

# Q2 2012 Conference Call

August 13, 2012



# Forward-Looking Statements and Non-IFRS Measures



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

*While we anticipate that subsequent events and developments may cause our views to change, we do not intend to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this presentation and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimated expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See “Risks and Uncertainties” in our 2011 MD&A and risk factors highlighted in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form.*

*FFO, AFFO, EBITDA and NOI are not measures defined by International Financial Reporting Standards (“IFRS”). They are presented because management believes these non-IFRS measures are relevant and meaningful measures of Chartwell's performance. FFO, AFFO, EBITDA and NOI as computed may differ from similar computations as reported by other issuers and may not be comparable to those reported by such issuers. Chartwell's Q1 2012 MD&A contains a reconciliation of Net Income/Loss to EBITDA, Net Income/Loss to FFO and the calculation of AFFO for the three and six months ended June 30, 2012. Detailed descriptions of these terms are contained in Chartwell's 2011 MD&A, available at [www.sedar.com](http://www.sedar.com).*

# Building Long Term Value



## ❑ Strategic priorities

1. Enhance the quality of cash flows and grow core property AFFO
2. Improve information management and operating processes
3. Build value of real estate portfolio
4. Acquire newer properties in existing markets and divest non-core assets
5. Maintain a strong financial position
6. Integrate Maestro acquisition



# Maestro Acquisition – Integration



## □ Phase 2 continues to proceed well

- Focus on:
  - ❖ Sales training
  - ❖ Branding review
  - ❖ 2013 budget process
  - ❖ RHRA license applications
  - ❖ Standardizing leases
  - ❖ Resident and employee satisfaction
  - ❖ July 1<sup>st</sup> financial and payroll services
  - ❖ Preparation for October 1<sup>st</sup> financial back-office integration
  - ❖ Filling corporate office positions
  - ❖ Changing benefit carrier
- Milestones in place for next phase of integration from now to December 2012





# Operating Initiatives

## □ Focus on sales and operations in all Chartwell homes

- Enhanced operational oversight of our U.S. homes
- Aggressive sales and marketing initiatives
- Commission and bonus alignment
- Enhanced operational and financial accountability



**Making**  
People's Lives  
**BETTER**

# FINANCIAL REVIEW



# Solid Financial Performance



## □ Q2 2012 highlights

- Q2 2012 AFFO increase of \$5.9 million or 27.2% compared to AFFO in Q2 2011
- Same property NOI up 5.0% on improved occupancies and strong expense control

Key Performance Indicators	Q2 2012	Q2 2011	Increase/(Decrease)
Average occupancy – same property	89.5%	89.0%	0.5pp
NOI – same property (\$ millions)	\$51.8	\$49.3	\$2.5
AFFO (\$ millions)	\$27.8*	\$21.9	\$5.9
AFFO per unit diluted	\$0.16	\$0.15	\$0.01
Distributions declared as a percentage of AFFO	87.4%	89.4%	(2.0pp)
Weighted average number of units diluted (millions)	172.6	145.6	27.0

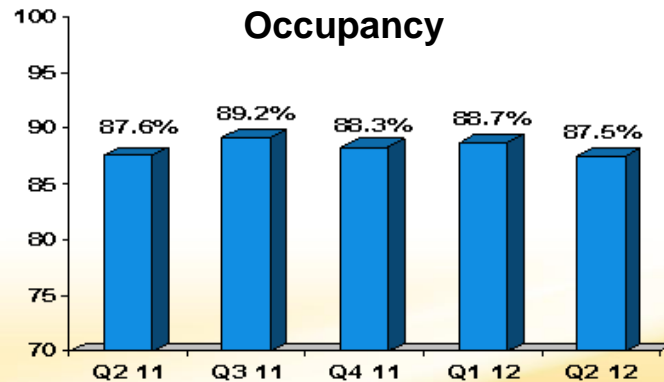
\*Includes \$0.7 million of negative AFFO incurred in two properties in lease-up



# Steady Performance in Ontario

- Higher resident revenue from additional services provided to our residents

(\$ millions)	Q2 2012	Q2 2011	Increase/(Decrease)	
			\$	%
Same property statistics:				
Revenue	\$43.2	\$42.1	\$1.1	2.6%
NOI	\$16.8	\$16.7	\$0.1	0.5%
Occupancy	87.5%	87.6%	N/A	(0.1pp)



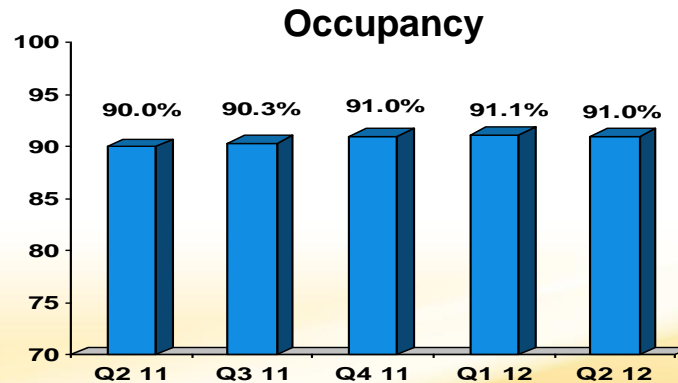




# Strong Growth in Western Canada

- Higher revenues as a result of improved occupancies

(\$ millions)	Q2 2012	Q2 2011	Increase/(Decrease)	
			\$	%
Same property statistics:				
Revenue	\$18.8	\$17.8	\$1.0	5.6%
NOI	\$7.1	\$6.7	\$0.4	6.1%
Occupancy	91.0%	90.0%	N/A	1.0pp

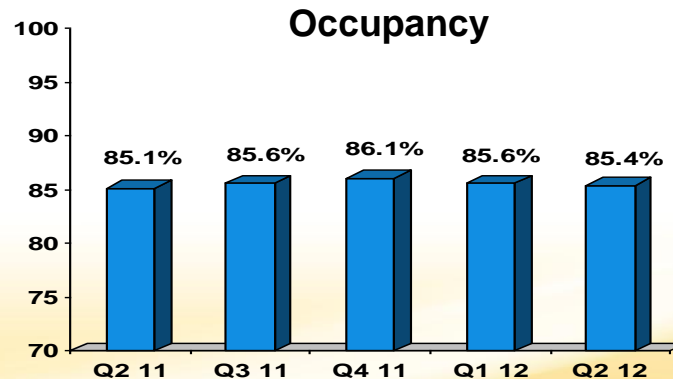




# Quebec Growth Continues

- Higher revenue from occupancy improvements

(\$ millions)	Q2 2012	Q2 2011	Increase/(Decrease)	
			\$	%
Same property statistics:				
Revenue	\$23.8	\$23.0	\$0.7	3.2%
NOI	\$7.8	\$7.6	\$0.2	2.5%
Occupancy	85.4%	85.1%	N/A	0.3pp

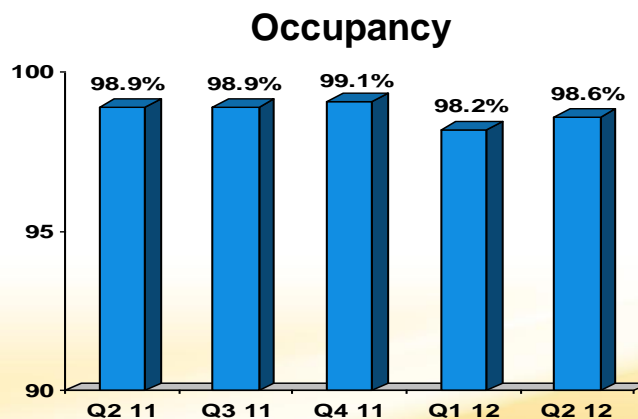


# Canadian LTC



- High occupancy
- Stable performance

(\$ millions)	Q2 2012	Q2 2011	Increase/(Decrease)	
			\$	%
Same property statistics:				
Revenue	\$47.5	\$46.0	\$1.5	3.2%
NOI	\$6.4	\$6.4	-	-
Occupancy	98.6%	98.9%	N/A	(0.3pp)

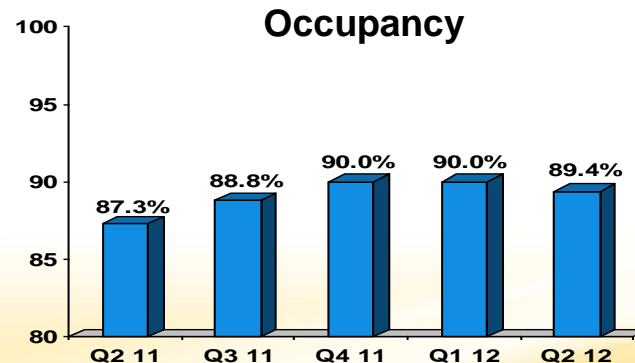




# U.S. Portfolio Strengthening

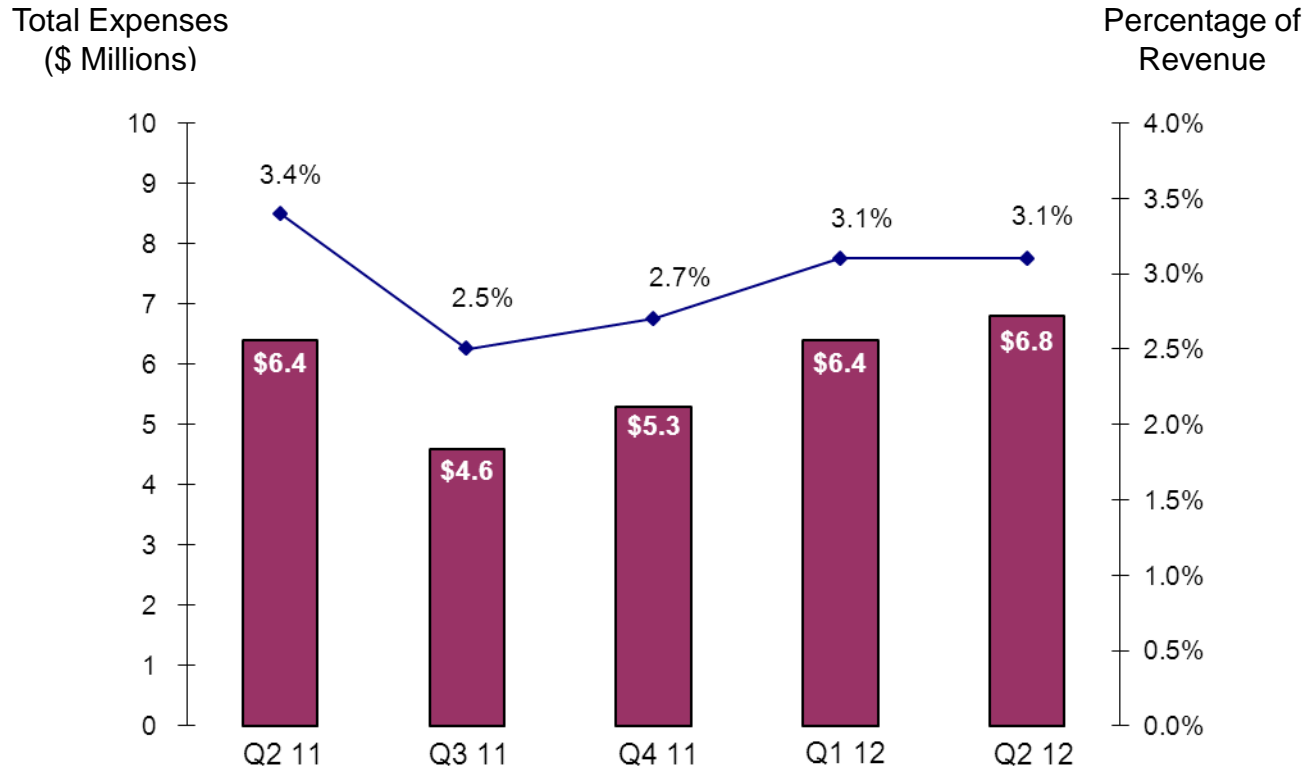
- Improved occupancies and rental rate increases
- Successful expense controls

(\$ millions)	Q1 2012	Q1 2011	Increase/(Decrease)	
			\$	%
Same property statistics:				
Revenue	\$37.8	\$36.3	\$1.5	4.2%
NOI	\$13.7	\$11.9	\$1.8	15.0%
Occupancy	89.4%	87.3%	N/A	2.1pp





# Managing G&A Expenses



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

# OUTLOOK



# Our Strategic Priorities



- **Grow Core Property AFFO**
  - ❖ Continued focus on occupancy, revenue growth and cost control
  - ❖ New resident services, including Assisted Living
  - ❖ Growing contribution from lease-up properties
- **Invest in process improvements, research and information management**
  - ❖ Continuous improvements of operating processes – six sigma specialists
  - ❖ New core financial system
  - ❖ Integrated leasing and prospect management systems
  - ❖ Systems to capture additional care and services
  - ❖ Increase scope of customer and market research

# Our Strategic Priorities



- **Development program**
  - ❖ Moderate pace of development on balance sheet
  - ❖ Intensification opportunities on surplus lands
- **Portfolio Growth & Repositioning**
  - ❖ Proactively sourcing third-party acquisitions
  - ❖ Divest non-core assets
- **Maintain a strong financial position**
  - ❖ Gradually reduce debt ratios over time





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