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EXTENDICARE
REAL ESTATE INVESTMENT TRUST

Second Quarter 2009
CONFERENCE CALL AND WEBCAST

Forward-looking Statements and Non-GAAP Measures

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This presentation contains forward-looking statements, based on our best judgements, which reflect risks and uncertainties.

Actual results could vary from expectations.

“EBITDA”, “net operating income” (NOI), “distributable income” (DI), “funds from operations” (FFO), and “adjusted funds from operations” (AFFO) are non-GAAP measures and do not have standardized meanings prescribed by GAAP.

Further information can be found in the disclosure documents filed by Extendicare REIT.

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Q2 2009 Results Reflect Success of “Back-to-Basics” Plan



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- Focused on delivering cost-effective and high quality services to customers
- Demonstrated significant progress of “back-to-basics” plan in Q2 2009
 - As indicated by strong EBITDA margins
- Performed well operationally in Q2 2009
 - U.S. operations benefited from higher average rates, despite slightly lower volumes
 - Canadian operations remained strong and consistent
- Successfully amended and extended line of credit
 - Positive sign of the underlying strength of our business

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Highlights – Q2/09



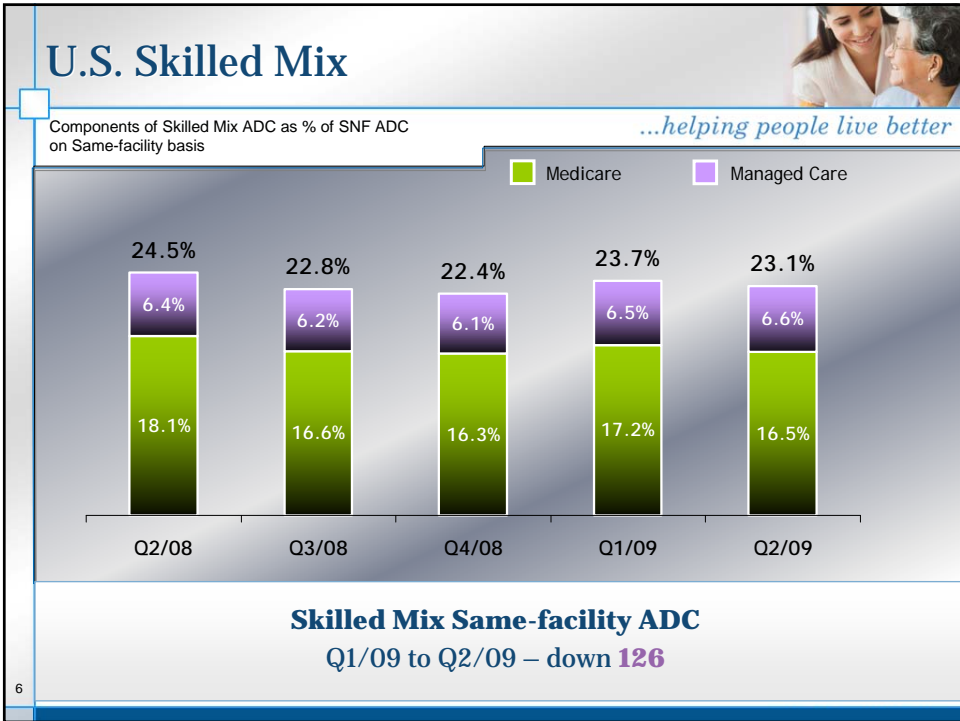
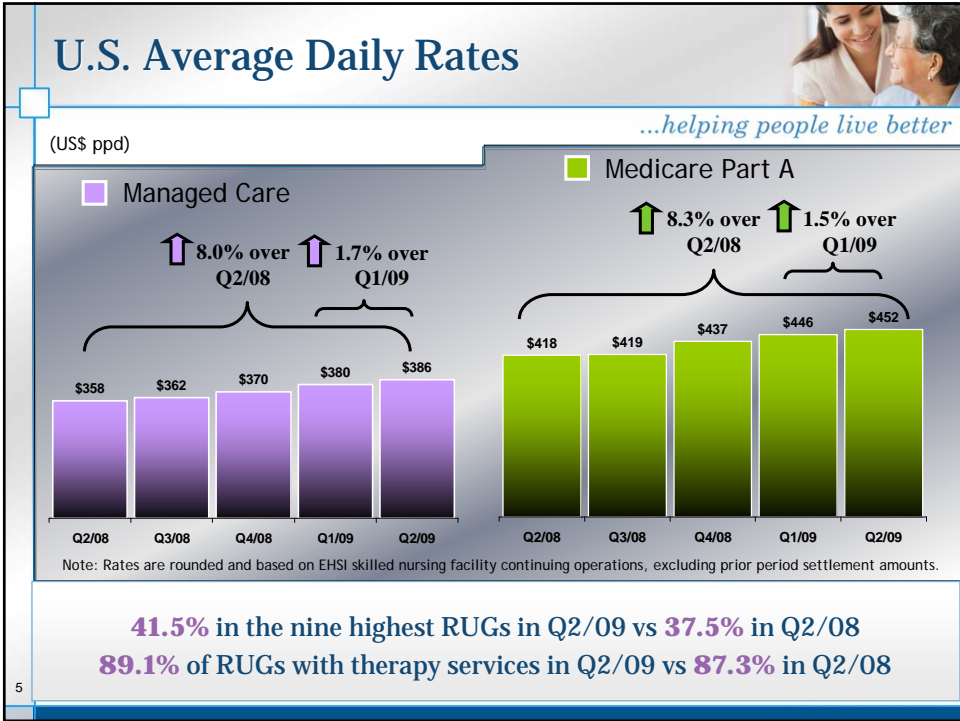
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	Q2/09	change vs Q2/08 *	change vs Q1/09 *
Revenue	\$563.1M	4.2%	1.1%
EBITDA	\$72.7M	42.8%	17.8%
EBITDA Margin	12.9%	360bp	180bp
AFFO from continuing operations	\$28.9M	66%	26%

* Excluding foreign exchange impact.

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Canadian Operations

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	Q2/09	vs Q2/08	
Average Daily Revenue Rate	\$173	↑	5.4%
Average Occupancy	98%	Unchanged	


- Ontario Accommodation Funding Increases
 - 1.8% – annual revenue of \$1.5 million (effective July 1)
 - 3.3% one-time increase – annual revenue of \$2.8 million (retroactive April 1)
- Home Health Care volumes improved; RFPs to resume in Q1 2010

❖ Solid and Predictable Results

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Investing in Future Growth

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Alberta

- 280 beds Summer 2010
- 140 units Spring 2011
- 180 beds Fall 2011



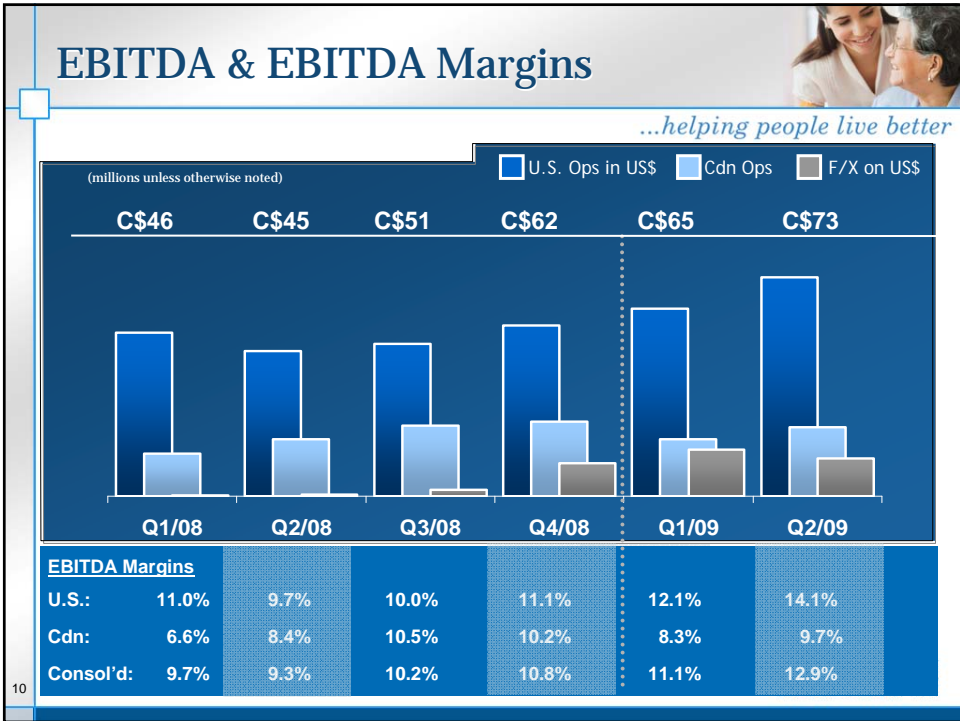
Wisconsin Michigan

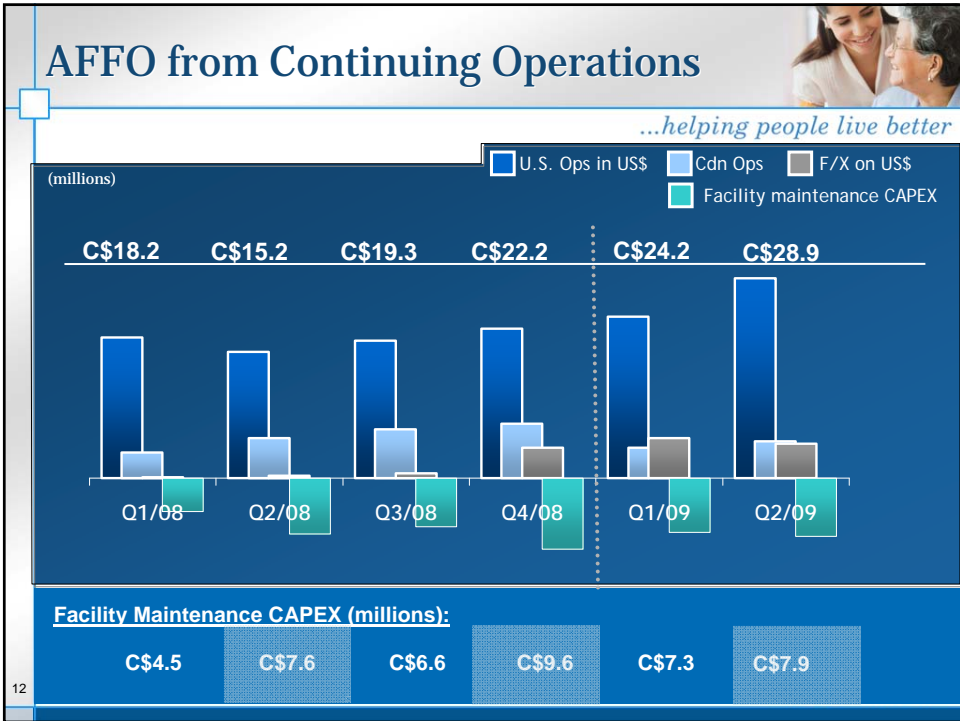
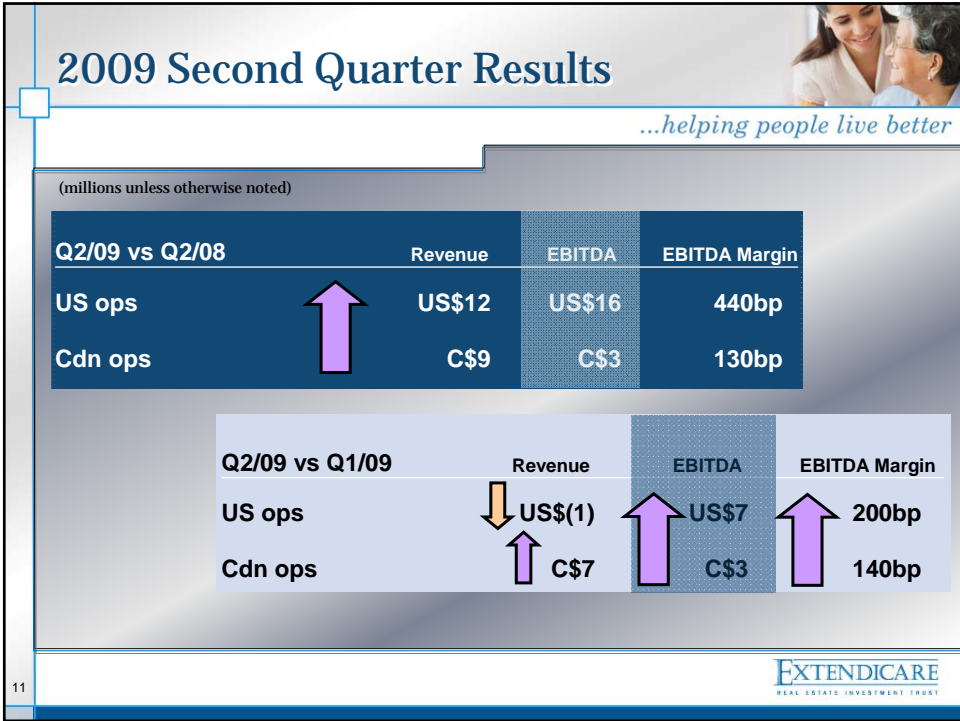
- 100 beds Nov/09
- 60 units Nov/09
- 100 beds July 2009

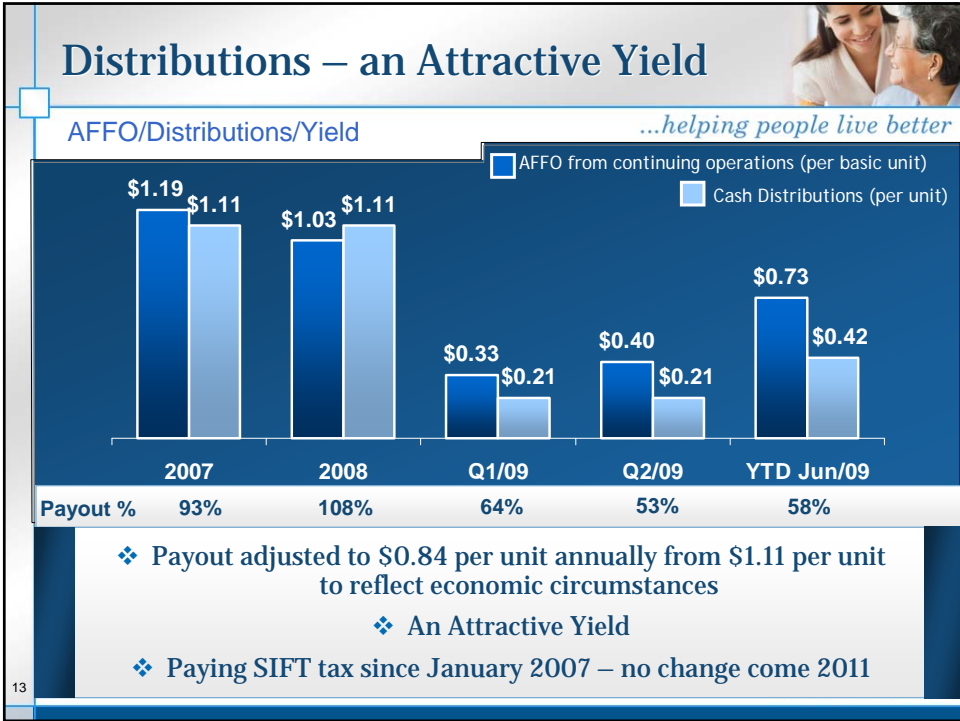
- Canada – 3 projects (600 beds/units)
- Cost \$80M
- Leveraged net investment \$12M
- U.S. – 3 projects (260 beds/units)
- Cost and net investment US\$35M

❖ Financing in Place

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Distributions – F/X Hedge

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F/X Information	Q2/09	YTD Jun/09	YTD Jun/08	YR 2008
Income Statement (period avg rate)	1.1672	1.2062	1.0072	1.0660

- Distributions of US\$4.0M per month hedged until June 2011
 - Current converts U.S. dollars at 1.1141 to Nov. 2009
 - Others ensure conversion of U.S. dollars at no less than par to Jun/11
- Contracts are marked to market each quarter / no cash flow impact
 - Q2/09 – C\$9.3M gain; YTD June 2009 – C\$6.0M gain
 - Q2/08 – C\$1.0M gain; YTD June 2008 – C\$3.9M loss

❖ Distributions Shielded from F/X Fluctuations

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Cash and Long-term Debt

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<small>(millions, unless otherwise noted)</small>	Year of Maturity		June 30/09
Cash and cash equivalents			C\$ 95
Restricted cash ⁽¹⁾			C\$ 30
Long-term debt			
U.S. line of credit	2011	US\$ 11	
CMBS	2011/2012	590	
Sovereign term debt	2011	50	
Other U.S.	2015 +	51	
Total U.S. Debt (WAR at June 30/09 – 6.5%)		US\$702	C\$ 816
CMHC and other Cdn (WAR of 7.4%)	2013 +		304
Convertible debt (at face value, WAR of 6.4%)	2013/2014		206
Total Long-term Debt ⁽²⁾ (WAR at June 30/09 – 6.7%)			C\$ 1,326

(1) Restricted cash of \$30M pledged as collateral against a letter of credit.
(2) Long-term debt includes current portion and excludes financing costs.

❖ No Significant Maturities until 2011 and Beyond

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- ## Outlook – Medicare and Medicaid
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- Uncertainty in an evolving health care environment
 - Medicare reduction of 1.1%, effective October 1, 2009
 - 3.3% “forecasting error correction” largely offset by a 2.2% market basket increase
 - Medicare for 2010/2011 established new case-mix methodology (RUGs-IV); implementing results of a STRIVE project
 - Impact uncertain at this time
 - Medicaid funding expected to result in slight reduction
 - Approximately 1.4% decrease in our Medicaid revenue
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Strategic Priorities



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- Manage costs and improve efficiencies
 - Demonstrated our ability to control costs
- Enhance U.S. senior care business
 - Increase occupancy
 - Increase skilled and quality mix
 - Develop specialty programs
- Increase Canadian revenue from higher margin segments
 - New management and consulting contracts
 - New home health care contracts

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**Delivering Quality Care for
Over 40 Years**

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Glossary of Terms

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Acuity – A measure of levels of care and services required. Residents with complex medical needs who require rehabilitation services and treatment of multiple illnesses have high levels of acuity.

Average Daily Census (ADC) – The number of residents occupying beds over a period of time, divided by the number of days in that period.

Census – The number of residents occupying beds (or units in the case of an assisted living facility).

Medicare – A U.S. federally funded health-insurance program providing coverage for persons aged 65 or over, disabled persons who have been disabled for at least two consecutive years, and persons who have end-stage renal disease.

Medicaid – A state-administered program financed by state funds and matching federal funds, providing health insurance for certain persons in financial need, regardless of age, and which may supplement Medicare benefits for financially needy persons aged 65 and older. In most states, Medicaid is the most unattractive payor source as rates are lower than those from Medicare or private pay sources.

Managed Care – Collectively health maintenance organization (HMO) and commercial insurance (CI)

Occupancy – The percentage of census relative to the total available resident beds.

Private pay – Revenue from individuals, private insurance companies, HMOs, preferred provider organizations (PPOs) other charge-based payment sources, HMO Medicare risk plans, Blue Cross and the Department of Veteran Affairs.

Quality Mix – The level of census from non-Medicaid sources.

Resource Utilization Groupings (RUGs) – Classifications implemented by the Centers for Medicare & Medicaid Services (CMS) aimed at categorizing residents based on the nature of their condition and the level of care and services required. Effective January 1, 2006, the CMS introduced nine new RUG classifications in order to reimburse operators for the care provided for medically complex residents who require rehabilitation services and the treatment of multiple illnesses. The nine new classifications are the highest RUG levels and provide the highest level of reimbursement.

Skilled Mix – The level of census from Medicare and Managed Care payor sources.

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