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EXTENDICARE
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Fourth 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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Strong 2009 Results

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- Solid financial and operating results exceeded expectations for the year
- Strong results reflect successful execution of our operating plan combined with increased per diem rates; particularly notable in light of economic uncertainty
- Improved revenue and cash generation from both U.S. and Canadian operations; strengthened our financial position

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Highlights – 2009

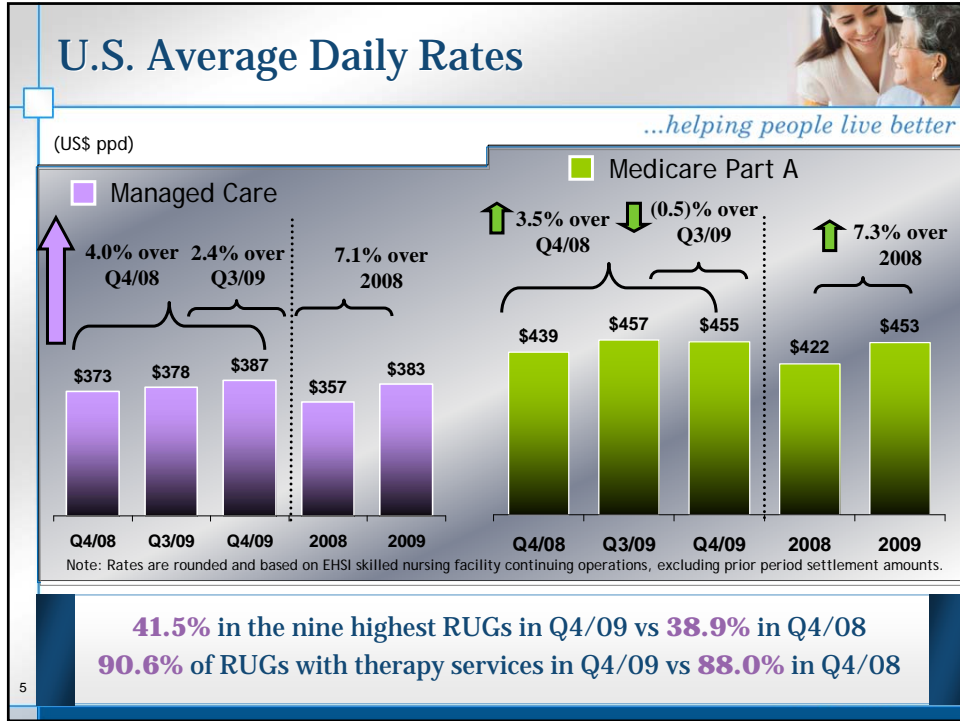
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	Year 2009	change vs 2008 *
Revenue	\$2,167.2M	4.0%
EBITDA	\$265.7M	25.0%
EBITDA Margin	12.3%	210bp
AFFO from continuing operations	\$141.3M	84.0%

* Excluding foreign exchange impact.

Payout Ratio a Conservative **43%**

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Canadian Operations

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	2009	vs 2008
Average Daily Revenue Rate	\$173	↑ 4.7%
Average Occupancy	98%	↑ Unchanged

- Ontario Accommodation Funding Increases in 2009
 - + **1.8%** – annual revenue of **\$1.5M** (effective July 1)
 - + **3.3%** – annual revenue of **\$2.8M** (retroactive to April 1)
- Alberta Funding Increase April 1; Reduction in Q4/09
 - + **6.4%** - annual revenue of **\$3.5M** (effective April 1)
 - - **3.0%** - annual revenue reduction of **\$1.6M** (effective Dec. 1)
- Home Health Care volumes improved; RFPs resumed in 2010

❖ Solid and Predictable Results

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Investing in Future Growth

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Alberta

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

Ontario

- 436 beds Fall 2012

Wisconsin

- 100 beds Oct/09
- 60 units Oct/09

Michigan

- 100 beds July 2009

- Alberta – 3 projects underway (600 beds/units)
 - Cost **\$74M** ; and leveraged net investment **\$8M**
- Ontario - 2 projects announced (436 beds)
 - Estimated cost **\$72M**; and leveraged net investment **\$16M**
- U.S. – 3 projects (260 beds/units)
 - Cost and net investment **US\$34M**

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2009 Results

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(millions unless otherwise noted)	2009 vs 2008	F/X	Variance excluding F/X
Revenue	\$181	\$102	\$79
EBITDA	\$64	\$14	\$50
EBITDA margin	210 bp		210bp
AFFO from continuing ops	\$69	\$8	\$61

❖ Continued Growth Through Improved Operating Fundamentals and Higher Per Diem Rates

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2009 Fourth Quarter Results

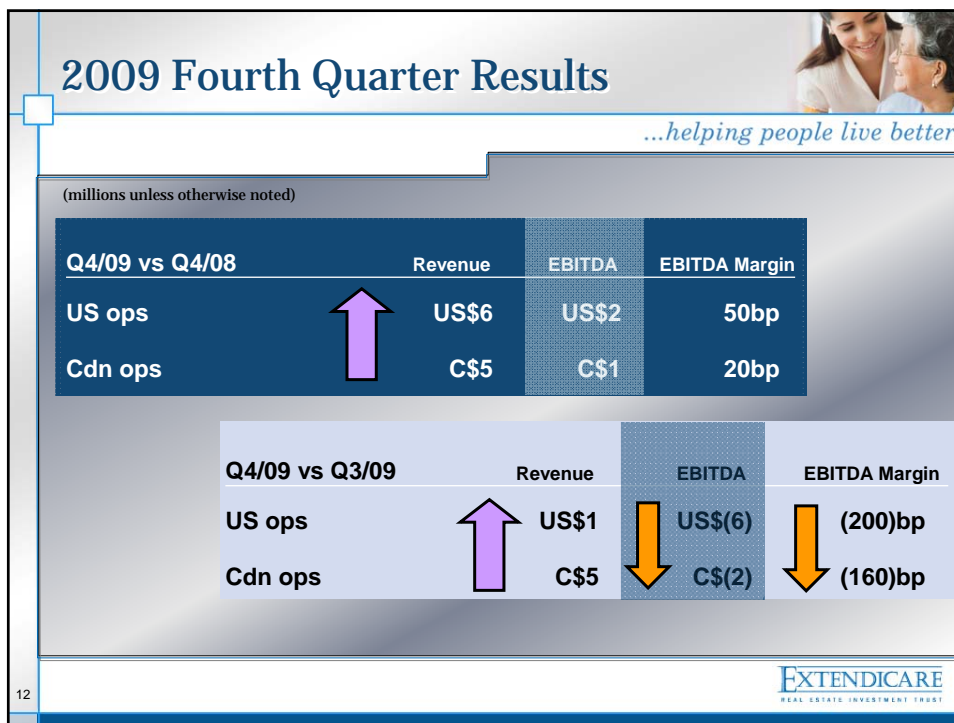
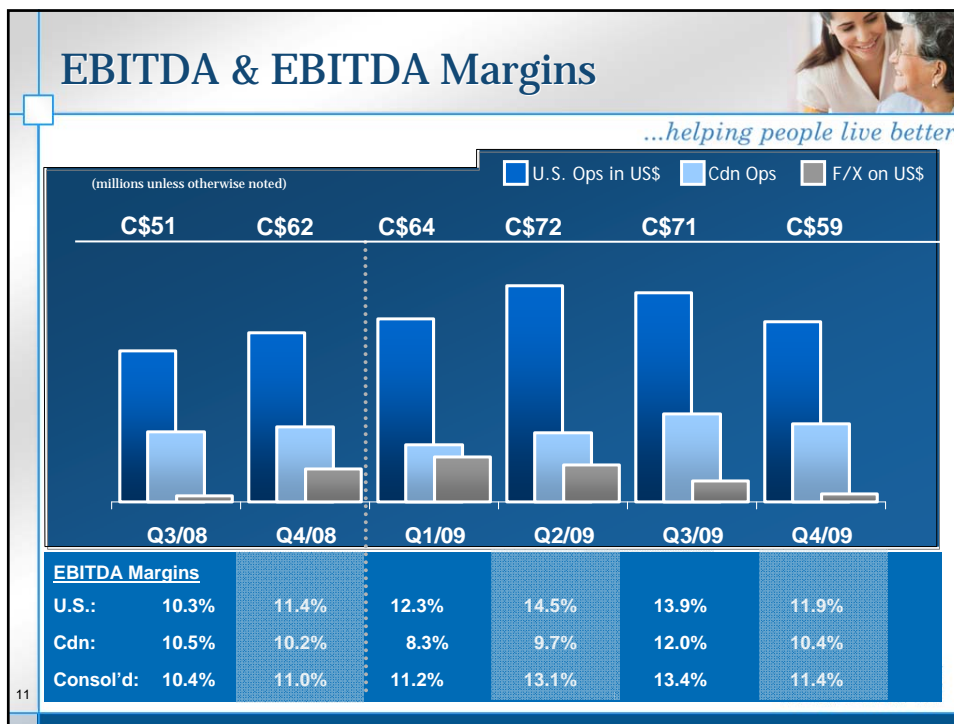
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(millions unless otherwise noted)	Q4/09 vs Q4/08	F/X	Variance excluding F/X
Revenue	\$(37)	\$(49)	\$12
EBITDA	\$(2)	\$(6)	\$4
EBITDA margin	40 bp		40bp
AFFO from continuing ops	\$39	\$(5)	\$44

❖ Negative Impact from Stronger Canadian dollar

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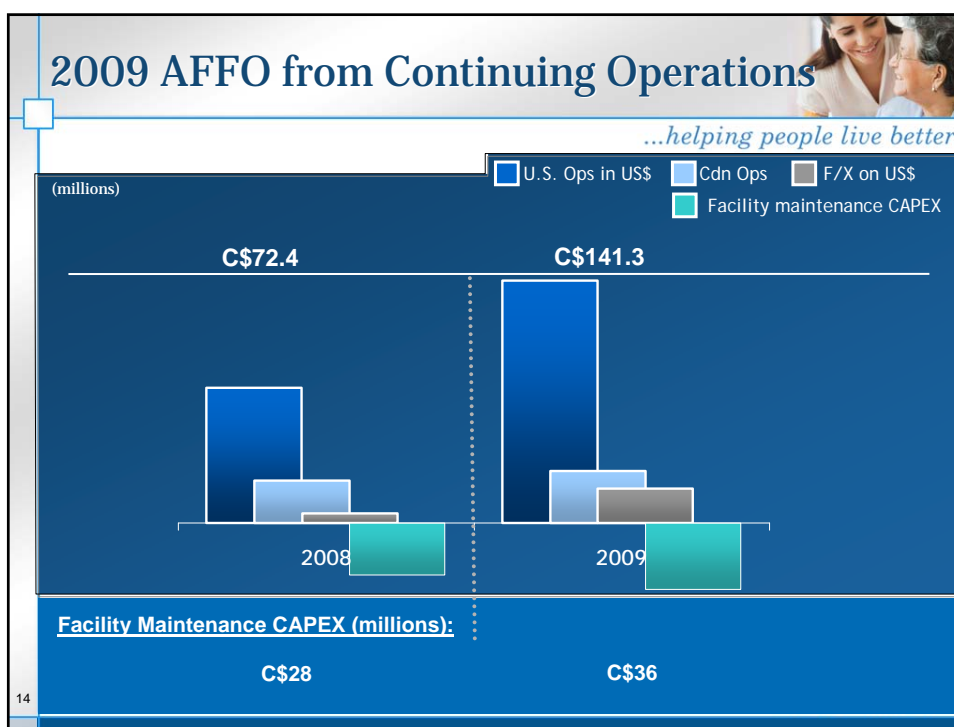
2009 Current Income Taxes

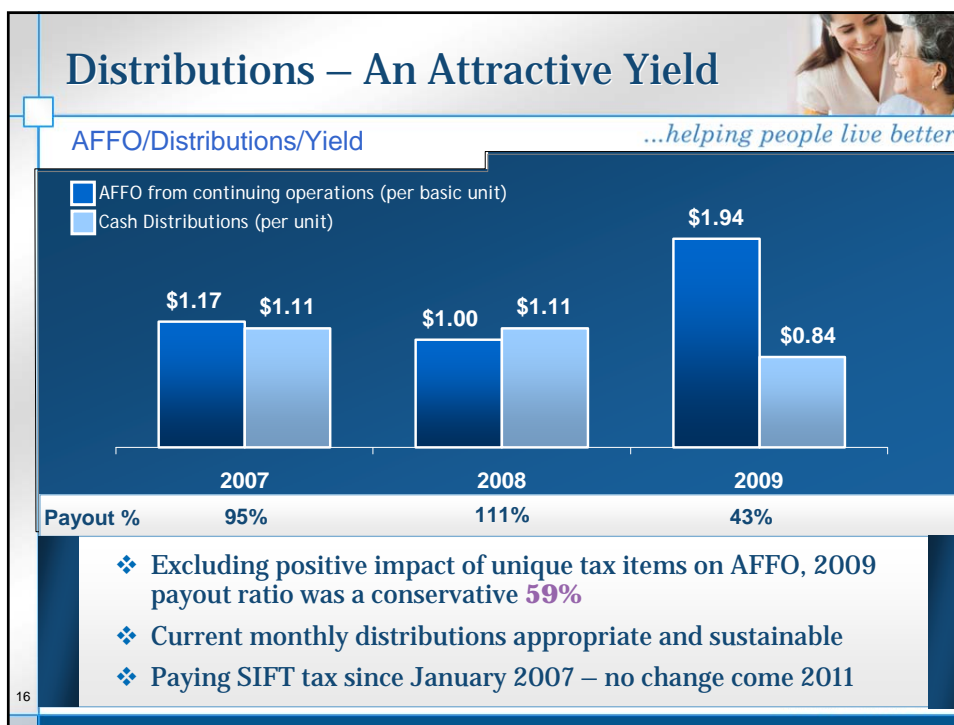
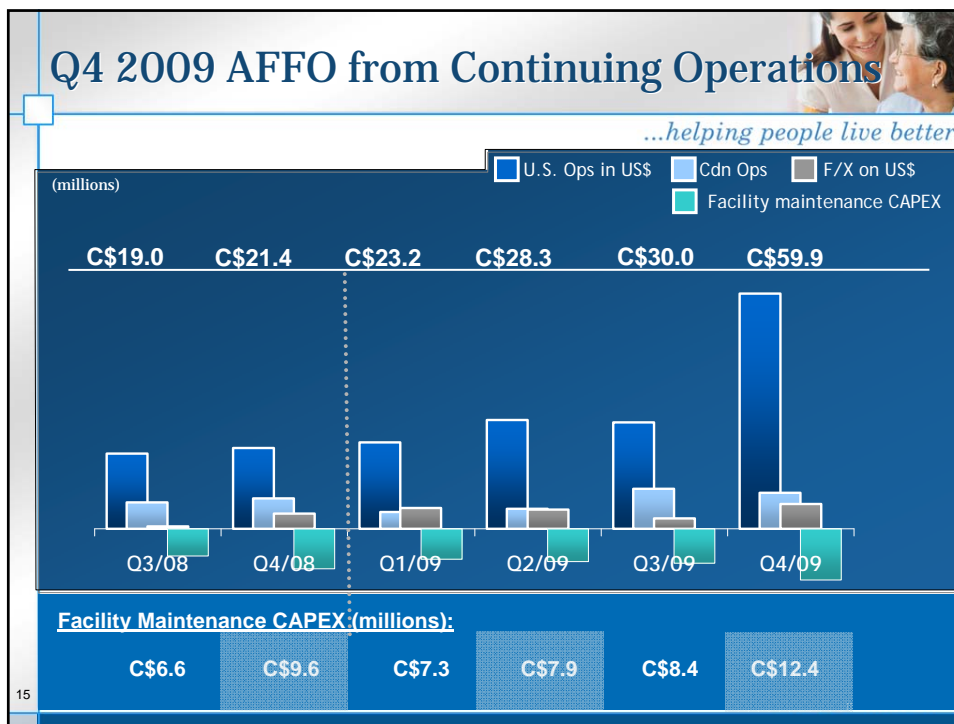
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- Items impacted split between current and future income taxes
 - Minimal impact to net earnings
 - Positive impact to AFFO
- Swings in estimates of timing differences and book-to-file adjustments
 - **\$13.5M** – 18 cents per basic unit; 16 cents per diluted unit
- Tax accounting change unique to 2009: acceleration of tax depreciation will reduce 2010 cash instalments
 - **\$24.9M** – 34 cents per basic unit; 29 cents per diluted unit

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Cash and Long-term Debt

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<small>(millions, unless otherwise noted)</small>	Year of Maturity		Dec 31/09
Cash and cash equivalents			C\$ 134
Restricted cash ⁽¹⁾			C\$ 22
Long-term debt			
US\$70M line of credit	2011	US\$ 24	
CMBS	2011/2012	588	
Sovereign term debt	2011	50	
Other U.S.	2015 +	49	
Total U.S. Debt (WAR – 6.5%; WAM – 2.3 yrs)		US\$711	C\$ 747
CMHC & other Cdn (WAR – 7.0%; WAM – 9.4 yrs)	2011 +		307
Conv't debt (face value, WAR – 6.4%; WAM – 4.1 yrs)	2013/2014		206
Total Long-term Debt ⁽²⁾ (WAR – 6.6%; WAM – 4.3 yrs)			C\$ 1,260

(1) Restricted cash of \$22M pledged as collateral against a letter of credit.
(2) LTD includes current portion and excludes financing costs and equity adjustment of convertible debentures shown at face value.

❖ No Significant Maturities until 2011 and Beyond

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Near and Long-Term Outlook

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- Pleased with strong results and optimistic about the future
- Continuing to grow core operations to enhance cash flows
- Taking proactive measures to mitigate impact of potential near and long-term health care sector developments:
 - Medicare and Medicaid Funding
 - Health Care Reform

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Medicare and Medicaid Funding

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Medicare – Oct. 1, 2009/2010 funding reduction

- (1.1)%** - Medicare funding reduction (annual **US\$4.5M**)
- 0.6%** - EXE partial offset due to increase in RUGs mix
- (0.5)%** - EXE net average Medicare Part A rate reduction

Medicaid – 2009/2010 US\$2.6M net increase

- Favourable outcome for Oct. 1/09 rate changes results in unexpected net annual increase of **US\$1.4M**
- For all 12 states in which we operate, annual net impact of 2009/2010 rate changes was **US\$2.6M**

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Health Care Reform

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- Monitoring various health care reform proposals currently being considered by U.S. Senate and House
- Proposals have recently been stalled; difficult to predict likelihood of passage of reform at this time
- With over 40 years of experience as a senior-care provider, we have a proven ability to adapt to changes in reimbursement methodologies

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Strategic Agenda

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- **U.S.:** Strengthen occupancy, particularly Medicare and Skilled Mix
- **Canada:** Maintain solid operating performance through advocacy for appropriate funding, disciplined cost containment and new revenue opportunities
- **North America:** Invest in new and existing centers
- Continue to strengthen our balance sheet
- Committed to finding opportunities to reduce costs without compromising quality

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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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