

Extendicare Real Estate Investment Trust
(the “REIT”)
Policy of the Board of Trustees on Advisory “Say on Pay” Vote

Advisory ‘Say on Pay’ Vote

The board of trustees of the REIT (the “Board”) believes that unitholders should have the opportunity to fully understand the objectives, philosophy and principles the Board has used in its approach to executive compensation decisions and to have an advisory vote on the Board’s approach to executive compensation.

Purpose of ‘Say on Pay’ Advisory Vote

The purpose of the ‘Say on Pay’ advisory vote is to provide appropriate trustee accountability to the unitholders of the REIT for the Board’s compensation decisions by giving unitholders a formal opportunity to provide their views on the disclosed objectives of the executive compensation plans, and on the plans themselves.

While unitholders will provide their collective advisory vote, the Board of the REIT remains fully responsible for its compensation decisions and is not relieved of its responsibilities by a positive advisory vote by unitholders.

Form of Resolution

Commencing in 2011, the management information and proxy circular distributed in advance of each annual meeting of unitholders will ask unitholders to consider an annual non-binding advisory resolution substantially in the following form:

Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Trustees, that the Unitholders accept the approach to executive compensation disclosed in this Management Information and Proxy Circular delivered in advance of the 20XX annual meeting of Unitholders’ of the REIT.

Approval of the above resolution will require an affirmative vote of a majority of the votes cast at the annual meeting of unitholders.

Results of Advisory “Say on Pay” Vote

As this is an advisory vote, the results will not be binding upon the Board. However, the Human Resources, Governance and Nominating Committee and the Board will take the results of the vote into account, as appropriate, together with feedback received from Unitholders, when considering future compensation policies, procedures and decisions.

The REIT will disclose the results of the unitholder advisory vote as a part of its report on voting results for the meeting. In the event that a significant number of unitholders oppose the resolution, the Board will consult with its unitholders, particularly those who are known to have voted against it, in order to understand their concerns and will review the REIT’s approach to compensation in the context of those concerns.

Unitholders who have voted against the resolution will be encouraged to contact the Board to discuss their specific concerns either in writing, care of the Secretary of the REIT, or by email at a newly created address designated for any governance concerns, at: governance_matters@extendicare.com.

The Board will disclose to unitholders as soon as is practicable, and no later than in the management information and proxy circular for its next annual meeting, a summary of the significant comments relating to compensation received from unitholders and an explanation of the changes to the compensation plans made or to be made by the board or why no changes will be made.

Annual Review of this Policy

The Board recognizes that “Say on Pay” is an evolving area in Canada and globally, and will review this policy annually to ensure that it is effective in achieving its objectives.

This Policy is approved by the Board on December 15, 2010.