

THIS LETTER OF TRANSMITTAL IS FOR USE ONLY IN CONJUNCTION WITH THE PLAN OF ARRANGEMENT INVOLVING EXTENDICARE REAL ESTATE INVESTMENT TRUST, EXTENDICARE TRUST, EXTENDICARE HOLDING GENERAL PARTNER INC., EXTENDICARE LIMITED PARTNERSHIP, 8120404 CANADA INC., EXTENDICARE INC., 8067929 CANADA INC. AND THE UNITHOLDERS OF EXTENDICARE REAL ESTATE INVESTMENT TRUST.

THIS LETTER OF TRANSMITTAL MUST BE VALIDLY COMPLETED, DULY EXECUTED AND RETURNED TO THE DEPOSITARY, COMPUTERSHARE INVESTOR SERVICES INC. IT IS IMPORTANT THAT YOU VALIDLY COMPLETE, DULY EXECUTE AND RETURN THIS LETTER OF TRANSMITTAL ON A TIMELY BASIS IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED HEREIN.



**LETTER OF TRANSMITTAL
FOR UNITHOLDERS OF EXTENDICARE REAL ESTATE INVESTMENT TRUST**

Please read the Instructions commencing on page 5 of this Letter of Transmittal carefully before completing this Letter of Transmittal.

TO: EXTENDICARE REAL ESTATE INVESTMENT TRUST
TO: 8067929 CANADA INC. AND ANY SUCCESSOR THEREOF
AND TO: COMPUTERSHARE INVESTOR SERVICES INC., AS DEPOSITARY

This Letter of Transmittal is for use by registered holders ("**Unitholders**") of trust units ("**REIT Units**") of Extencicare Real Estate Investment Trust (the "**REIT**") in connection with the proposed arrangement ("**Arrangement**") to be effected in accordance with Section 192 of the *Canada Business Corporations Act* involving the REIT, Extencicare Trust, Extencicare Holding General Partner Inc. ("**Holding GP**"), Extencicare Limited Partnership ("**Extencicare LP**"), 8120404 Canada Inc. ("**ULC**"), Extencicare Inc. ("**EI**"), 8067929 Canada Inc. ("**New Extencicare**") and the Unitholders pursuant to an Arrangement Agreement made as of March 14, 2012, as described in the Management Information Circular of the REIT dated April 2, 2012 (the "**Information Circular**").

Pursuant to the Arrangement, Unitholders will receive one common share of New Extencicare ("**New Extencicare Common Share**") for each REIT Unit held, each of Extencicare LP, Extencicare Trust and the REIT will be dissolved, and New Extencicare, Holding GP, ULC and EI will amalgamate and continue as a corporation with the name "Extencicare Inc." ("**New Extencicare Amalco**"). No securities will be issued by New Extencicare Amalco in connection with the amalgamation, such that the New Extencicare Common Shares shall become common shares of New Extencicare Amalco ("**New Extencicare Amalco Common Shares**") by virtue of the amalgamation. The effective date of the Arrangement (the "**Effective Date**") is expected to occur on or about July 1, 2012, subject to satisfaction or waiver of all conditions to the closing of the Arrangement.

Capitalized terms used but not defined in this Letter of Transmittal which are defined in the Information Circular have the respective meanings set out in the Information Circular.

A Letter of Transmittal must be duly completed, executed and submitted together with certificates representing the REIT Units held by a Unitholder in accordance with the instructions contained herein in order for such Unitholder to receive New Extencicare Amalco Common Shares pursuant to the Arrangement.

AUTHORIZATION

The undersigned acknowledges receipt of the Information Circular and represents and warrants that:

- (a) the undersigned has full power and authority to deposit, assign and transfer the Deposited Units;
- (b) all information provided by the undersigned is true, accurate and complete;
- (c) it is resident in the jurisdiction set out as "Address of Unitholder" on page 4;
- (d) the undersigned is the legal owner of the Deposited Units and has good title to the Deposited Units free and clear from all liens, charges, encumbrances, security interests, claims and equities and, together with all rights and benefits, has the full power and authority to deliver the Deposited Units;
- (e) the certificates described above, together with any certificates submitted with a separate Letter of Transmittal as required by the attached instructions, represents all of the REIT Units owned by the undersigned; and
- (f) unless the undersigned shall have revoked this Letter of Transmittal by notice given to the Depository, the undersigned will not, prior to such time, transfer or permit to be transferred any of such Deposited Units.

The undersigned directs you to issue or cause to be issued the DRS Advice representing the New Extencicare Amalco Common Shares to which the undersigned is entitled as indicated below and to mail such DRS Advice to the address indicated below.

The undersigned irrevocably constitutes and appoints each officer of New Extencicare or any successor thereof, and any other person designated by the REIT or New Extencicare in writing, the true and lawful agent and attorney of the Deposited Units, in the name of and on behalf of the undersigned, to do such acts or take such actions with respect to the Deposited Units as necessary or advisable to give effect to the Arrangement.

The undersigned covenants and agrees to execute all such documents, transfers and other assurances as may be necessary or desirable to complete the exchange of certificate(s) representing REIT Units for the DRS Advice representing New Extencicare Common Shares.

Each authority conferred or agreed to be conferred by the undersigned in this Letter of Transmittal may be exercised during any subsequent legal incapacity of the undersigned and shall survive the death or incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned in this Letter of Transmittal shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

By virtue of the execution of this Letter of Transmittal, the undersigned shall be deemed to have agreed that all questions as to validity, form, eligibility (including timely receipt) and acceptance of any REIT Units deposited pursuant to the Arrangement will be determined by New Extencicare or any successor thereof in its sole discretion and that such determination shall be final and binding and acknowledges that there shall be no duty or obligation on the REIT, New Extencicare or any successor thereof, the Depository or any other person to give notice of any defect or irregularity in any deposit and no liability shall be incurred by any of them for failure to give such notice.

If the Arrangement is approved, the deposit of REIT Units pursuant to this Letter of Transmittal is irrevocable. If the Arrangement is not approved, a DRS Advice representing the REIT Unit deposited pursuant to this Letter of Transmittal will be returned to the undersigned at the address of the registered owner(s) of the REIT Units as shown on the register of Unitholders maintained by the REIT's transfer agent.

The representations, warranties, covenants and acknowledgements contained herein shall survive the completion of the Arrangement.

BOX A SPECIAL REGISTRATION INSTRUCTIONS <i>To be completed only if the DRS Advice is NOT to be issued in the name of the Unitholder.</i> ISSUE A DRS ADVICE IN THE NAME OF: (please print) _____ (Name) _____ (Street Address and Number) _____ (City and Province or State) _____ (Country and Postal (Zip) Code) _____ (Telephone – Business Hours) _____ (Social Insurance or Social Security Number)	
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UNITHOLDER SIGNATURE(S)

Dated: _____

Signature guaranteed by (if required under Instruction 3):

Authorized Signature

Signature of Unitholder or Authorized Representative – see Instructions 2 and 4

Name of Guarantor (please print or type)

Name of Unitholder (please print or type)

Address (please print or type)

Address of Unitholder

Address (cont'd)

Telephone/Facsimile Number of Unitholder

Name of Authorized Representative, if applicable
(please print or type)

Social Insurance Number or U.S. Resident Tax Payer
Identification Number (must be provided)

INSTRUCTIONS

1. Use of Letter of Transmittal

- (a) This Letter of Transmittal (or a manually signed facsimile thereof) properly completed and duly executed as required by the instructions set forth below together with certificates representing the Deposited Units must be received by the Depositary at either of its offices specified on the back page of this document.
- (b) The method used to deliver this Letter of Transmittal and any accompanying certificates representing Deposited Units is at the option and risk of the person depositing the same. Delivery will be deemed effective only when such documents are actually received by the Depositary at either of its offices. The REIT recommends that the necessary documentation be hand delivered to the Depositary, at either of its offices specified on the back page of this document, and a receipt obtained; otherwise, the use of registered mail with return receipt requested, properly insured, is recommended. **Unitholders whose REIT Units are registered in the name of an investment dealer, stockbroker, bank, trust company or other nominee should contact that nominee for assistance in depositing those REIT Units.**

2. Signatures

- (a) This Letter of Transmittal must be completed and signed by the holder of REIT Units described above or by such holder's duly authorized representative (in accordance with Instruction 4 "Fiduciaries, Representatives and Authorizations" below).
- (b) If this Letter of Transmittal is signed by the registered owner(s) of the accompanying certificate(s), such signature(s) on this Letter of Transmittal must correspond with the name(s) as registered or as written on the face of such certificate(s) without any change whatsoever, and the certificate(s) need not be endorsed. If such transmitted certificate(s) are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.
- (c) If this Letter of Transmittal is signed by a person other than the registered owner(s) of the accompanying certificate(s), or if the DRS Advice representing New Extencicare Common Shares is to be issued to a person other than the registered owner(s):
 - (i) such deposited certificate(s) must be endorsed or be accompanied by an appropriate unit transfer power of attorney duly and properly completed by the registered owner(s); and
 - (ii) the signature(s) on such endorsement or unit transfer power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be guaranteed as noted in Instruction 3 "Guarantee of Signatures" below.

3. Guarantee of Signatures

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Deposited Units, or if the DRS Advice representing New Extencicare Common Shares is to be issued to a person other than the registered owner(s), such signature must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depositary. No guarantee is required if the signature is that of an Eligible Institution.

An "Eligible Institution" means a Canadian schedule I chartered bank, a major trust company in Canada, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the Financial Industry Regulatory Authority or banks and trust companies in the United States.

4. Fiduciaries, Representatives and Authorizations

Where this Letter of Transmittal or any certificate or share transfer or power of attorney is executed by a person as an executor, administrator, trustee, guardian, attorney-in-fact or agent or on behalf of a corporation, partnership or association or is executed by any other person acting in a fiduciary or representative capacity, such person should so indicate when signing and this Letter of Transmittal must be accompanied by satisfactory evidence of the authority to act. The REIT, New Extencicare or any successor thereof or the Depositary, in their discretion, may require additional evidence of such authority to act or additional documentation in respect thereof.

5. Miscellaneous

- (a) If the space on this Letter of Transmittal is insufficient to list all certificates for Deposited Units, additional certificate numbers and numbers of Deposited Units may be included on a separate signed list affixed to this Letter of Transmittal.
- (b) If Deposited Units are registered in different forms (e.g., "John Doe" and "J. Doe") a separate Letter of Transmittal should be signed for each different registration.
- (c) No alternative, conditional or contingent deposits will be accepted. All depositing Unitholders by execution of this Letter of Transmittal (or a copy thereof) waive any right to receive any notice by the Depositary.
- (d) Additional copies of the Information Circular and this Letter of Transmittal may be obtained on request from the Depositary at either of its offices at the addresses listed on the back page of this document or through the SEDAR website at www.sedar.com.
- (e) By reason of the use by the undersigned of an English language form of Letter of Transmittal, the undersigned and, if applicable, each of the registered owner(s) of the accompanying certificate(s) shall be deemed to have required that any contract evidenced by a transaction as accepted through this Letter of Transmittal, as well as all documents related thereto, be drawn exclusively in the English language. En raison de l'usage d'une lettre d'envoi en langue anglaise par le soussigné, le soussigné et les destinataires sont présumés avoir requis que tout contrat attesté par une offre acceptée par cette lettre d'envoi, de même que tous les documents qui s'y rapportent, soient rédigés exclusivement en langue anglaise.
- (f) The REIT and New Extencicare or any successor thereof reserve the right, if they so elect in their absolute discretion, to instruct the Depositary to waive any defect or irregularity contained in any Letter of Transmittal received by them.
- (g) It is strongly recommended that prior to completing the Letter of Transmittal, the undersigned read the Information Circular.
- (h) This Letter of Transmittal will be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The holder of the Deposited Units covered by this Letter of Transmittal hereby unconditionally and irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario and the courts of appeal therefrom.

6. Lost Certificates

If a REIT Unit certificate has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss to the Depositary. The Depositary will respond with the replacement requirements, which must be properly completed and submitted in good order to the Depositary on or before the date that is six years following the Effective Date.

7. Cessation of Rights

Subject to any application legislation relating to unclaimed personal property, any certificate representing REIT Units that is not deposited with the Letter of Transmittal on or before the date that is six years following the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder of REIT Units to receive New Extencare Amalco Common Shares shall be deemed to be surrendered to New Extencare Amalco or any successor thereof together with all dividends or distributions thereunder held for such holder.

8. Computershare Privacy Notice

Computershare is committed to protecting your personal information. In the course of providing services to you and our corporate clients, we receive non-public personal information about you – from transactions we perform for you, forms you send us, other communications we have with you or your representatives, etc. This information could include your name, address, social insurance number, securities holdings and other financial information. We use this to administer your account, to better serve your and our clients' needs and for other lawful purposes relating to our services. We have prepared a *Privacy Code* to tell you more about our information practices and how your privacy is protected. It is available at our website, computershare.com, or by writing us at 100 University Avenue, Toronto, Ontario, M5J 2Y1. Computershare will use the information you are providing on this form in order to process your request and will treat your signature(s) on this form as your consent to the above.

Offices of the Depositary

Inquiries:

COMPUTERSHARE INVESTOR SERVICES INC.

Toll Free (North America): 1-800-564-6253
E-Mail: corporateactions@computershare.com
Website: www.computershare.com

By Mail:

Computershare Investor Services Inc.
P.O. Box 7021, 31 Adelaide St E
Toronto, ON M5C 3H2

Attention: Corporate Actions

By Hand, by Courier or by Registered Mail:

Toronto

Computershare Investor Services Inc.
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1

Attention: Corporate Actions

Any questions and requests for assistance may be directed by Unitholders to the Depositary at the telephone number and locations set out above.