

CHARTWELL MASTER CARE CORPORATION (THE “COMPANY”)

CHARTER OF THE BOARD OF DIRECTORS

The board of trustees of Chartwell Retirement Residences (the “Trust”) is elected by the unitholders (“Unitholders”) of the Trust. The Board of the Company is elected by the trustees of the Trust, as directed by the Unitholders, and is responsible for the stewardship of the business and affairs of the Company and of the Trust. In this document “Board” means the board of trustees of the Trust and/or the board of directors of the Company, as applicable in each specific reference. The Board seeks to discharge such responsibility by setting the Company’s and the Trust’s strategic planning and organizational structure and supervising management to oversee that the strategic planning and organizational structure enhance, preserve and grow the business of the Company and of the Trust and the underlying value of the Company and of the Trust.

Although directors and/or trustees may be selected by the Unitholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Company and the Trust must be paramount at all times.

DUTIES OF DIRECTORS

The Board discharges its responsibility for overseeing the management of the Company’s business by delegating to the Company’s senior officers the responsibility for day-to-day management of the Company. The Board discharges its responsibilities both directly and through its, and the Trust’s, committees, the Audit Committee, the Compensation, Governance and Nominating Committee (the “CGNC”) and the Investment Committee (the “IC”). In addition to these regular committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature. The Board’s primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Company’s strategic objectives. Other principal duties include, but are not limited to the following categories:

Appointment of Management

1. The Board is responsible for appointing the Chief Executive Officer (the “CEO”) and approving his or her compensation, following a review of the recommendations of the CGNC. The Board or its delegate, the CGNC, will meet with all other C-line executives annually to assess their performance and determine their compensation in consultation with the CEO.
2. The Board from time to time delegates to senior management the authority to enter into certain types of transactions, including financial transactions, subject to specified limits, and subject to Section 7 of this Charter. Investments and other expenditures above the specified limits, and material transactions outside the ordinary course of business are reviewed by and are subject to the prior approval of the Board or its delegate for certain transactions, the IC.

3. The Board oversees that succession planning programs are in place, including programs to train and develop management.

Board Organization

4. The Board will respond to recommendations received from the CGNC, but retains responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
5. The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and management, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

Strategic Planning

6. The Board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning and approving the mission of the Company and the Trust and their objectives and goals.
7. The Board is responsible for reviewing the business, financial and strategic plans by which it is proposed that the Company may reach those goals. The Board shall annually review and approve the operating and capital budgets of the Company. If management intends to follow a course of action that will cause a material overrun on the operating or capital budgets, or take action that is outside the parameters of the strategic plan, such action must first be reviewed and approved by the Board.
8. The Board is responsible for providing input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.
9. The Board will consider alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for Unitholders.

Monitoring of Financial Performance and Other Financial Reporting Matters

10. The Board is responsible for enhancing congruence between Unitholders' expectations, Company plans and management performance.
11. The Board is responsible for:
 - (a) adopting processes for monitoring the Company's progress toward its strategic and operational goals, and revising and altering its direction to management in light of changing circumstances affecting the Company; and

- (b) taking action when Company performance falls short of its goals or other special circumstances warrant.
- 12. The Board is responsible for approving the audited financial statements, interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements of the Company and of the Trust, as applicable, as well as all other core public disclosure documents of the Trust.
- 13. The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Company's and the Trust's governing statutes, including the payment of distributions, purchase and redemptions of securities, material acquisitions and dispositions of material capital assets and material capital expenditures, unless such responsibilities have been delegated to the IC.

Risk Management

- 14. The Board is responsible for the identification of the principal risks of the Company's and the Trust's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Company and Trust and achieving a proper balance between the risks incurred and the potential return to Unitholders.

Policies and Procedures

- 15. The Board is responsible for:
 - (a) approving and monitoring compliance with all significant policies and procedures by which the Company and Trust are operated; and
 - (b) approving policies and procedures designed to ensure that the Company and Trust operate at all times within applicable laws and regulations and in accordance with good corporate governance standards.
- 16. The Board shall ensure the Chief Executive Officer enforces corporate policy respecting confidential treatment of the Company's and the Trust's proprietary information and the confidentiality of Board deliberations.

Communications and Reporting

- 17. The Board has approved and will revise from time to time as circumstances warrant a communications plan to address communications with Unitholders, employees, financial analysts, governments and regulatory authorities, and the media.
- 18. The Board is responsible for:
 - (a) overseeing the accurate reporting of the financial performance of the Company and Trust to Unitholders and regulators on a timely and regular basis;

- (b) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
- (c) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Company or Trust; and
- (d) reporting annually to Unitholders on its stewardship for the preceding year.