

Condensed Consolidated Interim Financial Statements  
(In Canadian dollars)

# **CHARTWELL RETIREMENT RESIDENCES**

As at and for the three months ended March 31, 2016  
and 2015  
(Unaudited)

# CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Balance Sheets

(In thousands of Canadian dollars)

(Unaudited)

	Note	March 31, 2016	December 31, 2015
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 5,998	\$ 3,002
Trade and other receivables		8,235	7,948
Capital funding receivable		5,415	5,243
Other assets	4	15,963	16,938
<b>Total current assets</b>		<b>35,611</b>	<b>33,131</b>
Non-current assets:			
Other assets	4	3,712	3,733
Loans receivable		15,756	15,764
Capital funding receivable		58,972	56,198
Investment in joint ventures	5	34,552	33,993
Intangible assets		56,915	57,202
Property, plant and equipment ("PP&E")	3	2,443,024	2,399,368
<b>Total non-current assets</b>		<b>2,612,931</b>	<b>2,566,258</b>
<b>Total assets</b>		<b>\$ 2,648,542</b>	<b>\$ 2,599,389</b>
<b>Liabilities and Unitholders' Equity</b>			
Current liabilities:			
Secured revolving operating credit facility ("Credit Facility")	6(b)	\$ 49,000	\$ 32,000
Accounts payable and other liabilities	8	98,111	114,036
Distributions payable		8,428	8,243
Mortgages payable	6(a)	163,304	159,699
<b>Total current liabilities</b>		<b>318,843</b>	<b>313,978</b>
Non-current liabilities:			
Mortgages payable	6(a)	1,441,049	1,371,659
Deferred consideration on business combinations		1,563	1,535
Convertible debentures	7	174,027	161,754
Class B Units of Chartwell Master Care LP ("Class B Units")	10	23,175	20,943
<b>Total non-current liabilities</b>		<b>1,639,814</b>	<b>1,555,891</b>
<b>Total liabilities</b>		<b>1,958,657</b>	<b>1,869,869</b>
Unitholders' equity	11	689,885	729,520
Subsequent events	7, 18		
<b>Total liabilities and unitholders' equity</b>		<b>\$ 2,648,542</b>	<b>\$ 2,599,389</b>

See accompanying notes to condensed consolidated interim financial statements.

Approved by the Trustees:

"Huw Thomas" \_\_\_\_\_ Trustee "Sidney Robinson" \_\_\_\_\_ Trustee

# CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

(In thousands of Canadian dollars)

(Unaudited)

	Note	Three months ended March 31,	
		2016	2015
<b>Revenue:</b>			
Resident		\$ 174,321	\$ 152,911
Management and other fees		1,917	1,924
Lease revenue from joint ventures	5	8,300	8,150
Interest on loans receivable		357	203
		<u>184,895</u>	<u>163,188</u>
<b>Expenses:</b>			
Direct operating		121,208	112,635
General, administrative and Trust		8,221	8,668
		<u>129,429</u>	<u>121,303</u>
Income before the undernoted <sup>(1)</sup>		55,466	41,885
Finance costs	15	(18,126)	(18,118)
Other income (expense)	14	(3,489)	1,039
Depreciation of PP&E		(34,945)	(28,032)
Amortization of intangible assets		(300)	(204)
Changes in fair values of financial instruments and foreign exchange losses	16	(18,328)	(7,817)
Share of net income from joint ventures	5	172	96
		<u>(19,550)</u>	<u>(11,151)</u>
Loss before income taxes		(19,550)	(11,151)
Income taxes		—	—
Net loss from continuing operations		(19,550)	(11,151)
<b>Discontinued operations:</b>			
Net income (loss) from discontinued operations, net of income taxes	9	(322)	22,279
Net income (loss)		(19,872)	11,128
<b>Other comprehensive income (loss):</b>			
Items that may be reclassified subsequently to net income (loss):			
Unrealized foreign currency income on translation of foreign operations considered discontinued operations		—	7,761
<b>Total comprehensive income (loss)</b>		<b>\$ (19,872)</b>	<b>\$ 18,889</b>

<sup>(1)</sup>Refers to income before finance costs, other income (expense), depreciation of PP&E, amortization of intangible assets, changes in fair values of financial instruments and foreign exchange losses, share of net income from joint ventures, income tax (expense) benefit and discontinued operations.

See accompanying notes to condensed consolidated interim financial statements.

# CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Statements of Unitholders' Equity  
(In thousands of Canadian dollars, except per unit amounts)  
(Unaudited)

Three months ended March 31, 2016	Trust Units issued in dollars, net	Trust Units issued under LTIP	LTIP receivable	Accumulated income (losses)	Distributions	Other equity components	Total
Unitholders' equity, December 31, 2015	\$ 1,778,496	\$ 16,889	\$ (12,657)	\$ (159,304)	\$ (900,450)	\$ 6,546	\$ 729,520
Net income	–	–	–	(19,872)	–	–	(19,872)
Distributions to unitholders	–	–	–	–	(24,676)	–	(24,676)
Issuance of Trust Units under the Distribution Reinvestment Program ("DRIP")	4,440	–	–	–	–	–	4,440
Trust Units issued on conversion of debt	145	–	–	–	–	–	145
Trust units issued under the Long-Term Incentive Plan ("LTIP"), net of cancellations and Trust Units released on settlement of LTIP receivable	237	761	(868)	–	–	15	145
Interest on LTIP receivable	–	–	(31)	–	–	–	(31)
Distributions applied against LTIP receivable	–	–	214	–	–	–	214
<b>Unitholders' equity, March 31, 2016</b>	<b>\$ 1,783,318</b>	<b>\$ 17,650</b>	<b>\$ (13,342)</b>	<b>\$ (179,176)</b>	<b>\$ (925,126)</b>	<b>\$ 6,561</b>	<b>\$ 689,885</b>

During the three months ended March 31, 2016, distributions were declared and paid at \$0.0459 per unit for the months of January and February and \$0.046818 per unit per month for March. In April 2016, distributions were declared at \$0.046818 per unit totalling \$8,509.

# CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Statements of Unitholders' Equity (continued)

(In thousands of Canadian dollars, except per unit amounts)

(Unaudited)

Three months ended March 31, 2015	Trust Units issued in dollars, net	Trust Units issued under LTIP	LTIP receivable	Accumulated losses	Foreign currency translation reserve	Distributions	Other equity components	Total
Unitholders' equity, December 31, 2014	\$ 1,743,786	\$ 17,873	\$ (13,950)	\$ (521,537)	\$ 4,654	\$ (803,897)	\$ 6,669	\$ 433,598
Net income	–	–	–	11,128	–	–	–	11,128
Other comprehensive income	–	–	–	–	7,761	–	–	7,761
Distributions to unitholders	–	–	–	–	–	(23,799)	–	(23,799)
Issuance of Trust Units under the Distribution Reinvestment Program ("DRIP")	3,896	–	–	–	–	–	–	3,896
Trust Units issued on conversion of debt	82	–	–	–	–	–	–	82
Trust units issued under the Long-Term Incentive Plan ("LTIP"), net of cancellations and Trust Units released on settlement of LTIP receivable	433	423	(524)	–	–	–	(191)	141
Interest on LTIP receivable	–	–	(34)	–	–	–	–	(34)
Distributions applied against LTIP receivable	–	–	220	–	–	–	–	220
<b>Unitholders' equity, March 31, 2015</b>	<b>\$ 1,748,197</b>	<b>\$ 18,296</b>	<b>\$ (14,288)</b>	<b>\$ (510,409)</b>	<b>\$ 12,415</b>	<b>\$ (827,696)</b>	<b>\$ 6,478</b>	<b>\$ 432,993</b>

During the three months ended March 31, 2015, distributions were declared and paid at \$0.045 per unit for the months of January and February and \$0.0459 per unit per month for March. In April 2015, distributions were declared at \$0.0459 per unit totalling \$8,137.

See accompanying notes to condensed consolidated interim financial statements.

# CHARTWELL RETIREMENT RESIDENCES

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)

(Unaudited)

	Three months ended March 31,	
	2016	2015
Cash provided by (used in):		
Operating activities:		
Net income (loss)	\$ (19,872)	\$ 11,128
Items not affecting cash:		
Depreciation and amortization	35,245	37,924
Finance costs	18,126	27,114
Other expense (income)	3,334	9,898
Transaction costs arising from business acquisitions and dispositions	(1,635)	(10,933)
Interest on loans receivable	(357)	(203)
Non-cash compensation expense	494	522
Changes in fair values of financial instruments and foreign exchange losses (gains)	18,328	6,073
Change in carrying value of mortgages payable related to assets held for sale	–	28,690
Deferred income taxes	–	(65,335)
Share of net income from joint ventures	(172)	(96)
Other	130	302
Change in trade and other receivables	70	188
Change in other assets	573	1,027
Change in accounts payable and other liabilities	(17,989)	(766)
	36,275	45,533
Interest and other income received	932	883
Interest paid	(20,528)	(28,275)
Net cash provided by operating activities	16,679	18,141
Financing activities:		
Proceeds from mortgage financing	77,581	26,281
Mortgage maturity repayments	(25,866)	(25,381)
Changes to credit facilities	17,000	20,500
Scheduled mortgage principal repayments	(12,954)	(15,346)
Net additions to finance costs	(1,435)	(527)
Distributions paid	(19,868)	(19,541)
Net cash provided by (used in) financing activities	34,458	(14,014)
Investing activities:		
Acquisition of assets under business combinations	(30,251)	–
Additions to PP&E and intangible assets	(20,426)	(9,861)
Proceeds from disposal of PP&E	385	130
Proceeds from capital funding receivable	2,077	1,233
Change in restricted cash	463	633
Distributions (contributions) received from Joint Ventures	(389)	221
Net cash used in investing activities	(48,141)	(7,644)
Increase (decrease) in cash	2,996	(3,517)
Foreign exchange gain on U.S. dollar-denominated cash	–	450
Cash, beginning of period	3,002	10,927
Cash, end of period	5,998	7,860
Less cash included in discontinued operations (note 9)	–	(7,580)
Cash, continuing operations	\$ 5,998	\$ 280

See accompanying notes to condensed consolidated interim financial statements.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

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Chartwell Retirement Residences ("Chartwell") is an unincorporated open-ended trust governed by the laws of the Province of Ontario and created as of July 7, 2003 and subsisting under the Declaration of Trust. Chartwell's head office is located at 100 Milverton Drive, Suite 700, Mississauga, Ontario, L5R 4H1. Chartwell's main business is the ownership, operations and management of retirement and long-term care communities in Canada.

## 1. **Basis of preparation:**

Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB.

The condensed consolidated interim financial statements were authorized for issue by the Board of Trustees on May 5, 2016. These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended December 31, 2015.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 2. Acquisitions

The following acquisition is consistent with Chartwell's strategy to focus on its core business and expand its presence in existing Canadian markets, and is accounted for as a business combination under IFRS 3.

Date of acquisition	March 15, 2016
Segment	Canadian Retirement Operations
Location	Province of Ontario (105 suites)
PP&E	\$ 66,166
Mortgages assumed	(35,915)
Net assets acquired	\$ 30,251
Cash consideration	\$ 30,251

On March 15, 2016, Chartwell acquired a 100% interest in a 105 unit retirement residence located in Ottawa, Ontario. The purchase price before closing costs and mortgage mark to market adjustment was 63,650 and was settled by the assumption of a \$33,399 mortgage and cash. The property has contributed revenue of \$322 and net loss of \$1,869 since the acquisition. Chartwell incurred acquisition related costs of \$1,715, which have been expensed in other income (expense) in the consolidated statements of comprehensive income (loss).

Chartwell recorded a mortgage mark to market adjustment of \$2,516 with respect to the assumed mortgage.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 3. Property, plant and equipment:

	Land	Buildings	Furniture, fixtures and equipment	Properties under development	Land held for development	Total
<b>Cost</b>						
Balance, December 31, 2014	\$ 327,865	\$ 2,723,321	\$ 97,058	\$ 14,658	\$ 27,211	\$ 3,190,113
Additions	–	60,839	8,413	13,291	–	82,543
Additions through business combinations	34,212	509,674	11,105	–	1,000	555,991
Disposals	(90,973)	(749,075)	(33,541)	–	(9,839)	(883,428)
Derecognition	–	(29,423)	(997)	–	–	(30,420)
Transfers	547	10,268	628	(13,204)	–	(1,761)
Exchange differences on translation of United States Operations	5,206	42,331	1,864	–	504	49,905
Balance, December 31, 2015	276,857	2,567,935	84,530	14,745	18,876	2,962,943
Additions	–	4,752	694	6,593	8,500	20,539
Additions through business combinations	3,640	61,253	1,273	–	–	66,166
Disposals	–	(68)	(62)	–	–	(130)
Derecognition	–	(10,884)	(254)	–	–	(11,138)
Capital subsidy receivable	–	(5,023)	–	–	–	(5,023)
Transfers	426	855	–	405	(1,686)	–
Balance, March 31, 2016	\$ 280,923	\$ 2,618,820	\$ 86,181	\$ 21,743	\$ 25,690	\$ 3,033,357
<b>Accumulated depreciation and impairment losses</b>						
Balance, December 31, 2014	\$ –	\$ 632,621	\$ 64,366	\$ 2,422	\$ 1,103	\$ 700,512
Depreciation	–	114,687	12,939	–	–	127,626
Disposals	–	(223,734)	(25,746)	–	(1,103)	(250,583)
Derecognition	–	(29,423)	(997)	–	–	(30,420)
Impairment, net	–	3,755	–	–	–	3,755
Exchange differences on translation of United States Operations	–	11,320	1,365	–	–	12,685
Balance, December 31, 2015	–	509,226	51,927	2,422	–	563,575
Depreciation	–	31,950	2,995	–	–	34,945
Disposals	–	(11)	(38)	–	–	(49)
Derecognition	–	(10,884)	(254)	–	–	(11,138)
Impairment	–	3,000	–	–	–	3,000
Balance, March 31, 2016	\$ –	\$ 533,281	\$ 54,630	\$ 2,422	\$ –	\$ 590,333
<b>Carrying amounts</b>						
Balance, December 31, 2015	\$ 276,857	\$ 2,058,709	\$ 32,603	\$ 12,323	\$ 18,876	\$ 2,399,368
Balance, March 31, 2016	280,923	2,085,539	31,551	19,321	25,690	2,443,024

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

### 3. Property, plant and equipment (continued):

During the three months ended March 31, 2016, Chartwell capitalized \$123 (2015 - \$80) of borrowing costs related to development projects under construction at an average capitalization rate of 4.13% (2015 - 4.85%).

In the three months ended March 31, 2016, Chartwell received notices of increases in capital funding on three redeveloped long term care properties from \$15.48 per bed per day to \$18.83 per bed per day retroactive to the date of completion. Consequently, Chartwell recognized an additional capital funding receivable of \$5,023 with a corresponding reduction in the cost of property, plant and equipment. In the three months ended March 31, 2016, \$858 of this additional capital funding was collected.

### 4. Other assets:

	March 31, 2016	December 31, 2015
Prepaid expenses and deposits	\$ 11,582	\$ 11,130
Restricted cash	1,736	2,199
Other assets	6,357	7,342
	<u>\$ 19,675</u>	<u>\$ 20,671</u>
Current	\$ 15,963	\$ 16,938
Non-current	3,712	3,733
	<u>\$ 19,675</u>	<u>\$ 20,671</u>

Other assets include receivables of \$2,369 recorded at their fair value, related to estimated income guarantees provided by vendors of certain acquired properties to Chartwell (2015 - \$3,264). Income guarantees are considered level 3 in the fair value hierarchy.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 5. Joint arrangements:

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint operation is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The following are Chartwell's joint arrangements:

Joint arrangements	Number of properties	Location	Chartwell ownership	Consolidation type
Chartwell-Welltower Landlord <sup>(1)</sup>	38	Canada	50%	Joint operation
Chartwell-Welltower Operator <sup>(1)</sup>	38	Canada	50%	Joint venture <sup>(2)</sup>
Batimo	4	Canada	85%	Joint operation
Oakville	1	Canada	50%	Joint venture <sup>(2)</sup>
Constantia	1	Canada	50%	Joint venture <sup>(2)</sup>
Riverside	1	Canada	50%	Joint operation
Churchill	1	Canada	50%	Joint operation
Kamloops	1	Canada	50%	Joint operation
Oak Ridges <sup>(3)</sup>	1	Canada	<sup>(3)</sup>	Joint venture <sup>(2)</sup>
Clair Hills <sup>(3)</sup>	1	Canada	<sup>(3)</sup>	Joint venture <sup>(2)</sup>

<sup>(1)</sup> Chartwell directly holds its interest in real estate while its interest in operations is held through separate legal entities.

<sup>(2)</sup> These joint arrangements have been structured through separate legal vehicles.

<sup>(3)</sup> Chartwell owns a 100% of Class C units in these limited partnerships which were formed on acquisition of two properties in 2015. Affiliates of the vendors of the properties hold Class R units in the limited partnerships.

The following tables summarize certain information about Chartwell's investment in joint ventures:

	March 31, 2016 <sup>(1)</sup>	March 31, 2015 <sup>(1)</sup>
Distributions received from joint ventures	\$ —	\$ 221
Contributions to joint ventures	389	—

<sup>(1)</sup> Three-month period ended

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 5. Joint arrangements (continued):

	March 31, 2016	December 31, 2015
Current assets	\$ 13,703	\$ 13,542
Non-current assets	104,059	105,948
<b>Total assets</b>	<b>\$ 117,762</b>	<b>\$ 119,490</b>
Current liabilities	\$ 18,040	\$ 20,269
Non-current liabilities	65,170	65,228
<b>Total liabilities</b>	<b>\$ 83,210</b>	<b>\$ 85,497</b>
Net investment in joint ventures	\$ 34,552	\$ 33,993

Included in current assets is \$6,188 of cash held by joint ventures (December 31, 2015 - \$5,852).

	Three months ended March 31,	
	2016	2015
Revenue	\$ 29,720	\$ 26,104
Expenses	(29,548)	(26,008)
Chartwell's share of net income from joint ventures	\$ 172	\$ 96

Related party transactions occur between Chartwell and its joint ventures. These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties. Except as disclosed elsewhere in these condensed consolidated interim financial statements, the related party balances are included in accounts payable and receivable, and in management fee income, as applicable. As of March 31, 2016, \$260 (December 31, 2015 - \$244) of Chartwell's accounts receivable and \$5,565 (December 31, 2015 - \$4,625) of Chartwell's accounts payable relate to entities in which it had investments in joint ventures. For the three months ended March 31, 2016, \$1,443 (three months ended March 31, 2015 - \$1,336), of Chartwell's management fees related to its investment in joint ventures.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

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## 5. Joint arrangements (continued):

Chartwell and Welltower Inc. (formerly Health Care REIT Inc.) ("Welltower") (referred to as the "landlords") each owns a 50% direct beneficial interest in the real estate assets and are obligated for the related mortgages for a portfolio of 38 properties which under IFRS 11, Joint Arrangements ("IFRS 11"), are accounted for as joint operations. Chartwell's 50% interest in the operations of these properties is held through separate legal entities (collectively referred to as "Chartwell-Welltower operator") and, under IFRS 11 is accounted for as joint ventures using the equity method.

Chartwell-Welltower operators have leased the real estate from the landlords under their respective lease agreements. The terms of these leases are for three-year periods, with automatic renewal terms as long as the joint arrangement between Chartwell and Welltower is still in effect. Lease payments vary for each property and include annual adjustments based upon agreed financial ratios. As a result, Chartwell's 50% share of the landlords' lease receipts, \$8,300 for the three months ended March 31, 2016 (three months ended March 31, 2015 - \$8,150), is reported as lease revenue and is included in lease revenue from joint ventures. Chartwell-Welltower operator lease expense is included in the share of net income (loss) from joint ventures in the consolidated statements of comprehensive income (loss).

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 6. Secured debt:

### (a) Mortgages payable:

Mortgages payable are secured by first and second charges on specific properties and are measured at amortized cost. The mortgages payable as at March 31, 2016 are as follows:

	Regular principal payments	Principal due on maturity	Total debt	% of total debt
Remainder 2016	\$ 37,530	\$ 81,075	\$ 118,605	7
2017	57,103	61,155	118,258	7
2018	77,839	70,053	147,892	9
2019	46,985	219,718	266,703	17
2020	47,613	117,512	165,125	10
2021	45,930	78,758	124,688	8
2022	42,365	62,200	104,565	7
2023	38,264	58,416	96,680	6
2024	28,093	153,048	181,141	11
2025	21,030	44,333	65,363	4
2026	19,527	1,528	21,055	1
2027	20,140	—	20,140	2
2028	27,231	18,925	46,156	3
2029	18,191	—	18,191	1
2030	17,576	3,996	21,572	1
Thereafter	65,690	22,252	87,942	6
	<u>\$ 611,107</u>	<u>\$ 992,969</u>	\$ 1,604,076	<u>100%</u>
Mark-to-market adjustments on acquisition			20,393	
Financing costs			(20,116)	
			<u>\$ 1,604,353</u>	
Current			\$ 163,304	
Non-current			1,441,049	
			<u>\$ 1,604,353</u>	

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 6. Secured debt (continued):

	March 31, 2016	December 31, 2015
Mortgages at fixed rates:		
Mortgages (principal)	\$ 1,537,108	\$ 1,365,860
Interest rates	1.79 to 8.51%	1.79 to 8.51%
Weighted average interest rate	4.11%	4.30%
Mortgages at variable rates:		
Mortgages (principal)	\$ 66,968	\$ 166,056
Interest rates	Bankers Acceptance plus 1.50% to prime plus 2.00%	Bankers Acceptance plus 1.50% to prime plus 2.00%
Weighted average interest rate	2.81%	3.01%
Blended weighted average rate	4.06%	4.16%

Mortgages totalling \$234,398 (2015 - \$124,978) have interest rates fixed through interest rate swap contracts with a fair value liability of \$903 (2015 - fair value liability of \$803), included in accounts payable and other accrued liabilities

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

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## 6. Secured debt (continued):

### (b) Credit facility:

- (i) Chartwell has a revolving Credit Facility with a syndicate of Canadian Banks. The amounts outstanding on the Credit Facility bear interest ranging from the bank's prime rate plus 0.65% to bank's prime rate plus 0.80% or banker's acceptance rate plus 1.65% to banker's acceptance rate plus 1.80%, depending on the ratio of Chartwell's debt to adjusted gross book value of assets ("D/GBV"), as defined in the Credit Agreement. The Credit Facility is secured by charges on specific properties and includes minimum equity requirements and covenants which include limitations on the amount of cash distributions that can be paid to unitholders. The Credit Facility matures on June 1, 2018. At March 31, 2016, the maximum available borrowing capacity under the Credit Facility was \$200,000 (December 31, 2015 - \$199,134) based on the security provided. Of this capacity, \$5,620 (December 31, 2015 - \$4,002) has been allocated to support various letters of credit issued by Chartwell. As at March 31, 2016, \$49,000 (December 31, 2015 - \$32,000) was outstanding under the Credit Facility.

## 7. Convertible debentures:

Chartwell has elected to designate convertible debentures as fair value through profit and loss ("FVTPL"). Fair value is determined using the market prices for these listed convertible debentures. Since inputs are unadjusted quoted prices of identical instruments in active markets, convertible debentures are considered Level 1 in the fair value hierarchy. The market ask price of the convertible debentures at March 31, 2016 was \$129.19 (December 31, 2015 - \$119.95) per debenture.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

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## 7. Convertible debentures (continued):

Chartwell has the following series of convertible debentures outstanding:

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	March 31, 2016	December 31, 2015
5.7% convertible debentures:		
Principal	\$ 134,706	\$ 134,851
Fair value	174,027	161,754

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The 5.7% convertible debentures bear interest at an annual rate of 5.7%, payable semi-annually in arrears on March 31 and September 30 in each year and mature on March 31, 2018. Each 5.7% convertible debenture is convertible into freely-tradable 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 redemption of the 5.7% convertible debentures, at a conversion price of \$11.00 per Trust Unit. Holders converting their 5.7% convertible debentures will be entitled to receive, in addition to the applicable number of Trust Units, accrued and unpaid interest thereon for the period from the last interest payment date on their 5.7% convertible debentures up to and including the last record date set by Chartwell prior to the date of conversion for determining the unitholders entitled to receive a distribution on Chartwell Units. In the event Chartwell has suspended regular distributions, then the 5.7% convertible debentures holders, in addition to the applicable number of Trust Units to be received on conversion, will be entitled to receive accrued and unpaid interest for the period from the last payment date prior to the date of conversion.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

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## 7. Convertible debentures (continued):

Prior to March 31, 2017, the 5.7% convertible debentures may be redeemed by Chartwell in whole or in part at a price equal to the principal amount thereof plus accrued and unpaid interest provided that the volume weighted average trading price, as defined in Chartwell Indenture, is not less than 125% of the conversion price. On or after March 31, 2017, the 5.7% convertible debentures may be redeemed by Chartwell in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest.

Subject to regulatory approval and provided no event of default has occurred, Chartwell may, at its option, elect to satisfy its obligation to pay the principal amount of the 5.7% convertible debentures on redemption or maturity through, in whole or in part, the issuance of freely tradable Trust Units. The number of Trust Units to be issued in respect of each debenture will be determined by dividing the principal amount of the debenture by 95% of the volume-weighted average trading price, as defined in the indenture. In addition, subject to regulatory approval and provided no event of default has occurred, Trust Units may be issued with the proceeds used by the 5.7% convertible debentures Trustee to satisfy the obligations to pay interest on the 5.7% convertible debentures.

On April 12, 2016 Chartwell issued a notice to the holders of the 5.7% convertible debentures that it will redeem such debentures on May 16, 2016 ("Redemption Date"). Pursuant to the terms of 5.7% convertible debentures the holders have the right to convert their 5.7% convertible debentures into Trust Units, at a conversion price of \$11.00 per Trust Unit, being a rate of approximately 90.9091 Units per \$1,000 principal amount of 5.7% convertible debentures.

To the extent that there are any unconverted 5.7% convertible debentures outstanding on the Redemption Date, Chartwell elected to issue Trust Units to satisfy the redemption. The number of Trust Units to be issued will be determined by dividing the aggregate principal amount of 5.7% convertible debentures by 95% of the current market price of the Trust Units on the Redemption Date.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 8. Accounts payable and other liabilities:

	Note	March 31, 2016	December 31, 2015
Accounts payable and accrued liabilities		\$ 69,124	\$ 88,679
Resident deposits		2,379	2,846
Deferred revenue		529	528
Deferred Trust Units	(a)	12,002	10,501
Restricted Trust Units ("RTUs")	(b)	3,318	3,118
Long-term Incentive Plan option component	11	10,759	8,364
		\$ 98,111	\$ 114,036

### (a) Deferred unit plan:

The deferred unit plan fair value is determined using the market price for listed Trust Units since there is a one-for-one conversion feature. The market ask price of Trust Units as at March 31, 2016 was \$14.12 (December 31, 2015 - \$12.76).

	Units outstanding	Amount
Balance, December 31, 2014	692,049	\$ 8,269
Units granted	97,203	1,179
Change in fair value and distributions	33,914	1,053
Balance, December 31, 2015	823,166	10,501
Units granted	18,017	253
Change in fair value and distributions	9,004	1,248
Balance, March 31, 2016	850,187	\$ 12,002

### (b) Restricted unit plan:

During the three months ended March 31, 2016, 207,943 Restricted Trust Units ("RTUs") were granted, 49,819 RTUs were cancelled and 5,277 RTUs were allocated related to reinvested distributions. At March 31, 2016, 597,175 RTUs remain outstanding (December 31, 2015 - 433,774).

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

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## **8. Accounts payable and other liabilities (continued):**

RTU compensation expense and the corresponding liability are recognized over the three years vesting period. The liability is measured to fair value based on the market price for listed Trust Units at each reporting period until settlement.

## **9. Discontinued Operations:**

On June 30, 2015 Chartwell completed the sale of 100% of its shares in CSH Master Care USA Inc. (the "U.S. Subsidiary"), through a series of transactions, to a newly-formed joint venture between HCP, Inc. ("HCP") and Brookdale Senior Living Inc. ("Brookdale") (collectively, the "Buyers").

The U.S. Subsidiary wholly owned Chartwell's entire U.S. portfolio, comprising 5,022 suites in 35 communities (the "U.S. Portfolio"). Brookdale was the manager of the U.S. Portfolio.

The gross sale price was U.S. \$847,449 (\$1,058,464). The related debt of U.S. \$477,939 (\$596,946) has been settled on sale.

Chartwell recorded a gain on the sale of the U.S. Portfolio of \$432,241, net of transaction costs of \$13,528 in 2015.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
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## 9. Discontinued Operations (continued):

The following is a summary of the results of discontinued operations:

	Three months ended March 31,	
	2016	2015
Resident revenue	\$ –	\$ 57,417
Direct operating expenses	–	(44,183)
Finance costs	–	(8,652)
Other income (expense)	155	(10,938)
Depreciation of PP&E	–	(9,433)
Amortization of intangible assets	–	(255)
Changes in fair values of financial instruments, unrealized foreign exchange, and adjustments on mortgages	–	(26,823)
Income (loss) before income taxes	155	(42,867)
Income tax (expense) benefit (note 17):		
Current	(477)	98
Deferred	–	(65,244)
Net income (loss) from discontinued operations	(322)	22,279
Cash flows from discontinued operations:		
Net cash from operating activities	–	7,767
Net cash used in financing activities	–	(2,979)
Net cash used in investing activities	–	(3,742)
Foreign exchange gain on cash	–	726
Effect on cash flows	\$ –	\$ 1,772

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
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## 10. Class B Units:

Class B Units are exchangeable, at the option of the holder, into Trust Units. Such exchangeable instruments are presented as a liability under IFRS. Chartwell has elected to designate Class B Units as FVTPL. Fair value is determined by using the market price for listed Trust Units since there is a one-for-one exchange feature for each Class B Unit into a Trust Unit. Since inputs are unadjusted quoted prices of identical instruments in active markets, Class B Units are considered Level 1 in the fair value hierarchy. The market ask price of Chartwell Units as at March 31, 2016 was \$14.12 per unit (December 31, 2015 - \$12.76 per unit). At March 31, 2016, 1,641,323 Class B Units were outstanding (December 31, 2015 - 1,641,323).

## 11. Trust Units and LTIP:

The following Trust Units are issued and outstanding:

	Number of voting Units	Amount
Balance, December 31, 2014	173,485,992	\$ 1,743,786
Trust Units issued under DRIP	1,595,951	18,574
Trust Units issued on conversion of debt	13,542	149
Trust Units issued in exchange of Class B Units	1,187,170	14,590
Trust Units released on settlement of LTIP receivable	118,546	1,397
Balance, December 31, 2015	176,401,201	1,778,496
Trust Units issued under DRIP	363,442	4,440
Trust Units issued on conversion of debt	13,180	145
Trust Units released on settlement of LTIP receivable	17,935	237
Balance, March 31, 2016	176,795,758	\$ 1,783,318

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 11. Trust Units and LTIP (continued):

The following table summarizes Trust Units issued under the LTIP:

	Number of Trust Units issued under LTIP	Amount
Balance, December 31, 2014	1,640,764	\$ 17,873
Trust Units issued under LTIP	71,734	856
Trust Units surrendered for cancellation under LTIP	(40,318)	(443)
Trust Units released on settlement of LTIP receivable	(118,546)	(1,397)
Balance, December 31, 2015	1,553,634	16,889
Trust Units issued under LTIP	79,454	1,072
Trust Units surrendered for cancellation under LTIP	(6,554)	(74)
Trust Units released on settlement of LTIP receivable	(17,935)	(237)
Balance, March 31, 2016	1,608,599	\$ 17,650

(a) Fair value is measured using the Monte Carlo simulation method. The following table summarizes the assumptions used to determine the fair value of the LTIP option component:

	March 31, 2016	December 31, 2015
Expected volatility	18.59% - 23.59%	15.32% - 20.32%
Risk-free rate	1.40% - 2.00%	1.78% - 2.41%
Distribution yield	4.60% - 5.40%	5.10% - 5.94%

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
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## 12. Segmented information:

Chartwell monitors and operates its Canadian Retirement and Canadian Long-Term Care Operations separately. The accounting policies of each of the segments are the same as those for Chartwell. These segments include Chartwell's proportionate share of its joint ventures. The "Reconciliation" column shows the adjustments to account for these joint ventures using the equity method as applied in these condensed consolidated interim financial statements. Certain general, administrative and trust expenses are managed centrally by Chartwell and are not allocable to reportable operating segments. Chartwell has no material inter-segment revenue, transfers or expenses.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
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As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 12. Segmented information (continued):

	Three months ended March 31, 2016							
	Canadian Retirement Operations	Canadian Long Term Care Operations	United States Operations	Segment Total	Other	Subtotal	Reconciliation	Total
Continuing Operations								
Revenue:								
Resident Management and other fees	\$ 149,292	\$ 54,749	\$ –	\$ 204,041	\$ –	\$ 204,041	\$ (29,720)	\$ 174,321
Lease revenue from joint ventures	–	–	–	–	1,917	1,917	–	1,917
Interest on loans receivable	–	–	–	–	–	–	8,300	8,300
	–	–	–	–	357	357	–	357
	149,292	54,749	–	204,041	2,274	206,315	(21,420)	184,895
Expenses:								
Direct operating	91,557	48,218	–	139,775	–	139,775	(18,567)	121,208
General, administrative and trust	–	–	–	–	8,221	8,221	–	8,221
	91,557	48,218	–	139,775	8,221	147,996	(18,567)	129,429
Income (loss) before the undernoted <sup>(1)</sup>	57,735	6,531	–	64,266	(5,947)	58,319	(2,853)	55,466
Finance costs:								
Contractual interest	(14,153)	(2,634)	–	(16,787)	(2,192)	(18,979)	(694)	(18,285)
Other	188	261	–	449	(312)	137	(22)	159
Other income (expense):								
Interest	29	898	–	927	29	956	24	932
Other	(1,448)	(3,055)	–	(4,503)	88	(4,415)	6	(4,421)
Depreciation and amortization	(34,598)	(2,307)	–	(36,905)	(388)	(37,293)	(2,048)	(35,245)
Share of net income from joint ventures	–	–	–	–	–	–	172	172
Changes in fair values of financial instruments and foreign exchange losses	(122)	–	–	(122)	(18,153)	(18,275)	53	(18,328)
Income (loss) from continuing operations	7,631	(306)	–	7,325	(26,875)	(19,550)	–	(19,550)
Net income (loss) from discontinued operations, net of income taxes	–	–	(322)	(322)	–	(322)	–	(322)
<b>Net income (loss)</b>	<b>\$ 7,631</b>	<b>\$ (306)</b>	<b>\$ (322)</b>	<b>\$ 7,003</b>	<b>\$ (26,875)</b>	<b>\$ (19,872)</b>	<b>\$ –</b>	<b>\$ (19,872)</b>
Expenditures for non-current assets:								
Acquisition of properties	\$ 66,166	\$ –	\$ –	\$ 66,166	\$ –	\$ 66,166	\$ –	\$ 66,166
Capital additions	19,106	618	–	19,723	957	20,681	(132)	20,549

<sup>(1)</sup>Refers to income before finance costs, other income (expense), depreciation and amortization, changes in fair values of financial instruments and foreign exchange gains (losses), share of net income from joint ventures, income tax (expense) benefit and discontinued operations.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

As at and for the three months ended March 31, 2016 and 2015  
(Unaudited)

## 12. Segmented information (continued):

	Three months ended March 31, 2015							
	Canadian Retirement Operations	Canadian Long Term Care Operations	United States Operations	Segment Total	Other	Subtotal	Reconciliation	Total
Continuing Operations								
Revenue:								
Resident Management and other fees	\$ 126,037	\$ 52,978	\$ –	\$ 179,015	\$ –	\$ 179,015	\$ (26,104)	\$ 152,911
Lease revenue from joint ventures	–	–	–	–	1,924	1,924	–	1,924
Interest on loans receivable	–	–	–	–	–	–	8,150	8,150
	–	–	–	–	203	203	–	203
	126,037	52,978	–	179,015	2,127	181,142	(17,954)	163,188
Expenses:								
Direct operating	82,657	46,534	–	129,191	–	129,191	(16,556)	112,635
General, administrative and trust	–	–	–	–	8,668	8,668	–	8,668
	82,657	46,534	–	129,191	8,668	137,859	(16,556)	121,303
Income (loss) before the undernoted <sup>(1)</sup>	43,380	6,444	–	49,824	(6,541)	43,283	(1,398)	41,885
Finance costs:								
Contractual interest	(13,029)	(2,875)	–	(15,904)	(2,390)	(18,294)	331	(17,963)
Other	(101)	258	–	157	(329)	(172)	17	(155)
Other income (expense):								
Interest	36	777	–	813	29	842	40	882
Other	126	–	–	126	85	211	(54)	157
Depreciation and amortization	(27,262)	(1,525)	–	(28,787)	(304)	(29,091)	855	(28,236)
Share of net income from joint ventures	–	–	–	–	–	–	96	96
Changes in fair values of financial instruments and foreign exchange losses	(240)	–	–	(240)	(7,690)	(7,930)	113	(7,817)
Income (loss) from continuing operations	2,910	3,079	–	5,989	(17,140)	(11,151)	–	(11,151)
Net income (loss) from discontinued operations, net of income taxes	–	–	22,279	22,279	–	22,279	–	22,279
<b>Net income (loss)</b>	<b>\$ 2,910</b>	<b>\$ 3,079</b>	<b>\$ 22,279</b>	<b>\$ 28,268</b>	<b>\$ (17,140)</b>	<b>\$ 11,128</b>	<b>\$ –</b>	<b>\$ 11,128</b>
Expenditures for non-current assets:								
Capital additions	\$ 6,255	\$ 338	\$ 3,021	\$ 9,614	\$ 570	\$ 10,184	\$ (323)	\$ 9,861

(1) Refers to income before finance costs, other income (expense), depreciation and amortization, changes in fair values of financial instruments and foreign exchange gains (losses), share of net income from joint ventures, income tax (expense) benefit and discontinued operations.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

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(Unaudited)

## 12. Segmented information (continued):

March 31, 2016	Canadian Retirement Operations	Canadian Long Term Care Operations	Segment Total	Other	Subtotal	Recon- ciliation	Total
Total assets	\$ 2,436,911	\$ 270,457	\$ 2,707,368	\$ 20,407	\$ 2,727,775	\$ (79,233)	\$ 2,648,542
Total liabilities	\$ 1,548,831	\$ 207,119	\$ 1,755,950	\$ 281,940	\$ 2,037,890	\$ (79,233)	\$ 1,958,657

## 13. Financial instruments:

Classification, carrying values and fair values of financial instruments:

The classification of financial instruments, not otherwise disclosed in these condensed consolidated interim financial statements, as well as their carrying amounts and fair values, as shown in the condensed consolidated interim balance sheets, are shown in the table below:

	March 31, 2016		December 31, 2015	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Financial assets recorded at amortized cost:				
Loans receivable	\$ 15,756	\$ 15,756	\$ 15,764	\$ 15,764
Financial liabilities:				
Financial liabilities recorded at amortized cost:				
Mortgages payable	1,604,353	1,653,538	1,531,358	1,610,416
Credit Facility	49,000	49,000	32,000	32,000

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
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(Unaudited)

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## 13. Financial instruments (continued):

Fair value represents management's estimate of the market value at a given point in time, which may not reflect fair value in the future. These calculations are subjective, involve uncertainties and are a matter of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. The above table excludes cash and cash equivalents, trade and other receivables, accounts payable and other liabilities, and distributions payable as the carrying amounts of these assets and liabilities are a reasonable approximation of fair value.

The following summarizes the significant methods and assumptions used in estimating the fair values of financial instruments reflected in the table above:

The fair value of mortgages payable is estimated by discounting the expected future cash flows using the rates currently prevailing for similar instruments of similar maturities. At March 31, 2016, the mortgages payable were discounted using rates between 1.69% and 4.25% (December 31, 2015 - 1.63% and 4.30%). As inputs are observable for the liability, either directly or indirectly through prevailing rates of similar items, the fair value of mortgages is Level 2 in the fair value hierarchy.

The fair value of the credit facility approximates its carrying value and is considered Level 2 in the fair value hierarchy as inputs are observable directly or indirectly.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
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## 14. Other income (expense):

	Three months ended March 31,	
	2016	2015
Interest and other income	\$ 933	\$ 882
Property lease expense	(99)	(98)
Gain on sale of assets	312	255
Impairment of PP&E	(3,000)	–
Transaction costs arising on business acquisitions and dispositions	(1,635)	–
<b>Other income (expenses)</b>	<b>\$ (3,489)</b>	<b>\$ 1,039</b>

In the three months ending March 31, 2016 Chartwell recorded an impairment provision of \$3,000 on one long term care property located in Ontario.

## 15. Finance costs:

	Three months ended March 31,	
	2016	2015
Contractual interest expense on mortgages	\$ 16,095	\$ 15,335
Interest expense on convertible debentures	1,910	1,897
Credit facility and other interest expense	280	731
	18,285	17,963
Interest capitalized to properties under development	(123)	(80)
Amortization of financing costs and mark-to-market adjustment on assumption of mortgages payable	(264)	13
Distributions on Class B Units recorded as interest expense	228	222
<b>Total finance costs</b>	<b>\$ 18,126</b>	<b>\$ 18,118</b>

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

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## 16. Changes in fair values of financial instruments and unrealized foreign exchange losses:

	Three months ended	
	2016	March 31, 2015
Changes in fair value of convertible debentures	\$ (12,418)	\$ (3,957)
Changes in fair value of interest rate swaps	(147)	(128)
Foreign exchange losses	(102)	(2,724)
Changes in fair value of LTIP option component	(2,153)	(760)
Changes in fair value of Class B Units	(2,232)	(738)
Changes in fair value of DTUs	(1,248)	(407)
Changes in fair value of foreign exchange swaps	–	897
Changes in fair value of deferred purchase consideration	(28)	–
Changes in fair values of financial instruments and foreign exchange losses	\$ (18,328)	\$ (7,817)

## 17. Income taxes:

Chartwell recorded a current tax expense of \$477 for the three months ended March 31, 2016 in discontinued operations related to the sale of its US subsidiary included in the results from discontinued operations.

As a result of the sale of the U.S. subsidiary, Chartwell recorded a deferred tax benefit of \$52,899 for the three months ended March 31, 2015 related to the temporary difference between the accounting and tax basis of its investment in the U.S. subsidiary, included in the results from discontinued operations.

In addition, Chartwell recorded a deferred tax benefit of \$12,345 in discontinued operations in the three months ended March 31, 2015 related to the recognition of the benefit of the current year losses available to reduce the expected income from discontinued operations.

# CHARTWELL RETIREMENT RESIDENCES

Notes to Condensed Consolidated Interim Financial Statements (continued)  
(In thousands of Canadian dollars, except per unit amounts)

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## 18. Subsequent events:

The following events occurred subsequent to March 31, 2016 that have not been disclosed elsewhere in these financial statements:

- (a) On April 21, 2016, Chartwell acquired the remaining 50% interest in Chartwell Kamloops Retirement Residence from its joint venture partner. The purchase price of \$11,150 was settled by the assumption of the partners share of the \$10,450 mortgage bearing interest at 3.95% and maturing in October 2019, with the balance paid in cash.
- (b) On April 20, 2016, Chartwell entered into a definite agreement to acquire the 127 suite Lord Lansdowne Retirement Residence in Ottawa, Ontario. The purchase price of \$68,350 will be settled by the assumption of a \$22,100 mortgage bearing interest at 4.56% and maturing on March 1, 2020, with the balance to be paid in cash. The closing of this transaction is expected on June 1, 2016.
- (c) On May 2, 2016, Chartwell acquired the 109 suite Wedgewood Retirement Resort in Brockville, Ontario. The purchase price of \$37,100 was settled by the assumption of a \$19,848 mortgage bearing interest rate at 4.29% and maturing in April 2017, with the balance paid in cash.
- (d) On May 3, 2016, Chartwell notified residents of Chartwell Castel Royal residence pour retraites, a 250 suite retirement residence in Montreal, Quebec, that Chartwell will be ceasing operations at the property effective May 2017.