

FOR IMMEDIATE RELEASE

May 6, 2009

Extencicare REIT Announces Improved 2009 First Quarter Results

Results Demonstrate Success with Operating Plan

MARKHAM, ONTARIO – Extencicare Real Estate Investment Trust (“Extencicare REIT” or the “REIT”) (TSX: EXE.UN) today reported improved 2009 first quarter results.

Highlights:

- EBITDA of \$64.8 million in Q1 2009 increased 18.4%, exclusive of the impact of foreign exchange, relative to \$46.2 million in Q1 2008.
- EBITDA margins improved to 11.1% in Q1 2009 from 9.7% in Q1 2008 from cost saving initiatives and the back-to-basics plan.
- Medicare Part A and Managed Care rates grew 8.5% and 13.4%, respectively, from Q1 2008; and 2.1% and 2.6%, respectively, from Q4 2008.
- Cash on hand of \$120.1 million with no significant debt maturities until 2011 and beyond.

Adjusted funds from continuing operations improved \$6.0 million, or 33.0%, to \$24.2 million (\$0.332 per basic unit) in the 2009 first quarter from \$18.2 million (\$0.258 per basic unit) in the 2008 first quarter. The stronger U.S. dollar contributed to \$4.0 million (\$0.055 per basic unit) of the AFFO improvement. Distributions declared in the 2009 first quarter of \$15.3 million, or \$0.07 per unit per month, represented 63.2% of adjusted funds from continuing operations.

“We are encouraged by the improvement in the first quarter as a result of the implementation of our back-to-basics operating plan,” said Tim Lukenda, President and CEO of Extencicare REIT. “While there may be challenges on the horizon, we are confident that we are positioned to be successful in an evolving health care environment. Our balance sheet and cash on hand provide a solid base to weather the current economic environment and continue sustained growth for the long term.”

EHSI SKILLED NURSING FACILITY REVENUE RATES

The average daily Medicare Part A rate for our wholly owned U.S. subsidiary, Extencicare Health Services, Inc. (EHSI), grew 8.5% to US\$445.71 in the 2009 first quarter from US\$410.69 in the 2008 first quarter. The October 1, 2008, market basket inflationary increase accounted for approximately 3.4% of the rate increase, with the remainder primarily related to higher average acuity levels among Medicare patients served. In comparison to the 2008 fourth quarter, our average daily Medicare Part A grew 2.1% due to a continued improvement in the mix of Medicare residents.

Our percentage of Medicare residents in the nine highest Resource Utilization Groupings (RUGs) classifications increased to 41.0% this quarter from 37.2% in the 2008 first quarter, as well as increasing from 38.9% in the 2008 fourth quarter. In addition, we experienced an increase in the percentage of Medicare residents receiving therapy services to 89.4% this quarter from 87.5% in the 2008 first quarter, as well as from the 2008 fourth quarter of 88.0%.

The average revenue rate for Managed Care clients increased 13.4% to US\$379.58 this quarter from US\$334.86 in the 2008 first quarter, and increased 2.6% from the 2008 fourth quarter. This is an important revenue growth opportunity as it represents the second highest rate component of our quality mix of residents.

EHSI'S TOTAL AND SKILLED CENSUS

While our same-facility average daily census (ADC) remained relatively unchanged from the 2008 fourth quarter level of 14,984, we did see an improvement in our skilled mix of 188, or 5.6%, to 3,544. We experienced a similar trend last year from the 2007 fourth quarter to the 2008 first quarter. Our same-facility ADC from EHSI's skilled nursing centers declined 217, or 1.4%, to 14,981 in the 2009 first quarter from 15,198 in the 2008 first quarter.

2009 FIRST QUARTER FINANCIAL REVIEW

TABLE 1	Q1	Q1	Q4
<i>(millions of dollars unless otherwise noted)</i>	2009	2008	2008
Revenue			
U.S. operations (US\$)	346.2	333.6	343.0
U.S. operations (C\$)	431.3	335.0	413.5
Canadian operations	152.9	142.4	162.5
Total Revenue	584.2	477.4	576.0
EBITDA ⁽¹⁾			
U.S. operations (US\$)	41.9	36.6	38.2
U.S. operations (C\$)	52.2	36.8	45.6
Canadian operations	12.6	9.4	16.6
Total EBITDA	64.8	46.2	62.2
Average US/Canadian dollar exchange rate	1.2456	1.0042	1.2078
⁽¹⁾ Refer to discussion of non-GAAP measures.			

2009 First Quarter Comparison to 2008 First Quarter

Revenue for the 2009 first quarter grew \$106.8 million, or 22.4%, to \$584.2 million from \$477.4 million in the 2008 first quarter. However, exclusive of the impact of the weaker Canadian dollar, revenue grew \$23.2 million, or 4.9%, of which approximately \$17.2 million was due to growth in same-facility operations of 3.6% quarter over quarter, as a result of funding improvements, partially offset by lower U.S. occupancy levels.

EBITDA for the 2009 first quarter grew \$18.6 million, or 40.3%, to \$64.8 million compared to \$46.2 million for the 2008 first quarter, and as a percent of revenue improved to 11.1% from 9.7%. Exclusive of the impact of the weaker Canadian dollar, EBITDA grew \$8.5 million, or 18.4%, with increased contributions from both the U.S. and Canadian operations.

EBITDA from U.S. operations in U.S. dollars improved US\$5.3 million, or 14.5%, this quarter, with US\$4.6 million, or 12.4%, attributable to same-facility operations. This improvement included favourable prior period state adjustments of US\$1.4 million with the balance of the increase of US\$3.2 million due to funding increases and cost controls.

EBITDA from Canadian operations improved \$3.2 million to \$12.6 million this quarter from \$9.4 million in the 2008 first quarter, primarily due to funding enhancements and timing of spending under the Ontario nursing home envelope system.

2009 First Quarter Comparison to 2008 Fourth Quarter

In comparison to the 2008 fourth quarter, revenue this quarter grew \$8.2 million, or 1.4%. However, exclusive of a positive impact of the weaker Canadian dollar, revenue declined \$5.6 million this quarter. A decline in revenue from the Canadian operations due primarily to seasonality, was partially offset by an improvement in the U.S. operations.

EBITDA for the 2009 first quarter improved \$2.6 million to \$64.8 million compared to \$62.2 million in the 2008 fourth quarter, and excluding a positive impact of the weaker Canadian dollar, EBITDA increased \$0.5 million, with improvements from the U.S. operations partially offset by a decline in the Canadian operations. As a percent of revenue, EBITDA improved to 11.1% from 10.8% in the 2008 fourth quarter.

EBITDA from U.S. operations this quarter was higher by US\$3.7 million, or 9.7%, from the 2008 fourth quarter. EBITDA between periods was favourably impacted by prior period state adjustments of US\$1.0 million. Utility costs were seasonally higher by US\$1.2 million this quarter. The balance of the US\$3.9 million improvement was primarily due to increases in payor mix, partially offset by two less days in the quarter.

EBITDA from Canadian operations declined \$4.0 million this quarter from the 2008 fourth quarter, of which \$1.4 million was due to retro funding received in the 2008 fourth quarter. The balance of the decline of \$2.6 million was primarily due to a seasonal increase in utility costs, timing of spending under the Ontario nursing home envelope system and lower volumes and increased labour costs in the home health care operations.

Earnings from Continuing Operations

We reported improved earnings from continuing operations in the 2009 first quarter of \$4.5 million (\$0.06 per diluted unit) compared to \$3.6 million (\$0.05 per diluted unit) in the 2008 first quarter. Each quarter reflected a loss on our derivative financial instruments and foreign exchange of pre-tax \$5.0 million (\$5.2 million after tax) and \$4.2 million (\$3.5 million after tax), respectively, due to the weakening Canadian dollar.

Components of Earnings from Continuing Operations ⁽¹⁾	Three months ended March 31			
	2009		2008	
	After	Per	After	Per
<i>(thousands of dollars except per unit amounts)</i>	-tax	diluted	-tax	diluted
		unit		unit
Continuing Operations before Undernoted ⁽¹⁾				
U.S. operations (US\$)	7,808		7,160	
U.S. operations (C\$)	9,732		7,189	
Canadian operations	(208)		(69)	
	9,524	\$0.13	7,120	\$0.10
Loss on derivative financial instruments and foreign exchange	(5,245)	(0.07)	(3,529)	(0.05)
Gain from asset impairment, disposals and other items	171	–	–	–
Earnings from continuing operations	4,450	\$0.06	3,591	\$0.05

⁽¹⁾ Refer to discussion of non-GAAP measures.

Earnings from continuing operations prior to separately reported items, as outlined in Table 2 above, improved by \$2.4 million (\$0.03 per diluted unit) to \$9.5 million (\$0.013 per diluted unit) in the 2009 first quarter from \$7.1 million (\$0.10 per diluted unit) in the 2008 first quarter. This improvement in earnings was due to the previously discussed improvement in EBITDA, offset by increases in financing costs and depreciation due primarily to the June 2008 convertible debt offering, acquisitions and capital expenditures, and higher income taxes.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

AFFO from continuing operations improved \$6.0 million to \$24.2 million (\$0.332 per basic unit) in the 2009 first quarter from \$18.2 million (\$0.258 per basic unit) in the 2008 first quarter. The results were impacted by the weaker Canadian dollar, which increased AFFO by \$4.0 million, partially offset by increased facility maintenance capital expenditures of \$1.5 million (excluding the impact of the weaker Canadian dollar). The balance of the \$3.5 million improvement in AFFO from continuing operations was primarily due to the improvement in EBITDA, offset by increased income taxes and financing costs.

In comparison to the 2008 fourth quarter AFFO from continuing operations improved \$2.0 million this quarter from \$22.2 million (\$0.300 per basic unit), primarily due to the improvements in EBITDA and \$2.3 million in lower spending of facility maintenance costs, partially offset by higher income taxes.

Facility maintenance capital expenditures of \$7.3 million in the 2009 first quarter were 1.3% of revenue, compared to \$4.5 million, or 0.9% of revenue, in the 2008 first quarter, and \$9.6 million, or 1.7% of revenue, in the 2008 fourth quarter. The facility maintenance costs fluctuate on a quarterly basis with the timing of projects and seasonality. Certain 2008 planned projects that commenced last year were carried over to 2009. It is our intention to expend between 1.5% and 2.0% of revenue annually, which is consistent with our objective to maintain and upgrade our centers. We are expecting to spend approximately \$39.0 million in facility maintenance capital expenditures and approximately \$57.0 million in growth capital expenditures in 2009.

DEVELOPMENT PROJECTS

We currently have five construction projects underway, and one to commence construction this summer, with completion dates as indicated in parentheses, as follows:

- 100-bed skilled nursing center in Okemos, Michigan (June 2009);
- 100-bed skilled nursing center in Summit, Wisconsin (December 2009);
- 60-unit assisted living center in Summit, Wisconsin (December 2009);
- 280-bed continuing care center in Red Deer, Alberta (summer 2010);
- 140-bed designated assisted living center in Lethbridge, Alberta (spring 2011); and
- 180-bed nursing center in Edmonton, Alberta (summer 2011).

Proceeds from our \$120.6 million financing in June 2008, together with construction financing from Canada Mortgage and Housing Corporation (CMHC), will finance 100% of these projects. Each of these projects is expected to achieve returns that justify the investment in the current economic climate.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2009, we had cash and cash equivalents of \$120.1 million compared with \$123.1 million at December 31, 2008. Cash provided by operating activities grew to \$36.9 million in the 2009 first quarter compared to \$12.0 million in the 2008 first quarter. This increase reflected the improvement in earnings and a favourable change of \$14.7 million in operating assets and liabilities between periods. Accounts receivable improved by \$15.6 million in the 2009 first quarter primarily due to improved collections and the receipt in January 2009 of the \$8.7 million (US\$7.0 million) return premium associated with the exercise in 2008 of our option to commute our reinsurance coverage for the three-year period covering 2005 to 2007.

Capital additions to property and equipment, excluding acquisitions, were \$20.6 million in the 2009 first quarter compared to \$14.1 million in the 2008 first quarter. Growth expenditures totalled \$13.3 million this quarter versus \$9.6 million in the 2008 first quarter, while facility maintenance capital expenditures were \$7.3 million and \$4.5 million, respectively.

Long-term debt, including current portion, was \$1,359.5 million at March 31, 2009, compared to \$1,332.8 million at December 31, 2008. The \$26.7 million increase in long-term debt was due to the impact of the weaker Canadian dollar of \$30.1 million, offset by a net reduction in our long-term debt of \$3.4 million. At March 31, 2009, long-term debt (at face value and including current portion) represented 45.7% of adjusted gross book value (39.0% excluding the convertible debentures). Our consolidated leverage ratio, or debt to trailing twelve months EBITDA, has improved to 6.2 times, from 6.7 times at the end of 2008.

We have two mortgages totalling US\$7.2 million maturing in July 2009 as well as the renewal in October of our US\$120.0 million credit facility, under which we had US\$11.0 million drawn at March 31, 2009. Plans are currently underway to refinance the July mortgages and we are currently in process on the renewal of our credit facility by the end of the 2009 second quarter.

We have no significant debt maturities until 2011, when our US\$50.0 million Michigan term loan and US\$500.0 million in CMBS financings mature in the second and fourth quarters, respectively, followed by our US\$90.0 million in CMBS financings maturing in March 2012. We have already commenced steps to refinance this debt. In Canada the majority of our mortgages are CMHC backed, with no significant maturities until 2013, when \$110.0 million matures.

We are confident that our cash from operating activities, together with available bank credit facilities, will be sufficient to fund the current requirements of our ongoing operations, facility maintenance capital expenditures, and debt repayment obligations. The REIT structure necessitates raising funds through debt financings and the capital markets to fund strategic acquisitions and growth capital expenditures. The financing completed in June 2008, in addition to other cash on hand, will adequately cover our planned growth capital expenditures and development projects. Given the current economic conditions, we continue to be prudent to ensure we meet our future operational and capital commitments.

MEDICARE AND MEDICAID FUNDING ANNOUNCEMENTS

On May 1, 2009, the Centers for Medicare & Medicaid Services (CMS) announced a market basket increase of 2.1% on October 1, 2009. In addition, CMS announced that it planned to implement the previously discussed recalibration or forecasting error adjustment that would result in a reduction of 3.3% in Medicare rates effective October 1, 2009. The net impact of these two announcements would result in an estimated 1.2% reduction in Medicare rates. CMS also announced its intention to introduce other modifications that would impact resident assessments and rates that would become effective on October 1, 2010. All of these announcements are subject to public comment until June 30, 2009. In 2008, CMS proposed a similar 3.1% recalibration adjustment in May that was subsequently reversed in July 2008. We are currently in the process of examining in full the Notice of Provider Reimbursement document issued by CMS to quantify the potential impact and along with other providers prepare a response. Our preliminary estimates indicate that, should the proposed net rate reduction of 1.2% be implemented, our Medicare revenue would be reduced by approximately US\$4.5 million per annum.

Over the next several months the REIT will gain certainty on those reimbursement rates that are effective as of July 1, 2009 for Medicaid. The respective state associations are lobbying hard for continuation of consistent funding in the sector. While certain states may experience rate reductions, we are confident that the majority of states in which we operate will retain funding at least at current levels.

MAY DISTRIBUTION DECLARED

The Board of Trustees of the REIT today declared a cash distribution of \$0.07 per unit for the month of May 2009, which is payable to unitholders of record at the close of business on May 29, 2009, and will be paid on June 15, 2009.

Extencicare Limited Partnership (the “Partnership”) also announced that it has declared a cash distribution of \$0.07 per Class B limited partnership unit for the month of May 2009, which is payable to unitholders of record at the close of business on May 29, 2009, and will be paid on June 15, 2009.

Management estimates that approximately 70% of the 2009 distributions of the REIT and Partnership will be characterized as tax deferred returns of capital for Canadian residents. To the extent the remaining 30% of distributions of the REIT and Extencicare LP to be made in 2009 are taxed as dividends, those paid to Canadian residents are eligible dividends as per the *Income Tax Act* (Canada) (the “Act”). The REIT is not required to, and does not, calculate its “earnings and profits” pursuant to the *United States Internal Revenue Code of 1986*, as amended (the “Code”), and therefore no portion of its distributions represent qualified dividend income for U.S. tax purposes.

As previously announced, a portion of the May distribution will be treated as U.S. source interest income in the hands of the unitholders of the REIT and Partnership. The Canadian dollar amount of the U.S. source interest income in the May 2009 distribution is estimated to be \$0.02093 per unit. This U.S. source interest income is subject to U.S. withholding tax for non-U.S. residents, and U.S. backup withholding tax for U.S. holders. Unitholders may be eligible for the portfolio interest exemption under Sections 871 and 881 of the Code by submitting a valid Form W-8BEN or Form W-9, as applicable to their broker or administrator.

ABOUT US

Extencicare REIT is a leading North American provider of long-term and short-term senior care services through its network of owned and operated health care centers. We employ 37,900 qualified and experienced individuals dedicated to helping people live better through a commitment to quality service

that includes post-acute care, rehabilitative therapies and home health care services. Our 264 senior care centers in North America have capacity for approximately 29,500 residents.

CONFERENCE CALL AND WEBCAST

On May 7, 2009, at 10:00 a.m. (ET), we will hold a conference call to discuss our results for the 2009 first quarter. The call will be webcast live and archived in the investors/presentations & webcasts section of our website at www.extendicare.com. Alternatively, the call-in number is 1-888-789-9572 or 416-695-7806, conference ID number 6552278#. A replay of the call will be available until midnight on May 22, 2009. To access the rebroadcast, dial 1-800-408-3053 or 416-695-5800, followed by the passcode 7056085#. Slides accompanying remarks during the call will be posted to our website as part of the live webcast. Also, a supplemental information package containing historical quarterly financial results and operating statistics can be found on the website under the investors/financial reports section.

Certain 2008 figures have been revised to conform to the presentation in 2009, mainly for discontinued operations.

Non-GAAP Measures

Extendicare REIT assesses and measures operating results and financial position based on performance measures referred to as “EBITDA”, “continuing health care operations before undernoted”, “continuing operations before undernoted”, “Distributable Income”, “Funds from Operations”, “Adjusted Funds from Operations” and “Adjusted Gross Book Value”. These are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. These non-GAAP measures are presented in this document because either: (i) management believes that they are a relevant measure of the ability of the REIT to make cash distributions; or (ii) certain ongoing rights and obligations of the REIT may be calculated using these measures. Such non-GAAP measures may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to similarly titled measures as reported by such issuers. They are not intended to replace earnings (loss) from operations, net earnings (loss) for the period, cash flow, or other measures of financial performance and liquidity reported in accordance with Canadian GAAP. Reconciliations of these non-GAAP measures from net earnings and/or from cash provided by operations, where applicable, are provided in this press release. Detailed descriptions of these terms can be found in the disclosure documents filed by Extendicare REIT with the securities regulatory authorities, available at www.sedar.com and on the REIT’s website at www.extendicare.com.

Forward-looking Statements

Information provided by Extendicare REIT from time to time, including this release, contains or may contain forward-looking statements concerning anticipated financial events, results, circumstances, economic performance or expectations with respect to the REIT and its subsidiaries, including its business operations, business strategy, and financial condition. Forward-looking statements can be identified because they generally contain the words “expect”, “intend”, “anticipate”, “believe”, “estimate”, “project”, “plan” or “objective” or other similar expressions or the negative thereof. Forward-looking statements reflect management’s beliefs and assumptions and are based on information currently available, and the REIT assumes no obligation to update or revise any forward-looking statement, except as required by applicable securities laws. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the REIT to differ materially from those expressed or implied in the statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on the REIT’s forward-looking statements. Further information can be found in the disclosure documents filed by Extendicare REIT with the securities regulatory authorities, available at www.sedar.com and on the REIT’s website at www.extendicare.com.

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Visit Extendicare’s Website @ www.extendicare.com

EXTENDICARE REIT
Condensed Consolidated Earnings

(thousands of Canadian dollars except per unit amounts)	Three months ended	
	March 31	
	2009	2008
Revenue		(revised)
Nursing and assisted living centers		
United States	415,717	323,414
Canada	114,384	105,574
Home health – Canada	36,004	34,311
Outpatient therapy – United States	3,731	2,992
Other	14,413	11,141
	584,249	477,432
Operating expenses	495,847	411,709
Administrative costs	19,923	16,448
Lease costs	3,692	3,069
EBITDA ⁽¹⁾	64,787	46,206
Depreciation and amortization	17,719	13,505
Accretion expense	444	357
Interest expense	25,837	21,350
Interest income	(1,128)	(1,450)
Loss on derivative financial instruments and foreign exchange	4,950	4,212
Gain from asset impairment, disposals and other items	(257)	-
Earnings from continuing operations before income taxes	17,222	8,232
Income tax expense (recovery)		
Current	11,171	6,285
Future	1,601	(1,644)
	12,772	4,641
Earnings from continuing operations	4,450	3,591
Discontinued operations	(793)	(13)
Net earnings	3,657	3,578
Basic and Diluted Earnings per Unit (\$)		
Earnings from continuing operations	0.06	0.05
Net earnings	0.05	0.05

⁽¹⁾ Refer to discussion of non-GAAP measures.

EXTENDICARE REIT
Condensed Consolidated Cash Flows

(thousands of Canadian dollars)	Three months ended	
	March 31	
	2009	2008
Operating Activities		
Net earnings	3,657	3,578
Adjustments for:		
Depreciation and amortization	17,883	14,063
Provision for self-insured liabilities	5,325	3,907
Payments for self-insured liabilities	(3,120)	(4,214)
Future income taxes	1,595	(1,139)
Loss on derivative financial instruments and foreign exchange	4,950	4,212
Gain from asset impairment, disposals and other items	(257)	-
Gain from asset impairment, disposals and other items from discontinued operations	(1,426)	(368)
Other	3,339	1,685
	31,946	21,724
Net change in operating assets and liabilities		
Accounts receivable	15,583	(17,609)
Supplies and prepaid expenses	(6,610)	(8,083)
Accounts payable and accrued liabilities	(7,509)	12,574
Income taxes	3,502	3,363
	4,966	(9,755)
	36,912	11,969
Investing Activities		
Capital additions	(20,595)	(14,065)
Net proceeds from dispositions	9,995	1,528
Other assets	(2,094)	722
	(12,694)	(11,815)
Financing Activities		
Issue of long-term debt	5,712	962
Issue on line of credit	-	9,038
Repayment of long-term debt	(10,240)	(9,073)
Decrease in investments held for self-insured liabilities	555	893
Purchase of securities for cancellation	(6,189)	(117)
Distributions paid	(16,282)	(18,917)
Other	(1,567)	726
	(28,011)	(16,488)
Foreign exchange gain on cash held in foreign currency	853	216
Decrease in cash and cash equivalents	(2,940)	(16,118)
Cash and cash equivalents at beginning of period	123,084	44,234
Cash and cash equivalents at end of period	120,144	28,116

EXTENDICARE REIT
Condensed Consolidated Balance Sheets

(thousands of Canadian dollars, unless otherwise noted)	March 31	December 31
	2009	2008
Assets		(revised)
Current assets		
Cash and short-term investments	120,144	123,084
Invested assets	932	947
Accounts receivable, less allowances	270,377	274,044
Future income tax assets	43,534	40,888
Supplies and prepaid expenses	26,200	19,137
	461,187	458,100
Property and equipment	991,173	970,612
Goodwill and other intangible assets	228,422	225,629
Other assets	153,005	151,641
	1,833,787	1,805,982
Liabilities and Unitholders' Deficiency		
Current liabilities		
Accounts payable	41,799	51,434
Accrued liabilities	262,910	252,098
Accrual for self-insured liabilities	14,124	12,533
Current portion of long-term debt	35,082	42,217
Income taxes payable	8,363	4,594
	362,278	362,876
Accrual for self-insured liabilities	37,776	37,838
Long-term debt	1,324,405	1,290,596
Other long-term liabilities	81,493	79,198
Future income tax liabilities	69,255	65,006
	1,875,207	1,835,514
Unitholders' deficiency	(41,420)	(29,532)
	1,833,787	1,805,982
Closing US/Cdn. dollar exchange rate	1.2613	1.2180

EXTENDICARE REIT
Financial and Operating Statistics

	Three months ended	
	March 31	
(amounts in Canadian dollars, unless otherwise noted)	2009	2008
Earnings from Continuing Operations (millions)		
United States (US\$)	\$5.6	\$3.0
United States	\$7.0	\$3.0
Canada	(2.5)	0.6
	\$4.5	\$3.6
Net Earnings (millions)		
United States (US\$)	\$4.9	\$3.0
United States	\$6.2	\$3.0
Canada	(2.5)	0.6
	\$3.7	\$3.6
U.S. Skilled Nursing Center Statistics		
Percent of Revenue by Payor Source (same-facility basis, excluding prior period settlement adjustments)		
Medicare (Part A and B)	34.4 %	35.8 %
Managed Care	10.0	8.2
Skilled mix	44.4	44.0
Private/other	9.0	9.6
Quality mix	53.4	53.6
Medicaid	46.6	46.4
Average Daily Census by Payor Source (same-facility basis)		
Medicare	2,579	2,817
Managed Care	965	865
Skilled mix	3,544	3,682
Private/other	1,560	1,608
Quality mix	5,104	5,290
Medicaid	9,877	9,908
	14,981	15,198
Average Revenue per Resident Day by Payor Source (excluding prior period settlement adjustments) (US\$)		
Medicare Part A only	\$445.71	\$410.69
Medicare (Part A and B)	488.49	447.87
Managed Care	379.58	334.86
Private/other	210.89	208.81
Medicaid	172.80	164.99
Weighted average	244.75	231.72
Average Occupancy (excluding managed centers) (same-facility basis)		
U.S. skilled nursing centers	88.9 %	89.1 %
U.S. assisted living centers	82.5	84.7
Canadian centers	97.6	97.6
Capital Additions to Property and Equipment (thousands)		
Growth expenditures	13,271	9,561
Facility maintenance	7,324	4,504
Consolidated reported	20,595	14,065
Average US/Cdn. dollar exchange rate	1.2456	1.0042

EXTENDICARE REIT
Supplemental Information – FFO and AFFO

The following table provides a reconciliation of EBITDA to Funds from Operations (FFO), Distributable Income (DI) and Adjusted Funds from Operations (AFFO) for the periods ended March 31, 2009 and 2008. (1)

(thousands of Canadian dollars unless otherwise noted)	Three months ended March 31	
	2009	2008 (revised)
EBITDA from continuing operations	64,787	46,206
Depreciation for furniture, fixtures, equipment and computers	(6,066)	(4,166)
Interest expense, net	(24,709)	(19,900)
	34,012	22,140
Current income tax expense ⁽²⁾	(11,681)	(5,705)
FFO (continuing operations)	22,331	16,435
Amortization of financing costs	2,524	1,562
Principal portion of government capital funding payments	576	541
DI (continuing operations)	25,431	18,538
Additional maintenance capital expenditures ⁽³⁾	(1,258)	(338)
AFFO (continuing operations)	24,173	18,200
AFFO (discontinued operations) ⁽⁴⁾	204	229
AFFO	24,377	18,429
Per Basic Unit (\$)		
FFO (continuing operations)	0.306	0.233
AFFO (continuing operations)	0.332	0.258
AFFO	0.334	0.262
Per Diluted Unit (\$)		
FFO (continuing operations)	0.289	0.233
AFFO (continuing operations)	0.302	0.252
AFFO	0.304	0.255
Distributions declared	15,285	19,558
Distributions declared per unit (\$)	0.2100	0.2775
Basic weighted average number of units (thousands)	72,911	70,471
Diluted weighted average number of units (thousands)	86,736	76,250

(1) “EBITDA”, “funds from operations”, “distributable income” and “adjusted funds from operations” are not recognized measures under GAAP and do not have a standardized meaning prescribed by GAAP. Refer to the discussion of non-GAAP measures.

(2) Excludes current tax with respect to the loss (gain) from derivative financial instruments, foreign exchange, asset impairment, disposals and other items that are excluded from the computation of AFFO.

(3) Represents total facility maintenance capital expenditures less depreciation for furniture, fixtures, equipment and computers already deducted in determining DI.

(4) The impact of discontinued operations reduces FFO, DI and AFFO by the same amount.

(thousands of Canadian dollars)	Three months ended March 31	
	2009	2008
Reconciliation of Cash Provided by Operating Activities to DI & AFFO		
Cash provided by operating activities	36,912	11,969
Add (Deduct):		
Net change in operating assets and liabilities	(4,966)	9,755
Current tax expense on gain or loss from derivative financial instruments, foreign exchange, asset impairment, disposals and other items	1,740	104
Net provisions and payments for self-insured liabilities	(2,205)	307
Depreciation for furniture, fixtures, equipment and computers	(6,066)	(4,166)
Other	(356)	257
Principal portion of government capital funding payments	576	541
DI	25,635	18,767
Additional maintenance capital expenditures	(1,258)	(338)
AFFO	24,377	18,429