	-	6,747	(6,747)	18,014	26,169	(8,155)
Total FFO ⁽¹⁾⁽³⁾	35,559	37,364	(1,805)	107,833	106,865	968
FFO - continuing operations ⁽¹⁾⁽³⁾	35,559	30,617	4,942	89,819	80,696	9,123
Interest expense on 5.7% convertible debentures	1,938	1,940	(2)	5,752	5,755	(3)
Diluted FFO - continuing operations ⁽⁴⁾	37,497	32,557	4,940	95,571	86,451	9,120
FFO - discontinued operations	-	6,747	(6,747)	18,014	26,169	(8,155)
Total diluted FFO ⁽⁴⁾	37,497	39,304	(1,807)	113,585	112,620	965
FFO per unit – continuing operations ⁽⁵⁾						
Basic	0.20	0.17	0.03	0.50	0.46	0.04
Diluted	0.20	0.17	0.03	0.50	0.46	0.04
Total FFO per unit ⁽⁵⁾						
Basic	0.20	0.21	(0.01)	0.61	0.60	0.01
Diluted	0.20	0.21	(0.01)	0.60	0.60	-

(1) Non-GAAP; reported at Chartwell's Interest.

(2) 2015 results include realized foreign exchange gain of \$11.2 million related to the sale of the U.S. Portfolio.

(3) Refer to the "Non-GAAP Measures – Funds from Operations" section of this MD&A for a discussion of the nature of various adjustments made in FFO calculations.

(4) Non-GAAP; diluted FFO is solely utilized for the purposes of calculating FFO per unit diluted.

(5) Non-GAAP; refer to the "Non-GAAP Measures – Per Unit Amounts" section of this MD&A for a discussion of the calculation of the per unit amounts; FFO per unit diluted includes dilutive impact of 5.7% convertible debentures.

Adjusted Funds from Operations

AFFO should not be construed as an alternative to net earnings or cash flow from operating activities as determined by IFRS. AFFO as presented may not be comparable to similar measures presented by other issuers. We believe AFFO is useful in the assessment of our operating performance and that this measure is also useful for valuation purposes and is a relevant and meaningful measure of our ability to earn and distribute cash to unitholders. We calculate AFFO by adding or subtracting certain items measured at Chartwell's Interest to or from FFO as follows:

Principal portion of capital funding receivable: This item represents a portion of the long-term cash flow stream provided by the Ontario Ministry of Health and Long Term Care ("MOHLTC") to communities which meet certain design criteria. We include this item in AFFO calculations.

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

Amortization of financing costs and fair value adjustments on mortgages payable: Adjustments made in AFFO calculation to adjust for non-cash interest expense items and to account for interest expense based on the contractual terms of the underlying debt.

Financing cost reserve: In order to account for financing costs routinely incurred on re-financing of existing debt, we included this reserve in the calculation of AFFO. We calculate this reserve based on our estimate of normalized costs of re-financing (60 basis points) applied to the debt balances outstanding at the end of the reporting period taking into account weighted average term to maturity of our mortgage portfolio.

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

Discontinued operations: This item represents the impact of the items above specifically related to discontinued operations.

AFFO from continuing operations excludes the results of the U.S. Portfolio classified as discontinued operations.

To the extent that our convertible debentures are dilutive to AFFO per unit, convertible debenture interest is added back to calculate a diluted AFFO for the sole purpose of calculating the AFFO per unit diluted.

The following table provides the calculation of AFFO:

(\$000s, except per unit amounts)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
FFO - continuing operations ⁽¹⁾	35,559	30,617	4,942	89,819	80,696	9,123
<i>Add (Subtract):</i>						
Principal portion of capital subsidy receivable from Health Authorities	1,266	1,182	84	3,748	3,499	249
Amounts receivable under income guarantees	537	62	475	972	62	910
Amortization of financing costs and debt mark-to-market adjustments ⁽²⁾⁽³⁾	(260)	(58)	(202)	(398)	(542)	144
Financing cost reserve ⁽⁴⁾	(286)	(316)	30	(935)	(963)	28
AFFO before capital maintenance reserve	36,816	31,487	5,329	93,206	82,752	10,454
Capital maintenance reserve - 2% of property revenue - continuing operations ⁽⁵⁾	(3,769)	(3,567)	(202)	(10,969)	(10,616)	(353)
AFFO - continuing operations ⁽⁶⁾	33,047	27,920	5,127	82,237	72,136	10,101
AFFO - discontinued operations	-	5,965	(5,965)	16,298	23,663	(7,365)
Total AFFO ⁽⁶⁾	33,047	33,885	(838)	98,535	95,799	2,736
AFFO - continuing operations ⁽⁶⁾	33,047	27,920	5,127	82,237	72,136	10,101
Interest expense on 5.7% convertible debentures	1,938	1,940	(2)	5,752	5,755	(3)
Diluted AFFO - continuing operations ⁽⁷⁾	34,985	29,860	5,125	87,989	77,891	10,098
AFFO - discontinued operations	-	5,965	(5,965)	16,298	23,663	(7,365)
Total diluted AFFO	34,985	35,825	(840)	104,287	101,554	2,733
AFFO per unit - continuing operations ⁽⁸⁾						
Basic	0.19	0.16	0.03	0.46	0.41	0.05
Diluted	0.18	0.16	0.02	0.46	0.41	0.05
Total AFFO per unit ⁽⁸⁾						
Basic	0.19	0.19	-	0.55	0.54	0.01
Diluted	0.18	0.19	(0.01)	0.55	0.54	0.01

- (1) Non-GAAP; refer to the "Non-GAAP Measures – Funds from Operations" section of this MD&A for a discussion of the nature of various adjustments made in FFO calculations.
- (2) Non-GAAP; reported at Chartwell's Interest.
- (3) Excludes amortization of financing costs incurred in respect of renewal of our Credit Facility.
- (4) Refer to the "Non-GAAP Measures – Adjusted Funds from Operations" section of this MD&A for a discussion of the nature of the financing cost reserve.
- (5) Refer to the "Non-GAAP Measures – Adjusted Funds from Operations" section of this MD&A for a discussion of the nature of the capital maintenance reserve. Refer to the "Capital Expenditures" section of this MD&A for details of actual capital expenditures.
- (6) Non-GAAP; refer to the "Non-GAAP Measures – Adjusted Funds from Operations" section of this MD&A for a discussion of the nature of various adjustments made in the AFFO calculations.
- (7) Non-GAAP; diluted AFFO is solely utilized for the purposes of calculating AFFO per unit diluted.
- (8) Non-GAAP; refer to the "Non-GAAP Measures – Per Unit Amounts" section of this MD&A for a discussion of the calculation of the per unit amounts; AFFO per unit diluted includes the dilutive impact of 5.7% convertible debentures.

Chartwell's Interest

On January 1, 2013, we changed our accounting policy for certain joint arrangements as required by IFRS 11 – Joint Arrangements. As a result, we no longer proportionately consolidate certain joint arrangements and now account for these investments using the equity method of accounting. All references to "Chartwell's Interest" refer to a non-GAAP financial measure representing our proportionate share of the financial position and results of operations of our entire portfolio excluding discontinued operations, taking into account the difference in accounting for joint ventures using proportionate consolidation versus equity accounting. Refer to the "Joint Arrangements" section of this MD&A for a discussion of the usefulness of this measure and for a reconciliation of Chartwell's results of operations and statement of financial position.

Net Operating Income

NOI should not be construed as an alternative to other IFRS metrics. We define NOI as the difference between property revenue and property direct operating expenses, measured at Chartwell's Interest. We believe that the use of NOI combined with primary IFRS measures is beneficial to the users of the financial information in understanding operating performance of our operating segments and platforms.

Per Unit Amounts

In our calculations of FFO per unit and AFFO per unit, we include the Class B Units as the Class B Units are exchangeable into Trust Units at any time at the option of the unitholder. In addition, we include units issued under DTU, LTIP and subscription receipts. In our calculation of FFO per unit diluted and AFFO per unit diluted, we consider the dilutive impact of the conversion of our convertible debentures.

Weighted Average Number of Units

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

(000s)	Q3 2015	Q3 2014	Change	2015 YTD	2014 YTD	Change
Weighted average number of units ⁽¹⁾	178,584	176,998	1,586	178,117	176,641	1,476
Dilutive impact of 5.7% convertible debentures	12,262	12,273	(11)	12,266	12,273	(7)
Weighted average number of units, diluted	190,846	189,271	1,575	190,383	188,914	1,469

(1) Includes Class B Units, units issued under LTIP and DTUs.

Same Property Performance

We evaluate our financial performance by analyzing our same property portfolio. Generally, our same property portfolio excludes properties that have not been owned or leased continuously since the beginning of the previous fiscal year or that are expected to be sold in the current fiscal year. In addition, to improve comparability, we designate properties where we have added significant capacity or expect in the current year to open new suites to be excluded from the same property portfolio.

The following table summarizes the same property portfolio as at September 30, 2015:

	Properties	Suites/Beds
Canadian Retirement Operations	134	19,119
Canadian Long Term Care Operations	24	3,136
Total same property portfolio	158	22,255

Same Property Revenue, Same Property Direct Operating Expenses, Same Property NOI

Key metrics used to evaluate same property performance are same property revenue, same property direct operating expenses and same property NOI. These metrics are measured at Chartwell's Interest.

Our same property metrics, as defined above, should not be construed as alternatives to other IFRS metrics. We define same property NOI as the difference between same property revenue and same property direct operating expenses. We believe that the use of these metrics combined with primary IFRS measures is beneficial to users of the financial information in understanding the operating performance of our operating segments and platforms.

Refer to the "Consolidated Results of Operations – Summary of Net Operating Income" section of this MD&A for a reconciliation of these items.

Indebtedness Ratio

Our Declaration of Trust limits the amount of overall indebtedness that we can incur to 60% of GBV, excluding convertible debentures, or 65% of GBV including convertible debentures. This metric is commonly used by the investment community together with the Interest Coverage Ratio and Net Debt to Adjusted EBITDA to evaluate our leverage and the strength of our equity position. GBV, for the purpose of this ratio, excludes deferred tax assets. Under the Declaration of Trust, total indebtedness includes any obligation for borrowed money, any obligation incurred in connection with the acquisition of property, assets or business, other than deferred income tax liability, any capital lease obligation and any guaranteed obligations of third parties to the extent included in our consolidated balance sheet. The Indebtedness Ratio is measured at Chartwell's Interest.

Interest Coverage Ratio

The interest coverage guideline provides an indication of an entity's ability to service or pay the interest charges relating to the underlying debt and have generally been used by debt rating agencies to test an entity's ability to service its debt. Generally, the higher the ratio, the lower the risk of default on debt. The Interest Coverage Ratio is measured at Chartwell's Interest.

Adjusted EBITDA

EBITDA should not be construed as an alternative to net earnings as determined by IFRS. EBITDA is a generally accepted proxy for operating cash flow and represents earnings before interest expense, taxes, depreciation and amortization. Adjusted EBITDA is useful in evaluating performance of continuing operations, excluding the costs of consuming capital assets and the cost of financing which does not affect the value of an entity's assets. Our calculation of Adjusted EBITDA excludes transaction costs arising on business acquisitions and dispositions, which are expensed as incurred, gains/losses on disposition of properties, changes in fair value of financial instruments, foreign exchange gains/losses, and non-recurring items such as asset impairment provisions or reversal of such provisions, or debenture issuance costs and includes the principal portion of the capital funding receivable from MOHLTC since this long-term cash flow stream forms part of the business value considered by lenders in financing LTC properties; it is measured at Chartwell's Interest. In Q1 2014, we changed our definition of Adjusted EBITDA to exclude property taxes expensed under IFRIC 21 prior to the associated period of lease term revenue. Under IFRIC 21, certain expenses classified as levies must be recognized when the obliging event occurs. This results in recognition occurring at a point in time rather than on a pro-rata basis. Our assessment determined that property tax in our U.S. operating segment meets the definition of a levy under IFRIC 21. We use Adjusted EBITDA in our calculations of Net Debt to Adjusted EBITDA and Interest Coverage Ratios and therefore, we believe it is appropriate to exclude the portion of this expense that is not pro-rata in the Adjusted EBITDA definition. This change is made for all periods presented in this MD&A.

Net Debt to Adjusted EBITDA Ratio

Net Debt to Adjusted EBITDA should not be construed as an alternative to other IFRS metrics. The Net Debt to Adjusted EBITDA Ratio provides an approximation of the number of years required for current cash flows to cover or repay all indebtedness and is commonly used by investors to evaluate the level of an entity's debt in relation to its operating cash flows. Net Debt and Adjusted EBITDA are not susceptible to short-term changes in market values and are not prone to subjective assessments surrounding asset valuations. Net Debt to Adjusted EBITDA is measured at Chartwell's Interest.

G&A Expenses as a Percentage of Revenue

G&A as a percentage of revenue should not be construed as an alternative to other IFRS metrics. We believe that G&A as a percentage of revenue is useful as a benchmark to evaluate the required resource level to support our operating business. This percentage is calculated as total G&A expenses divided by

the sum of property revenue, management and other fee revenue and mezzanine loan and other interest income at Chartwell's Interest.

The following table presents a reconciliation of revenue used in the calculation of G&A expenses as a percentage of revenue to our Financial Statements:

(\$000s)	Q3 2015	Q3 2014	2015 YTD	2014 YTD
Revenue	173,088	162,781	501,821	484,324
Equity-accounted investments	17,623	17,643	53,239	52,371
Chartwell's Interest	190,711	180,424	555,060	536,695
Interest income	865	961	2,597	3,786
Equity-accounted investments	23	15	76	95
Chartwell's Interest	888	976	2,673	3,881
Total revenue at Chartwell's Interest	191,599	181,400	557,733	540,576

Distributions Declared as a Percentage of Total AFFO

Distributions declared as a percentage of total AFFO is calculated using distributions declared on our Trust Units, Class B Units and DTUs.

Critical Accounting Policies and Estimates

Critical Accounting Judgements, Estimates and Assumptions in Applying Accounting Policies

We monitor and assess all accounting pronouncements. In our Q3 2015 Financial Statements, our 2014 MD&A as well as in our 2014 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 2015.

Changes in Accounting Estimates and Changes in Accounting Policies

The current accounting policy changes and future accounting policy changes are described in Note 1 of our Financial Statements.

Controls and Procedures

We are committed to maintaining effective disclosure controls and procedures and internal control over financial reporting. We continue to make significant investments in improvements to our information systems and financial processes to further strengthen our internal controls. 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 President and 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, 2015. In making this assessment, the President and Chief Executive Officer and the Chief Financial Officer used the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in Internal Control – Integrated Framework (2013). 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 President and 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 changes that occurred during the quarter ended September 30, 2015, that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Forward-Looking Information and Risks and Uncertainties

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”, “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.

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:

- our assumptions concerning economic and regulatory conditions or state of the housing market and pace of new supply growth in seniors housing;
- our expectations related to future operating performance of our properties;
- our expectations regarding achievement of certain occupancy levels at our LTC and retirement communities;
- information related to the stabilization of seniors housing communities in lease-up, which is subject to the risk and uncertainty that local factors affecting occupancy levels or resident fees may result in certain communities not achieving stabilization at the times expected and is based on the assumptions that the local markets in which such communities are located remain stable and our operations in such communities are consistent with historical performance;
- information related to the expected completion date of communities under construction, which is subject to the risk and uncertainty that, due to weather conditions, availability of labour and other factors, construction may be delayed, and is subject to the assumption that there is not a significant change to the typical construction timelines for our communities;
- our ability to realize expected unlevered yields on our development projects, which are based on our estimates of stabilized occupancy, rental rates and NOI and expected total development costs;
- our expectations regarding cash distributions and cash flow from operating activities, which are subject to the risk and uncertainty that our operating performance does not meet our expectations due to occupancy levels dropping, labour and operating costs increasing, or due to other general business risks;
- our ability to renew maturing debt and to obtain new financings at favourable rates, in due course;
- our ability to access low-cost mortgage financing insured by CMHC;
- our ability to realize benefits on technology investments;
- certain assumptions relating to the debentures, including, credit risk in respect of the debentures, prior ranking indebtedness and absence of covenant protection, structural subordination of debentures, conversion of debentures following certain transactions, value of conversion privilege of the debentures, debentures redemption prior to maturity, inability of Chartwell to purchase debentures on a change of control and dilution;

While we anticipate that subsequent events and developments may cause our views to change, we do not intend to update 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, 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 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.

Risks and Uncertainties

Our AIF dated February 26, 2015 and our 2014 MD&A contain a detailed discussion of risk factors and uncertainties facing Chartwell.

There were no significant changes to these risk factors and uncertainties as of the date of this MD&A except as related to the sale of the U.S. Portfolio. As a result of this sale, the risks related to the U.S. government regulation and the U.S./Canadian currency exchange rate fluctuations are no longer applicable to the current operations.