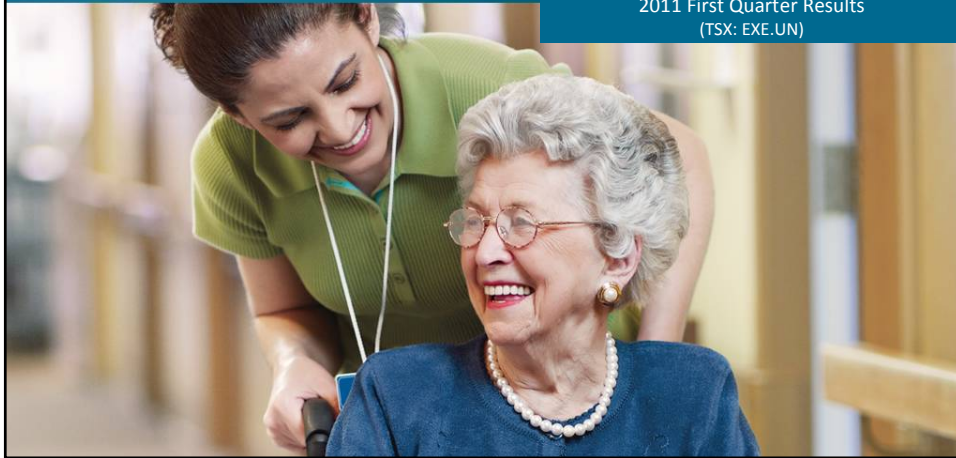


Quality is Our Business

June 2011 **Investor Presentation**
2011 First Quarter Results
(TSX: EXE.UN)



Forward-Looking Statements

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

Actual results could vary from expectations.

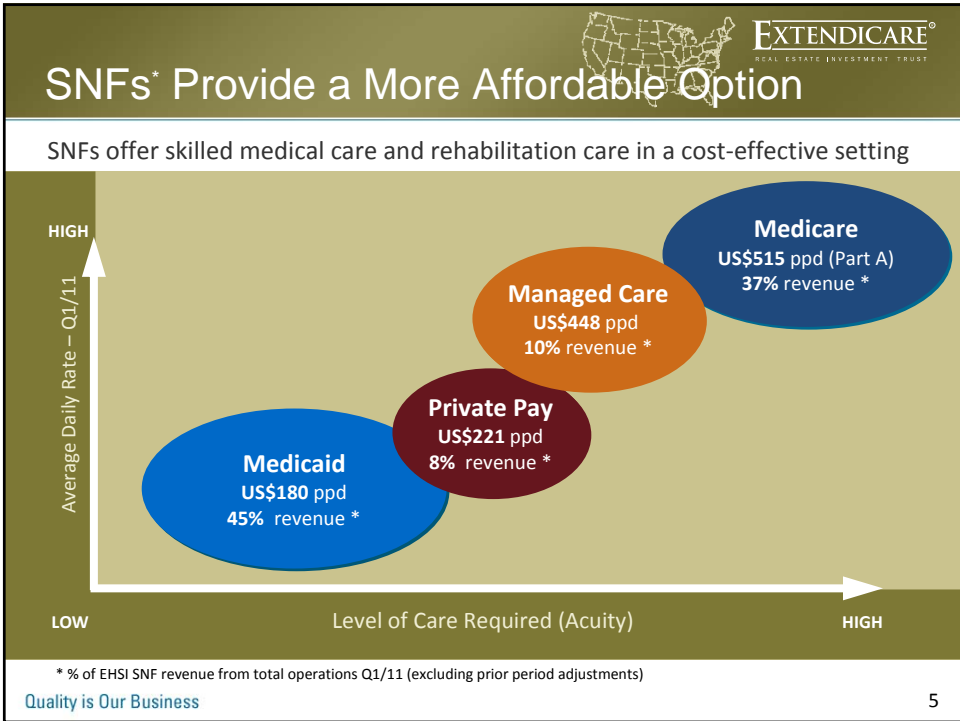
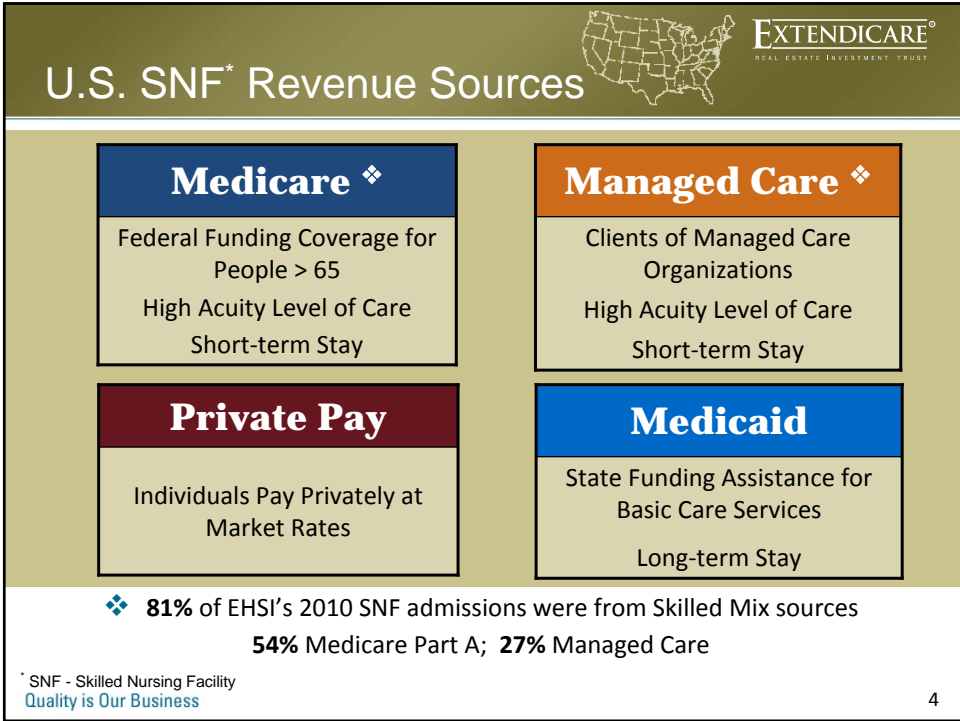
“EBITDA”, “net operating income” (NOI), “distributable income” (DI), “funds from operations” (FFO), and “adjusted funds from operations” (AFFO) are non-GAAP measures and do not have standardized meanings prescribed by GAAP.

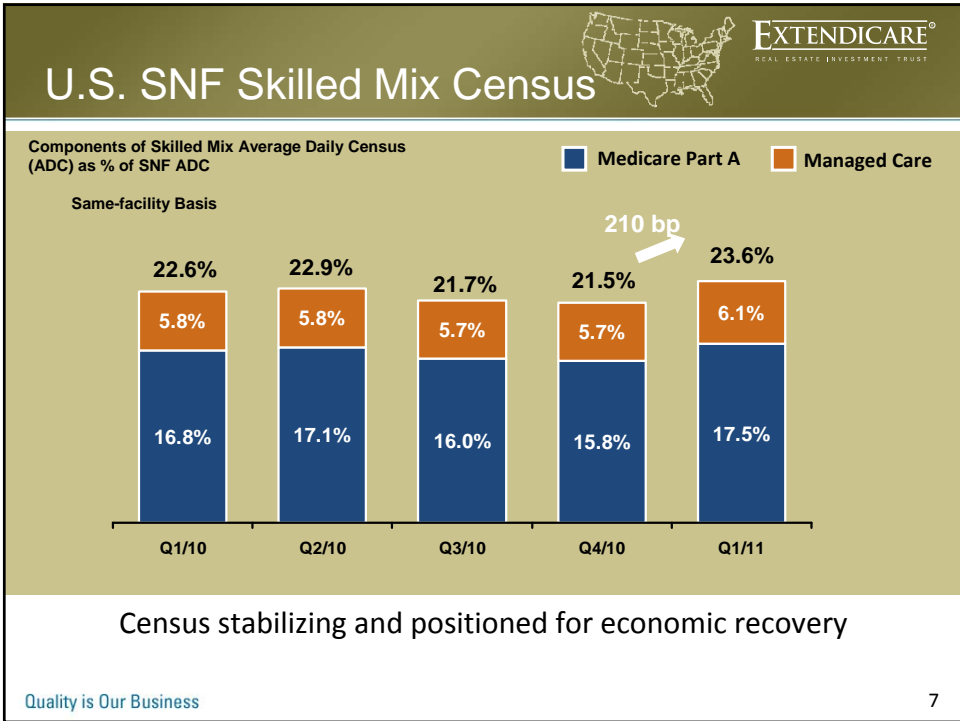
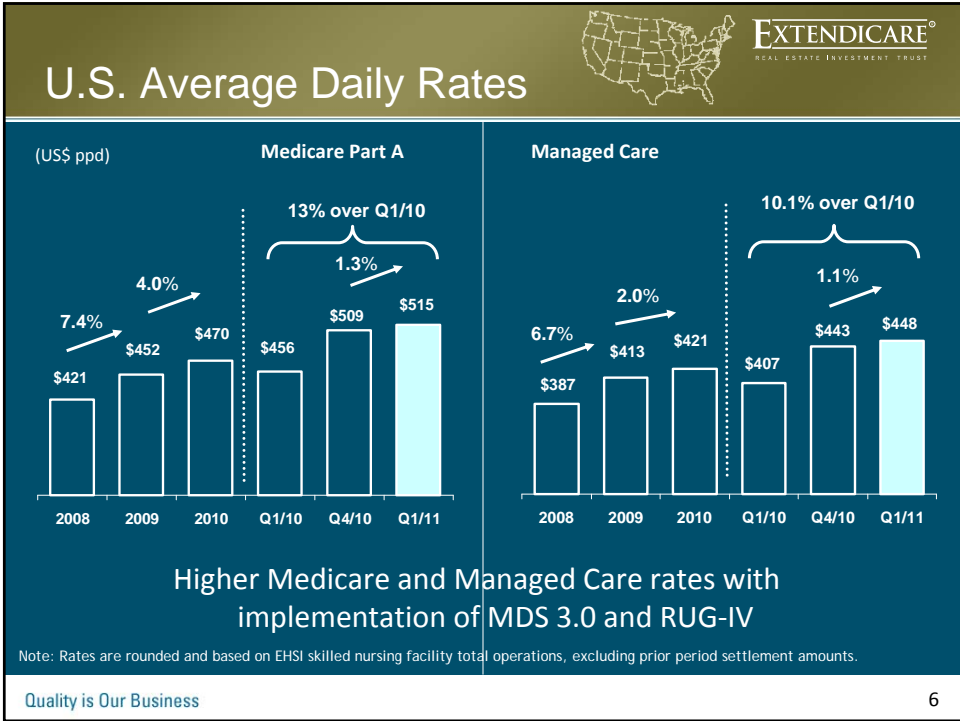
Further information can be found in the disclosure documents filed by Extendicare REIT.

Agenda

- U.S. Funding, Census, & Outlook
- Refinancing Plan
- Development Projects
- Financial Review
- Business Review & Corp. Profile

U.S. Funding, Census & Outlook





U.S. SNF Skilled Mix Census

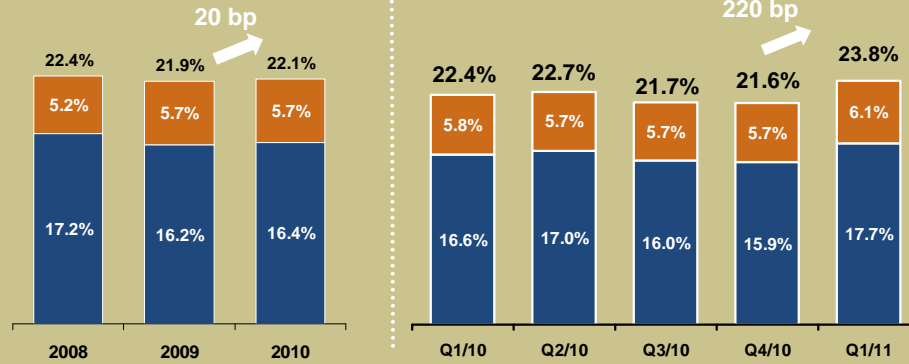


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Components of Skilled Mix Average Daily Census (ADC) as % of SNF ADC

■ Medicare Part A ■ Managed Care

Total SNF Operations



Total operations Skilled Mix improvement from new suites and centers

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U.S. SNF Occupancy

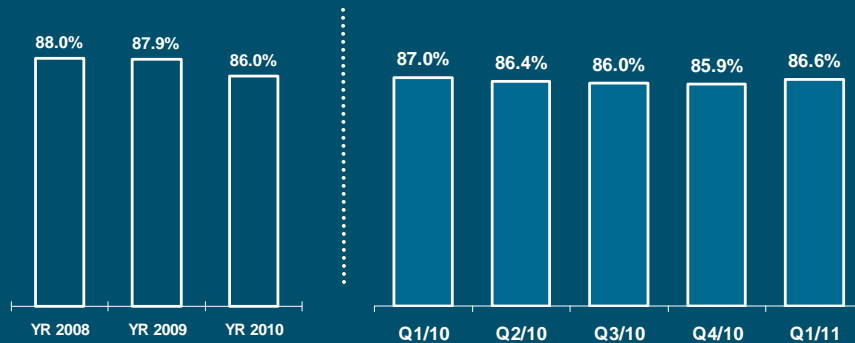


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Modest decline in occupancy reflects higher rate/shorter duration of stay clientele and economy

Total SNF Operations

Same-facility Basis



Focused on Higher Acuity Clientele

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U.S. SNF Census and Revenue Mix

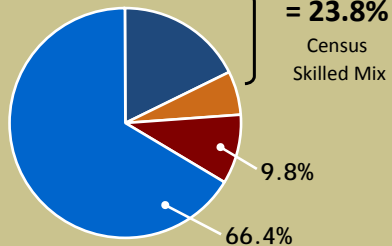


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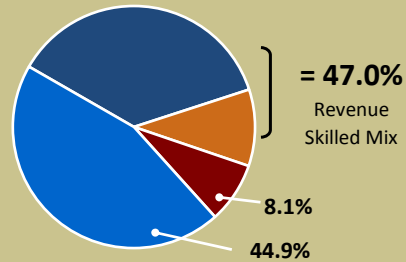
Payor Sources – Q1-2011

(total SNF operations)

Census



Revenue



- Medicare
- Managed Care
- Private/Other
- Medicaid

Mix of Residents Just as Important as Volume in
Driving Revenue Growth

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U.S. Medicare – October 2010

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Market Basket – October 2010

- 1.7% increase market basket increase

MDS 3.0 & RUG-IV – October 2010

- Realignment of Medicare Part A rates
- Changes to delivery of concurrent therapy and eliminated hospital look-back period

Response to Changes

- Increased staffing and realigned practices for assessment requirements and therapy needs

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U.S. Medicare – 2011



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- CMS proposed Medicare changes – October 1, 2011
 - net 1.5% increase (2.7% less 1.2% productivity adjustment); or
 - 11.5% rate reduction; along with further changes in the delivery of therapy service.
 - final rule anticipated end of July, early August
 - Expect final rule to implement lesser reduction phased in over time
- Medicare Part B rates reduced **5%** effective Jan. 1, 2011
- Part B therapy cap extended to Dec. 31, 2011

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U.S. Medicaid



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- 2010/2011 average Medicaid rates, net of provider tax increased less than **1%**
- Stepped down FMAP to June 30, 2011, no plans for extension
- Significant fiscal restraint measures implemented by states including Medicaid budgets
- Medicaid increases not expected in 2011
- Proposed reduction in Medicaid Provider Tax Threshold – **4.5%** in FY 2015 to **3.5%** in FY 2017 and beyond

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U.S. Health Care Reform



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- Employer health insurance mandates not expected to increase costs to EHSI in 2011, further changes in 2014
- Productivity adjustment to SNF rates scheduled to begin in October 2011 – expected to reduce Medicare Part A rates by **1%**
- Post-acute bundling will necessitate strategic alignment with other providers in the health care continuum

Outlook

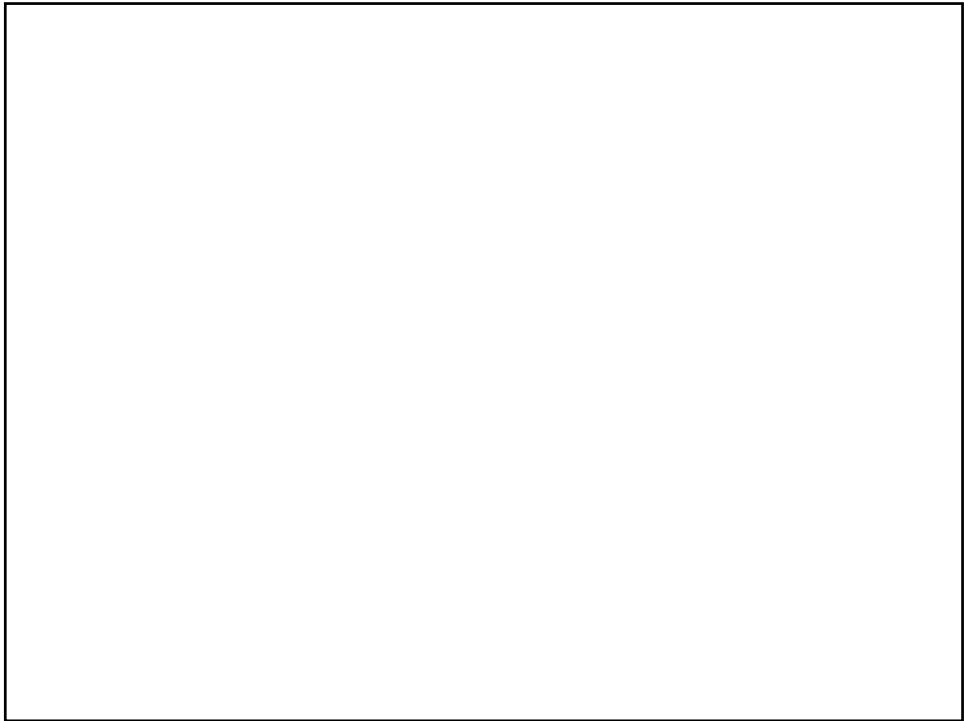


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CONTINUE

To Adapt and Respond to Changes in Reimbursement Systems and Levels

To Have a Convincing Value Proposition
High Quality/Low Cost



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Refinancing Plan

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Cash and Long-term Debt

(millions, unless otherwise noted)	Year of Maturity	Balance Mar 31/11
Cash and cash equivalents		C\$ 273
Restricted cash ⁽¹⁾		C\$ 10
Long-term debt		
Sovereign term debt	2011	US\$ 45
CMBS	2011/2012	577
Line of credit (US\$70M)	2012	17
PrivateBank	2013	35
HUD mortgages	2018-2045	27
Other U.S.	2012 +	30
Total U.S. Debt (WAR – 6.4%; WAM – 1.8 yrs)		US\$731 C\$709
CMHC & other Cdn (WAR – 6.9%; WAM – 9.5 yrs)	2011 +	319
Conv't debt (face value, WAR – 6.4%; WAM – 2.8 yrs)	2013/2014	206
Total long-term debt ⁽²⁾ (WAR – 6.5%; WAM – 3.9 yrs)		C\$ 1,234

(1) Restricted cash of \$10M pledged as collateral against a letter of credit.

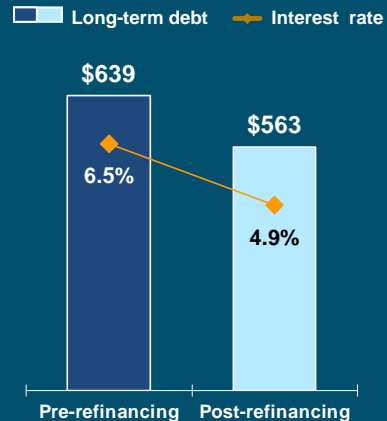
(2) LTD includes current portion, excludes financing costs, and convertible debentures are shown at face value.

U.S. Debt Refinancing Plan

- Refinancing **US\$639M** of debt with
 - **US\$563M** in HUD-insured mortgages
 - **US\$76M** cash on hand
- **50%** thus far at “locked-in” interest rate
 - **US\$280M** at 4.5%
- Completing in stages – anticipate finalizing by December 2011
- Loan modification of 2011 CMBS to avoid yield maintenance prepayment penalty
- **44** unencumbered centres – **US\$300M**

Annual interest savings
of approximately **US\$14M**

(US\$ millions)



Securities Overview

	TSX Symbol	
REIT Units – basic	EXE.UN	83.1M
REIT Units – diluted		96.9M
EXE.UN 52 Week Range (as at June 9, 2011)		\$8.50 to \$13.35
EXE.UN AD Volume (past 200 days)		265,526
Market Capitalization (as at June 9, 2011)		\$800M
Convertible Unsecured Subordinated Debentures ⁽¹⁾		
5.70% due June 2014; convertible at \$19.90/unit	EXE.DB	\$114M
7.25% due June 2013; convertible at \$11.35/unit	EXE.DBA	\$92M

(1) At face value.

Institutional Investor Ownership ~ 28%

Development Projects

Life Enhancement Series



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Carefully Chosen to Match Local Community Needs

1. Living Moments - Alzheimer & dementia
2. Honouring Traditions - Culture change model
3. Congestive Heart Failure
4. Diabetes
5. Connections - Mental health & behaviour
6. Active Life Transitions - Short-term rehab

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U.S. Marketing Initiatives



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Active Life Transition Units



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- Available in select locations
- Offering:
 - Hotel-style amenities
 - Quality of life programs
 - Private-room accommodations

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Portfolio Expansion



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Short-term Rehabilitation Suites

Completed

8

Suites completed
in 2010

211

beds

US\$7.1 M

total investment

In Progress

4

Additional projects
under way

176

beds

US\$3.4 M

total investment

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Portfolio Expansion



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Quality physical environment, product and services lead to higher Skilled Mix

Skilled Nursing Centers

100

Bed center in
Michigan – August 2009

100

Bed center in
Indiana – Nov. 2010

120

Bed center in
Michigan – Jan. 2011

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Ontario Development



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- 23 centers with 3,600 beds requiring redevelopment
 - Under Ontario government mandate to redevelop 35,000 beds in 5 phases over next 10-15 years
- 2 projects approved under Phase 1
 - Timmins & Sault Ste. Marie
 - Completion slated for year end 2012
 - Adding 149 beds
 - Prototype for remaining centers



Sault Ste. Marie (256 Beds)



Timmins (180 beds)

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Commitment to Quality Care



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Prioritize Future Redevelopment Opportunities

- Enhance level of care for residents
- Adopt essential elements in all centers
- Renovate existing centers and design new health & rehabilitation centers
- Create home-like environments with greater amenities



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Alberta Expansion



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Red Deer

- 220 long-term beds opened Sept. 2010
- 60-unit assisted living wing opened February 2011



Lethbridge

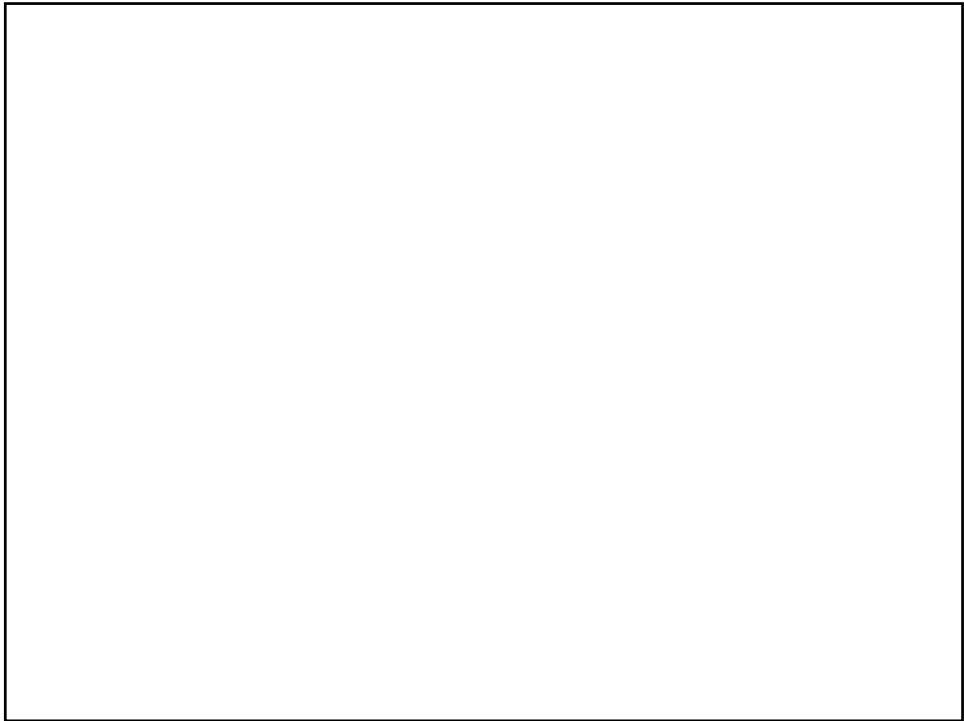
- 140-unit designated assisted living center
- Opened in January 2011



Edmonton – 180-bed Center for Completion end of 2011


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Financial Review



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IFRS Significant Items

- **PP&E and Goodwill** – “fair value as deemed cost” select nursing centers and impairment of goodwill.
 - Not reflective of fair value of full assets/business
 - Net asset value increase of **\$305.3M**
 - Increase in depreciation expense in Q1/10 – **\$2.4M**
- **Convertible Debt and Exchangeable LP Units** – financial liabilities carried at fair value and remeasured each reporting date.
 - Convertible Debt – **\$8M** loss in Q1/11
 - Exchangeable LP Units – **\$10.6M** loss in Q1/11

No Significant Impact to AFFO

Q1-11 Results and Variance to Q1/10

	Q1/11	Variance from Q1/10 (excluding f/x impact)	
		(\$)	(%)
Revenue	\$519.5M	\$12.3M	2.3%
EBITDA	\$ 59.9M	\$ 2.0M	3.3%
EBITDA margin	11.5%		–
AFFO	\$ 25.6M	\$ 2.1M	8.5%

Continued improvement due to growth in same-facility operations, improved government funding & higher Skilled Mix

Q1-11 Results and Variance to Q4/10

	Q1/11	Variance from Q4/10 (excluding f/x impact)	
		(\$)	(%)
Revenue	\$ 519.5M	\$ (2.8)M	(0.5)%
EBITDA	\$ 59.9M	\$ (6.3)M	(9.3)%
EBITDA margin	11.5%		(120)bp
AFFO	\$ 25.6M	\$ (8.5)M	(24.5)%

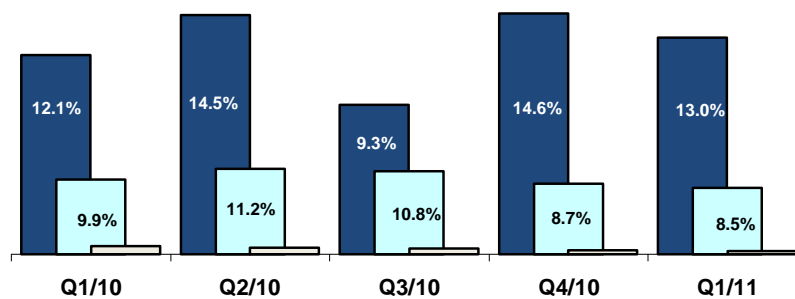
Improved U.S. census levels and higher average funding rates offset by increased costs and two fewer days in the quarter

Q1-11 EBITDA and EBITDA Margins

■ U.S. Ops EBITDA in US\$ ■ Cdn Ops EBITDA ■ F/X on US\$

(millions unless otherwise noted)

(divisional margins indicated on bars)

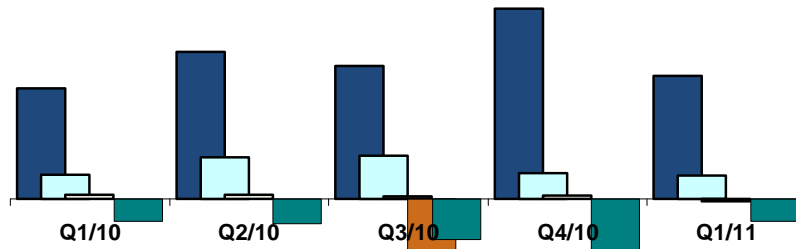


Consolidated

EBITDA:	\$60.4M	\$71.0M	\$51.2M	\$67.6M	\$59.9M
Margins	11.5%	13.5%	9.8%	12.7%	11.5%

Q1-11 AFFO

■ U.S. AFFO before CAPEX in US\$
 ■ Cdn AFFO before CAPEX
 ■ F/X on US\$
 ■ CAPEX
■ Reserve adjustment

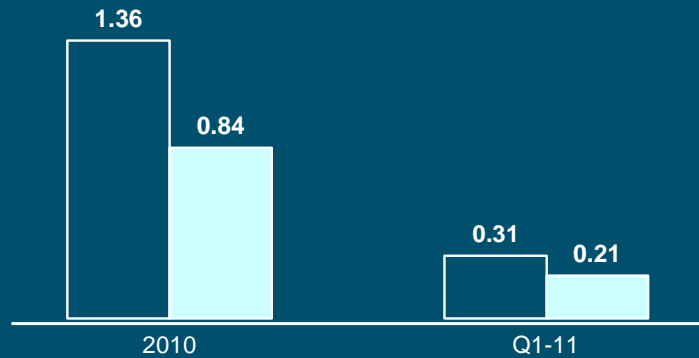


Consolidated

AFFO:	\$24.7M	\$35.6M	\$15.7M	\$34.7M	\$25.6M
CAPEX	4.6M	5.2M	8.5M	11.7M	4.7M

Q1-11 AFFO and Payout Ratio

■ AFFO (\$ per basic unit)
 ■ Cash distributions (\$ per unit)



Payout ratio:	62%	68%
---------------	-----	-----

2010 Results and Variance to 2009

	2010 *	Variance from 2009 (excluding f/x impact)	
		(\$)	(%)
Revenue	\$2,069.1M	\$60.7M	2.8%
EBITDA	\$ 248.6M	\$ 2.6M	1.0%
EBITDA margin	12.0%		(30)bp
AFFO from continuing operations	\$ 110.4M	\$ (21.0)M	(14.9)%

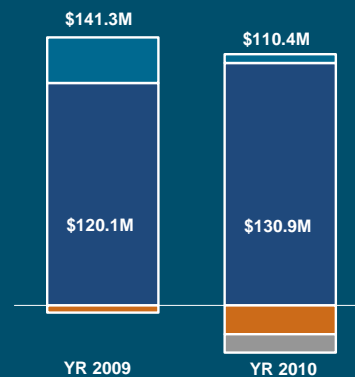
* 2010 results as reported under previous Canadian GAAP.

Solid annual performance driven by strong Q4 results

2010 AFFO from Continuing Operations

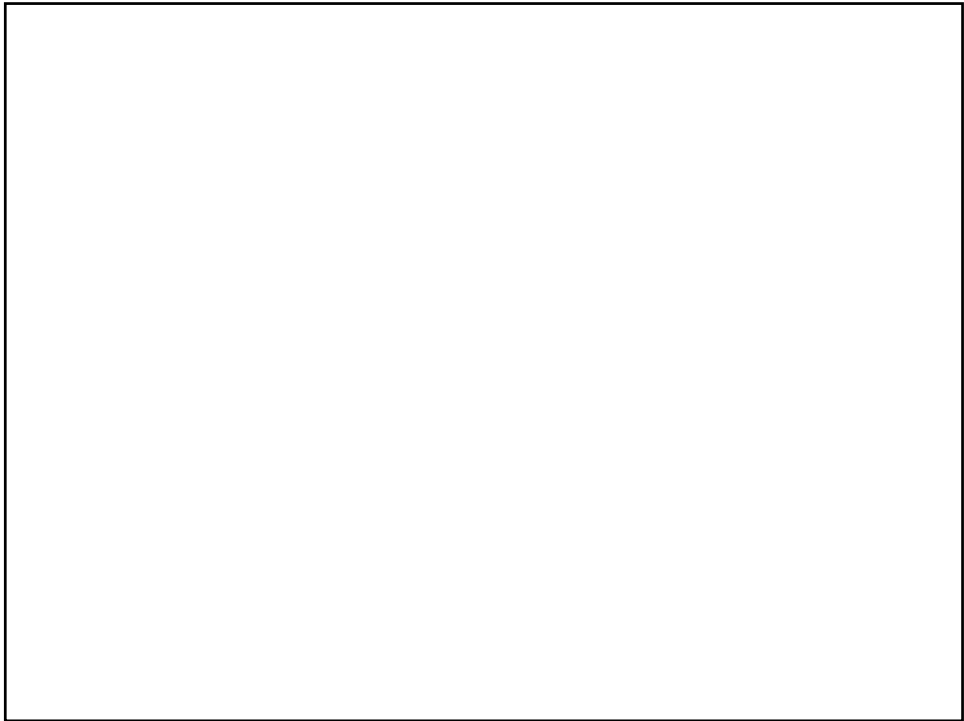
■ AFFO before noted items
 ■ Accelerated Tax Depr'n
 ■ Reserve Adjustment
 ■ F/X impact

- 2010 AFFO was **\$30.9M** below 2009
- Adversely impacted by:
 - **\$20.0M** – accelerated tax depreciation
 - **\$11.8M** – reserve adjustment for self-insured liabilities
 - **\$9.9M** – foreign exchange impact
- **\$10.8M** improvement remaining operations




Facility Maintenance CAPEX: 2009 \$36.0M, 2010 \$29.9M

Note: Results reported under previous Cdn GAAP, with 2010 results presented at 2009 f/x rate of 1.1420, with f/x impact as the balancing component to 2010 rate of 1.0299.



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Business Review & Corporate Profile



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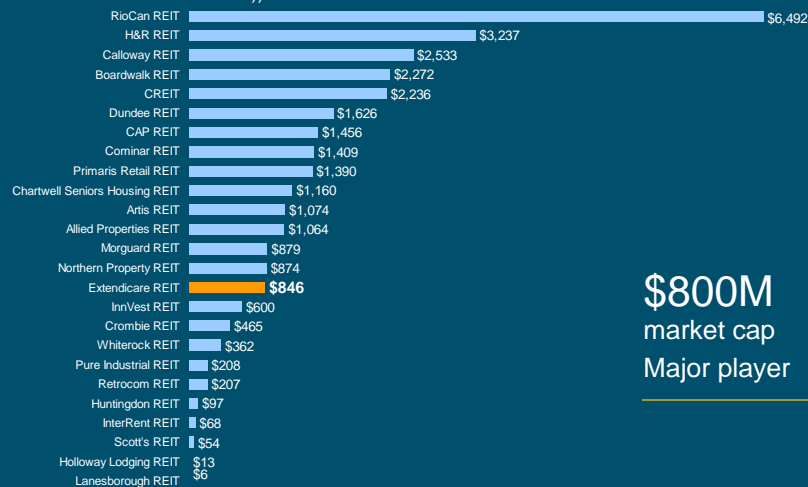
Business & Corporate Structure

Ranking in North America ⁽¹⁾		SNF Beds ⁽²⁾
1	HCR Manor Care	38,092
2	Golden Living	31,143
3	Life Care Centers of America	29,272
4	Kindred Healthcare	27,905
5	Extendicare REIT ⁽¹⁾	26,951
6	Genesis HealthCare Corp	26,018
7	Sun Healthcare Group	22,243
8	Sava Senior Care	21,279

1) Ranking per June 2011 Provider Magazine (ranked by beds as at Dec. 31, 2010), except for Extendicare REIT, which has been updated to reflect reduction in beds in Q1/11 for completion of managed contract.
2) SNF stands for Skilled Nursing Facility

Market Capitalization

(millions unless otherwise noted)



\$800M
market cap
Major player

Source: Thomson One as of June 9, 2011

Corporate Structure

“ *Distributable cash is not impacted by additional Canadian SIFT tax in 2011.* ”

Extendicare REIT is a specified
investment
flow-through trust
Paying **SIFT** tax since **2007**

70% of Distributions Tax Deferred Return of Capital



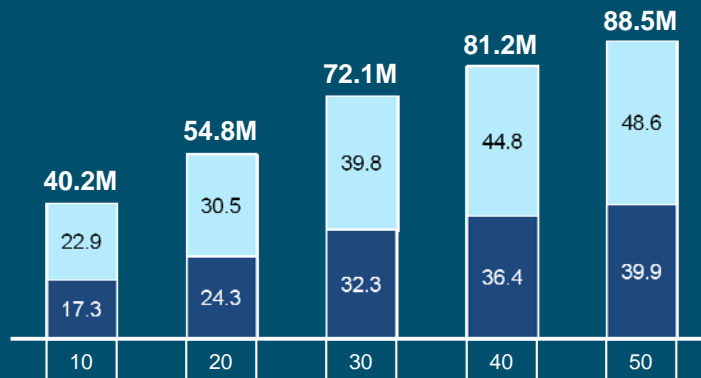
Investment Highlights

- **Growing** demand for long-term care services
- **Successful** health care operator and owner
- **Proven** track record of growth
- **Solid** operating cash flow
- **Attractive** yield
- **Strong** and experienced management team

Market Growth: Demographics

Growth in Population Over 65 Years of Age (resident population in millions)

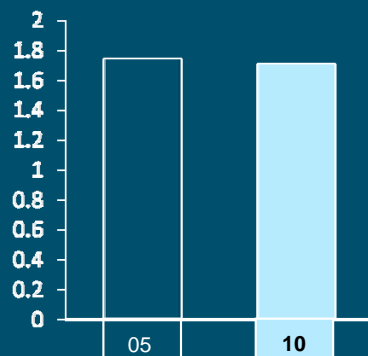
□ Male 65+ ■ Female 65+



Source: Population Division, U.S. Census Bureau; Projected Population by Selected Age Group and Sex
<http://www.census.gov/population/www/projections/summarytables.html> Internet Release Date: August 14, 2008; based on Census 2000

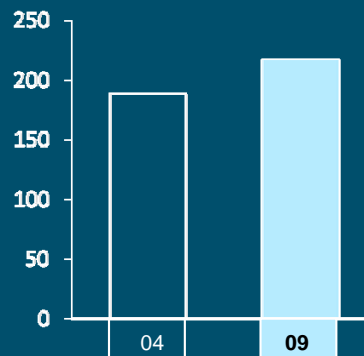
Market Growth: Supply

U.S. – Nursing Center Beds (millions)



Declined ~0.5% per annum

CDN – Homes For The Aged Beds (thousands)



Increased < 3% per annum

Operations at a Glance

259
facilities

98%
facility ownership

37,600
qualified & experienced
employees

28,200
residents



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Additional Businesses

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get better

ProStep
REHABILITATION
Revolutionizing Post-Acute Therapy

V C P I

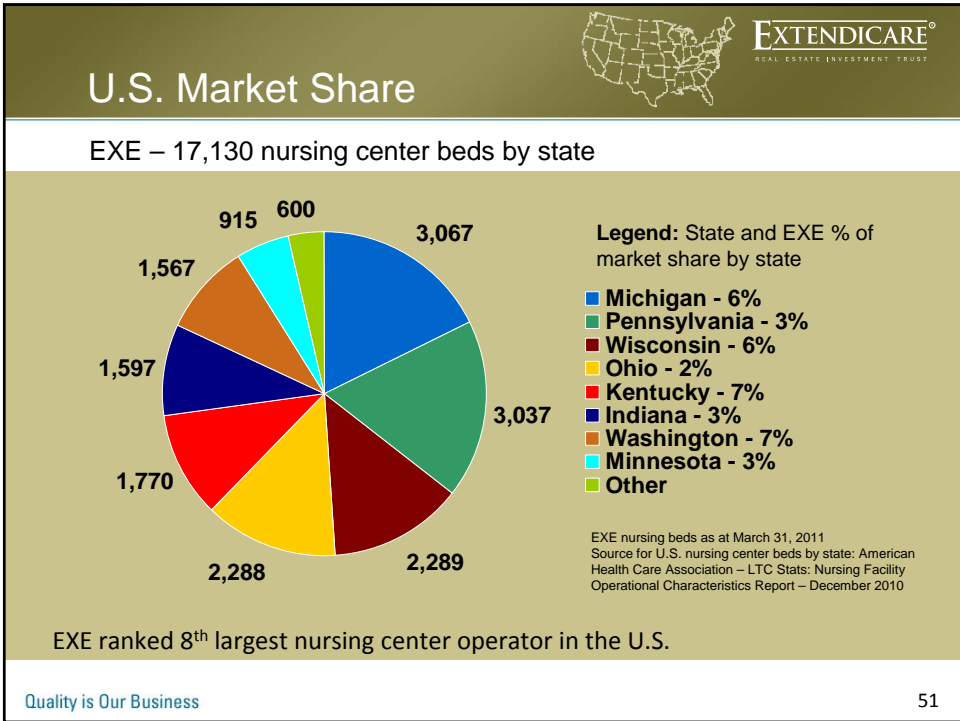
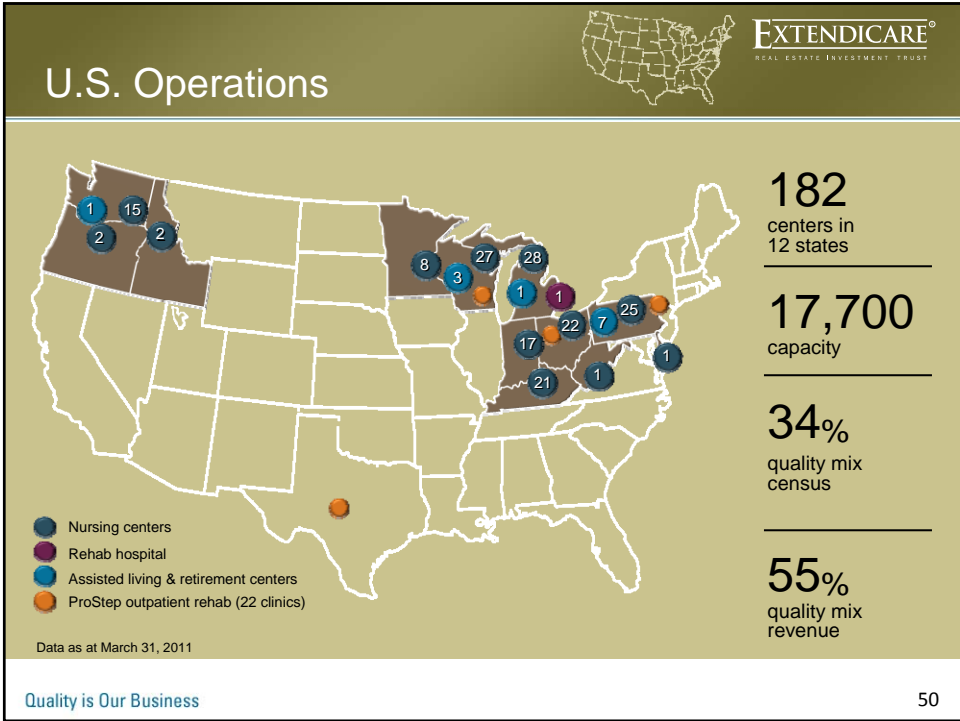
**Management,
Consulting &
Purchasing Services**

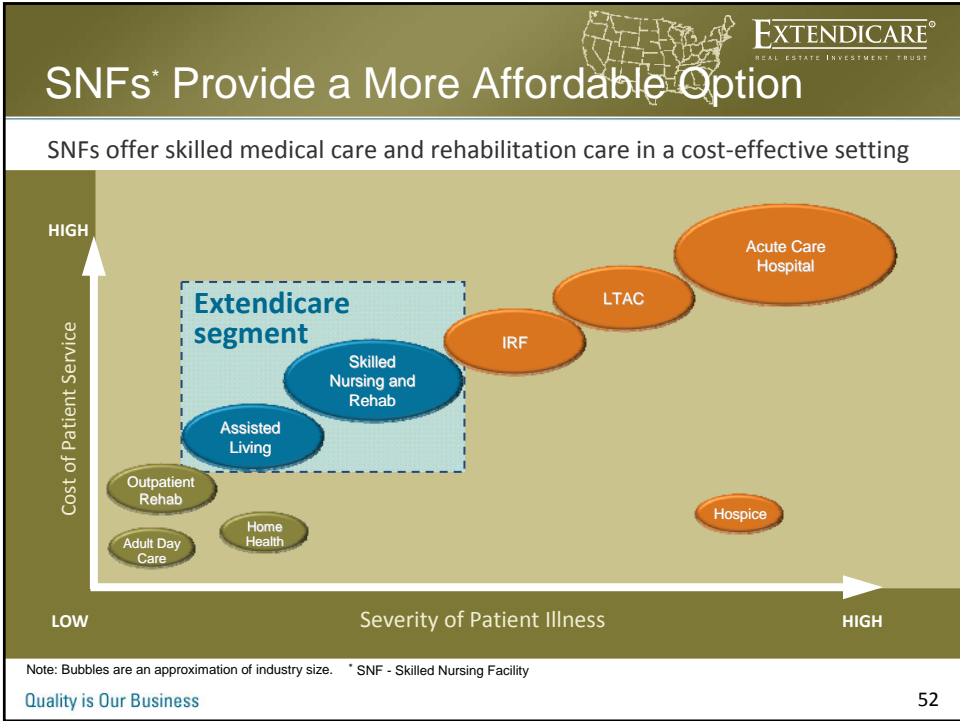


SGP
SILVER GROUP PURCHASING

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U.S. SNF* Revenue Sources



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Medicare ❖

Federal Funding Coverage for
People > 65
High Acuity Level of Care
Short-term Stay

Managed Care ❖

Clients of Managed Care
Organizations
High Acuity Level of Care
Short-term Stay

Private Pay

Individuals Pay Privately at
Market Rates

Medicaid

State Funding Assistance for
Basic Care Services
Long-term Stay

❖ **81%** of EHSI's 2010 SNF admissions were from Skilled Mix sources
54% Medicare Part A; **27%** Managed Care

* SNF - Skilled Nursing Facility
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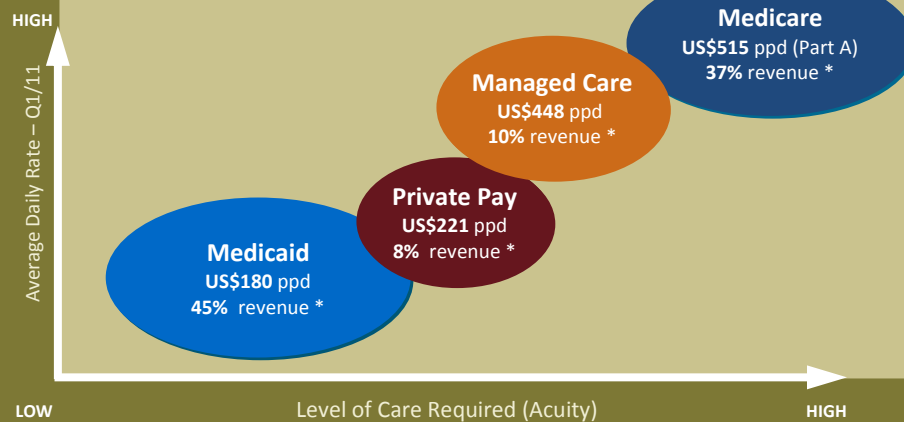
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SNFs* Provide a More Affordable Option



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SNFs offer skilled medical care and rehabilitation care in a cost-effective setting



* % of EHSI SNF revenue from total operations Q1/11 (excluding prior period adjustments)

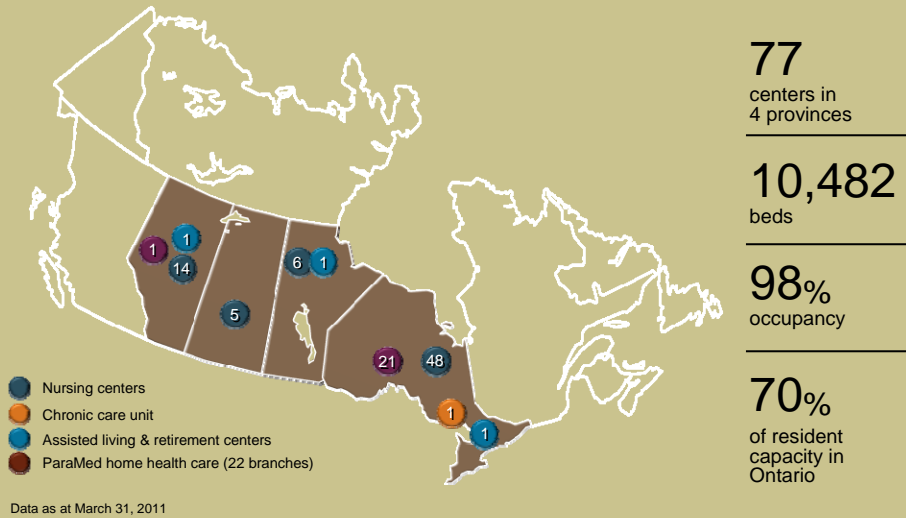
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Canadian Operations



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Operational differences in Canada



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Profile less Medically Complex
Longer duration of stay

Funding

Provincially funded by type of accommodation versus level of services provided

Covers health care component with subsidy to residents on accommodation costs

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Focus in Canada



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■ **Maintain** High Quality and Operating Standards

■ **Advocate** for Programs, Services and Funding

■ **Exercise** Disciplined Cost Containment

■ **Pursue** New Revenue Opportunities

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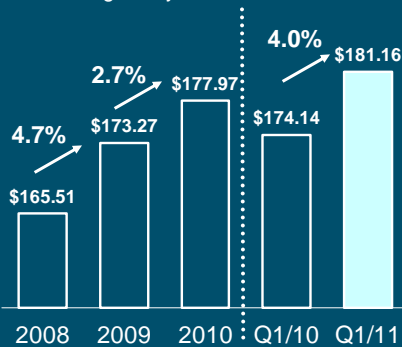
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CDN Nursing Center Funding



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LTC average daily revenue rate



Average occupancy unchanged at 98%
Ontario wait list over 24,000

Ontario

- Long-term Care Homes Act – July 1, 2010
 - Daily rate increase of **\$1.18** to assist in transition
- Ontario government public sector wage freezes apply to Extendicare
 - Arbitrators awarded union wage increases
- April 1/11 – **3%** increase flow-through funding; and CMI adjustments - **\$1.1M**

Alberta

- Alberta phasing in activity-based funding system as of April 1, 2010
 - Additional annual revenue of **\$4.0 M**
- Feb/11 – **3%** accommodation increase – **\$0.7M**

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ParaMed Home Health Care



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- **24%** of 2010 Canadian operations revenue; and **7%** of consolidated revenue
- **96%** of revenue from government contracts
- Volumes up **2.3%** from Q1/10; down marginally, **0.5%** from Q4/10
- Government contracts frozen since 2004

ParaMed™
get better



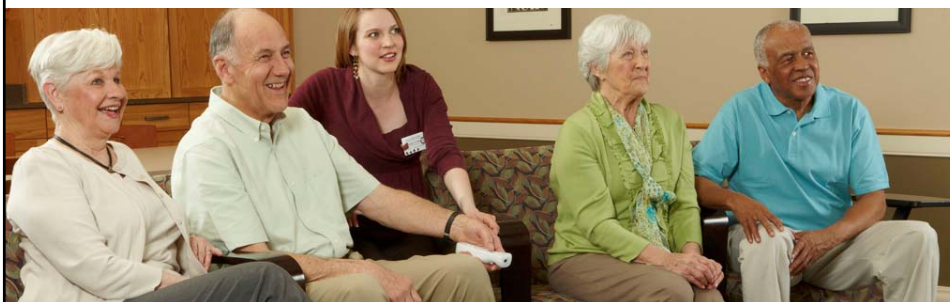
ParaMed is well positioned for long-term growth

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Looking Forward

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- More aggressive pursuit of growth opportunities
- Explore horizontal integration opportunities

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Driving Growth



Invest in Properties
& Development



Enhance Quality of
Programs & Services



Explore Opportunities
in Related Businesses

Extendicare Strengths

Proven Track
Record of **Success**

Robust &
Well-established
Business Model

Strong
Balance Sheet

Experienced
Management Team

Quality Service | Quality Experience | Quality People | Quality Properties | Quality Business

