EXTENDICARE®

NEWS RELEASE

FOR IMMEDIATE RELEASE

Extendicare Announces Productive 2015 Third Quarter Results and Agreements to Acquire Three Additional Retirement Communities

MARKHAM, ONTARIO – November 11, 2015 – Extendicare Inc. ("Extendicare" or the "Company") (TSX: EXE) today reported results for the three and nine months ended September 30, 2015. Results are presented in Canadian dollars unless otherwise noted.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Third quarter financial results comparison over Q3 2014 *(from continuing operations unless otherwise noted)*:
    - Revenue of $263.3 million, up $55.4 million or 26.7%; same-store revenue up 3.1%.
    - Long-term care revenue of $149.7 million, up $2.7 million or 1.9%.
    - Home health care revenue of $98.2 million, up $48.6 million or 98.1%, primarily from the acquisition.
    - Net operating income of $34.8 million, up $6.1 million or 21.1%, representing 13.2% of revenue.
    - Adjusted EBITDA of $24.0 million, up $4.4 million or 22.5%, representing 9.1% of revenue.
    - AFFO from continuing operations was $15.3 million ($0.174 per basic share) in Q3 2015 compared to $9.0 million ($0.102 per basic share) in Q3 2014.
- Dividends declared of $31.6 million in first nine months, representing approximately 77% of AFFO for the same period.
- Subsequent to September 30, closed on purchase of one retirement community and entered into agreements to acquire a further three retirement communities.

"We are pleased to continue our progress in executing on our Canadian-focused strategy following our exit from the U.S. operations," commented Tim Lukenda, President and CEO. "The retirement communities that we are acquiring, and those under development, will be great additions to our property portfolio, and are consistent with our strategy to develop our business across the continuum of care. With these transactions, and the home health acquisition, we will have productively deployed approximately $210 million of capital from the U.S. sale proceeds in a value enhancing manner," Lukenda added.

"The integration of our home health care acquisition is progressing well, with those operations having contributed revenue of $82.5 million, NOI of $8.1 million, and AFFO of approximately $4.8 million, or $0.055 per basic share, to our year-to-date results for 2015," Lukenda said.

"We continue to focus on operational excellence across all of our business units to deliver high quality and cost-effective senior care and services to meet growing demand in Canada," Lukenda concluded.

U.S. SALE TRANSACTION

As previously announced, effective July 1, 2015, the Company completed the sale of its U.S. business (the "U.S. Sale Transaction") to a group of investors led by Formation Capital, LLC and an affiliate of Safanad (collectively the "Purchaser"), for US$870 million ($1.1 billion using the noon U.S./Canadian dollar exchange rate of 1.2474 on June 30, 2015), partially settled through the assumption by the Purchaser of mortgage loans and other third-party indebtedness relating to the U.S. business of approximately US$655 million, and working capital and other specified adjustments. The U.S. Sale Transaction resulted in gross proceeds of US$280.8 million representing US$193.4 million received on July 1, 2015, and a dividend of US$87.4 million received as part of a pre-closing reorganization on June 30, 2015 (the "Pre-closing Distribution"). In addition to final working capital adjustments, the Company has indemnified certain obligations of the U.S. operations related to tax and other items. The Company estimates these items to be a potential net liability of US$12.5 million, and has recorded provisions totalling US$23.3 million, partially offset by a potential receivable of approximately US$10.8 million. Total estimated taxes of the U.S. Sale Transaction are US$37.2 million, resulting in net after-tax proceeds of approximately US$231.1 million, including the Pre-closing Distribution. The U.S. Sale Transaction resulted in an after-tax gain of $204.7 million (US$146.7 million), before transactions costs, finalization of working capital adjustments and other specified items, and includes the realization of a foreign currency translation adjustment of $21.5 million, previously recognized in accumulated other comprehensive income.

Net after-tax proceeds from the U.S. Sale Transaction reported on the consolidated statements of cash flows of $185.6 million (US$148.8 million) for the 2015 third quarter, was net of income taxes paid on closing of US$19.1 million and an advance of US$6.0 million received from the Purchaser in 2014. In addition, it excluded the above noted intercompany Pre-closing Distribution of US$87.4 million, and non-cash items totalling US$19.5 million. The non-cash items relate to a note receivable from the Purchaser of US$13.3 million, due by the end of 2015, and a net US$6.2 million representing the net present value ascribed to an ongoing cash stream relating to certain U.S. skilled nursing centres that were leased prior to the closing (the "U.S. Sale Deferred Consideration"), offset in part by obligations assumed that were related to these leases. The estimated benefit of this cash stream, net of upfront costs, is anticipated to average US$5 million per annum (pre-tax) over 15 years. There are significant risks associated with the realization of this cash stream attributable to factors outside of our control that could materially negatively impact the amounts that are expected to be received by the Company.

EXPANSION INTO RETIREMENT SEGMENT

The following table summarizes our acquisition and future development activities into the private-pay retirement segment.

Location	Date Acquired/Open	Communities	Suites	Stabilized Purchase Price/Development Cost (millions) [1]
Port Hope, ON	Oct./15	1	64	$20.2
Tillsonburg, ON	Dec./15	1	100	$28.4
Saskatoon/Regina, SK	Dec./15	2	184	$50.2
Simcoe/Bolton/ Uxbridge, ON	Fall 2016/ Spring 2017	3	304	$81.0

1. Non-GAAP: includes lease-up to stabilized NOI; and estimated development costs also include imputed cost of capital.

Acquisition of Empire Crossing Retirement Community

As previously announced, we acquired Empire Crossing Retirement Community on October 1, 2015, a newly built 64-suite independent/enhanced living community in Port Hope, Ontario, for $20.2 million in cash, including $1.3 million of occupancy support. The building opened in May 2015, and its current occupancy of 39%, with deposits on hand for a further 20% of the suites, is well in accordance with our expectations. The vendor has provided Extendicare with occupancy support of up to $1.3 million over 24 months, which amount has been held back from the $20.2 million purchase price, and will be released to Extendicare during the lease-up period based on an agreed upon formula. The $20.2 million purchase price represents a per suite value of approximately $315,600, and represents a stabilized NOI yield of 6.88% based on an estimated stabilized NOI of $1.4 million per annum. The acquisition has been paid in cash, with an intention to finance up to 65% of the stabilized value within a year. As at September 30, 2015, we had made an escrow deposit of $19.2 million related to this transaction, which amount was excluded from cash and reflected in other current assets on our consolidated statements of financial position. As well, this property comes with excess land, providing us with the option to double the size of the retirement community in the future, contingent on market demand.

Acquisition of Harvest Retirement Community

Extendicare today is announcing that it has signed an agreement to purchase Harvest Retirement Community (Harvest) for $28.4 million from a partnership owned by Baybridge Seniors Housing and Nautical Lands Group. The acquisition is expected to close on December 1, 2015.

Harvest, located in Tillsonburg, ON, is a newly built 64-suite independent/enhanced living community that opened in September, 2012 with current occupancy of 94% and a newly constructed addition of a further 36 suites expected to be completed in December 2015.

The vendor has provided Extendicare with income support over 24 months of up to $1.0 million. This amount will be held back from the $28.4 million purchase price on closing and released back to Extendicare during the lease-up period based on an agreed-upon formula. The purchase price represents a per-suite value of approximately $284,500 and a stabilized NOI yield estimated at 6.74%.

Acquisition of Brightwater Senior Living Communities

Extendicare is also announcing today the execution of agreements to purchase a further two senior living homes in Saskatchewan from Brightwater Senior Living Group (Brightwater) for an aggregate purchase price of $50.2 million. These acquisitions are expected to close on December 1, 2015. Stonebridge Senior Living is located in Saskatoon, and is a newly built 116-suite independent/enhanced living community that opened in December 2012, with current occupancy of 90%. Riverbend Senior Living is located in Regina, and is a newly built 68-suite senior care facility specializing in memory care that opened in August 2013, with current occupancy of 72%.

On closing a further occupancy incentive payment of up to $750,000 will be paid based upon a specific formula contingent on occupancy exceeding 85% on the closing date. The gross purchase price of these two homes represents a per-suite value of approximately $277,350 and a stabilized NOI yield estimated at 7.08%.

In addition, we have entered into a non-binding letter of intent with Brightwater to acquire two additional properties that are currently under construction in Moose Jaw and Yorkton, Saskatchewan to Extendicare subject to conditions upon their completion. Brookfield Financial is advising the seller on the transaction.

The purchase price for each of Harvest, Stonebridge and Riverbend will initially be paid in cash with an intention to finance up to 65% once stabilized.

Retirement Development Projects

Extendicare is under way with the development of three private-pay retirement communities in Simcoe, Bolton, and Uxbridge, Ontario, with 304 suites in total. We broke ground on the Simcoe project in mid-October, and anticipate breaking ground on the other two next month. Completion of the Simcoe community is anticipated in the fall of 2016, while the Uxbridge and Bolton communities are expected to open in the first half of 2017.

The anticipated cost of these three development projects is approximately $81 million, or approximately $266,500 per suite, which amount includes an imputed cost of capital and lease up losses. The estimated average stabilized NOI yield for the three projects is 7.4%. We expect to be able to leverage up to 65% of the development costs, with the balance to be paid from cash on hand.

2015 THIRD QUARTER FINANCIAL REVIEW

Consolidated Revenue

Consolidated continuing operations – revenue grew by $55.4 million, or 26.7%, to $263.3 million in the 2015 third quarter, of which $49.0 million resulted from the home health acquisition completed in April 2015 (the “Home Health Acquisition”), with growth from same-store revenue of $6.4 million, or 3.1%.

Long-term care operations – revenue improved by $2.7 million, or 1.9%, to $149.7 million this quarter, primarily due to funding enhancements and was also impacted by the timing of recognition of revenue under the Ontario envelope system. Approximately $1.2 million of the revenue improvement related to our Ontario flow-through envelopes and was therefore directly offset by increased costs of resident care, and approximately $0.2 million of the increase was due to higher preferred accommodation revenue. Our average occupancy was unchanged at 98.2% this quarter compared to the same 2014 period. Our average daily revenue rate increased by 1.8% to $200.76 this quarter from $197.17 in the same 2014 period.

Home health care operations – revenue improved by $48.6 million to $98.2 million, of which $49.0 million was from the Home Health Acquisition. Same-store revenue declined by $0.4 million primarily due to a 1.4% decrease in daily hours of service provided to 13,967 this quarter from 14,172 in the 2014 third quarter.

Other operations – revenue from our Canadian management and group purchasing operations increased by $0.9 million to $4.1 million this quarter, primarily due to growth in the number of clients served. Revenue from our U.S. operations increased by $3.2 million to $11.3 million this quarter, and included a $1.2 million increase in income earned of from investments held by our captive insurance company (the “Captive”), and a $1.9 million positive effect of a weaker Canadian dollar.

Consolidated Operating Expenses

Consolidated continuing operations – operating expenses increased by $49.3 million, or 27.6%, to $228.5 million in the 2015 third quarter. The majority of our operating expenses are labour related, which increased by $44.4 million over 2014, and represented 85.3% and 83.9% of operating expenses in the third quarters of 2015 and 2014, respectively, and as a percentage of revenue were 74.0% and 72.4%, respectively. The Home Health Acquisition contributed $44.2 million to operating expenses, with same-store operating expenses increasing by $5.1 million, or 2.9%, of which $3.9 million was labour related.

Long-term care operations – operating expenses increased by $3.5 million to $131.7 million in the 2015 third quarter, of which $3.3 million was due to a 3.1% increase in labour costs.

Home health care operations – operating expenses increased by $44.0 million to $87.5 million, of which $44.2 million was from the Home Health Acquisition, with the decline in same-store operating expenses largely due to the decline in volumes.

Other operations – operating expenses from our Canadian management and group purchasing operations increased by $0.3 million to $1.8 million this quarter. Operating expenses from our U.S. operations related to our health technologies services provided through VCPI, increased by $1.5 million over the 2014 third quarter, of which $1.2 million was due to the negative effect of a weaker Canadian dollar, partially offset by reduced labour costs.

Consolidated Net Operating Income

Consolidated net operating income from continuing operations improved by $6.1 million to $34.8 million in the 2015 third quarter from $28.7 million in the same 2014 period, representing 13.2% and 13.8% of revenue, respectively. As discussed above, revenue increased by $55.4 million and was partially offset by higher operating expenses of $49.3 million. On a same-store basis, excluding the Home Health Acquisition, net operating income improved by $1.3 million to $30.0 million, reflecting an improvement from our U.S. operations of $1.7 million, partially offset by a decline of $0.4 million from our Canadian operations. Our same-store long-term care operations experienced a $0.8 million decline in net operating income primarily due to the timing of recognition of funding and costs under the Ontario envelope system and funding increases below inflation in our Western operations, while our same-store home health operations experienced a $0.2 million decline primarily due to lower volumes. These were offset by investment income earned in the Captive, growth in our management and group purchasing operations, and a $0.6 million positive effect of the weaker Canadian dollar.

Administrative and Lease Costs

Administrative and lease costs increased by $1.7 million to $10.8 million in the 2015 third quarter from $9.1 million in the same 2014 period, of which approximately $0.5 million was due to a weaker Canadian dollar. Our Canadian operations realized a $1.4 million increase, of which $0.5 million related to higher lease costs associated with the Home Health Acquisition, and the balance was largely due to an increase in professional fees. Administrative and lease costs from our U.S. operations increased by $0.3 million due to the impact of the weaker Canadian dollar, and were otherwise lower by $0.2 million.

Consolidated Adjusted EBITDA

Consolidated Adjusted EBITDA increased by $4.4 million to $24.0 million this quarter from $19.6 million in the 2014 third quarter, representing 9.1% and 9.4% of revenue, respectively. This increase in Adjusted EBITDA was realized from the growth in net operating income of $6.1 million, partially offset by the increase in administrative and lease costs of $1.7 million, previously discussed.

2015 NINE MONTH FINANCIAL REVIEW

Consolidated Revenue

Consolidated continuing operations – revenue grew by $105.5 million, or 17.5%, to $708.8 million in the first nine months of 2015. The Home Health Acquisition contributed $82.5 million of revenue, with growth from same-store revenue of $23.0 million, or 3.8%.

Long-term care operations – revenue improved by $8.4 million, or 1.9%, to $440.0 million in the first nine months of 2015, primarily due to funding enhancements and was also impacted by the timing of recognition of revenue under the Ontario envelope system. Approximately $4.0 million of the revenue improvement related to our Ontario flow-through envelopes and was therefore directly offset by increased costs of resident care, and approximately $0.6 million of the increase was due to improvements in preferred accommodation. Our average occupancy remained relatively unchanged at 97.9% in the first nine months of 2015 compared to 97.7% in the same 2014 period. Our average daily revenue rate for the first nine months of 2015 increased by 1.8% to $199.50 from $195.96 in the same 2014 period.

Home health care operations – revenue improved by $88.9 million to $226.9 million, of which $82.5 million was from the Home Health Acquisition. Same-store revenue grew by $6.4 million primarily due to enhanced funding to support an increase in government-funded wage increases for PSWs, estimated at approximately $5.8 million, and a 0.4% increase in daily hours of service provided to 13,969 in the first nine months of 2015 from 13,916 in the same 2014 period.

Other Canadian operations – revenue from our management and group purchasing operations increased by $2.5 million to $11.9 million in the first nine months of 2015, primarily due to growth in the number of clients served.

U.S. operations – revenue increased by $5.6 million to $29.9 million in the first nine months of 2015, and included a $3.9 million positive effect of a weaker Canadian dollar. The balance of the improvement of $1.7 million related primarily to an increase of $1.2 million in income earned by the Captive.

Consolidated Operating Expenses

Consolidated continuing operations – operating expenses increased by $90.2 million, or 17.2%, to $614.8 million in the first nine months of 2015 from $524.6 million in the same 2014 period. The majority of our operating expenses are labour related, which increased by $82.4 million over 2014, and represented 84.8% and 83.7% of operating expenses in the first nine months of 2015 and 2014, respectively, and as a percentage of revenue were 73.5% and 72.7%, respectively. The Home Health Acquisition contributed $74.4 million to operating expenses, with same-store operating expenses increasing by $15.8 million, or 3.0%, of which $15.0 million resulted from higher labour costs.

Long-term care operations – operating expenses increased by $6.3 million to $387.1 million in the first nine months of 2015, primarily due to higher labour costs of $7.3 million, or 2.3%, that were partially offset by a net decline in other costs that included lower staff training costs, utilities and repairs and maintenance.

Home health care operations – operating expenses increased by $80.5 million to $201.1 million, of which $74.4 million was from the Home Health Acquisition. Same-store operating expenses grew by $6.1 million, largely due to a $6.0 million, or 5.5%, increase in labour costs, of which approximately $5.8 million related to the government-funded wage increases.

Other Canadian operations – operating expenses from our management and group purchasing operations increased by $0.5 million to $5.5 million in the first nine months of 2015, primarily related to increased staffing to support the growth in clients served.

U.S. operations – operating expenses related to our health technologies services provided through VCPI, increased by $2.8 million in the first nine months of 2015 over the same 2014 period due to the negative effect of a weaker Canadian dollar.

Consolidated Net Operating Income

Consolidated net operating income from continuing operations improved by $15.3 million to $94.0 million in the first nine months of 2015 from $78.7 million in the same 2014 period, representing 13.3% and 13.0% of revenue, respectively. As discussed above, revenue increased by $105.5 million and was partially offset by higher operating expenses of $90.2 million. On a same-store basis, excluding the Home Health Acquisition, net operating income improved by $7.2 million to $85.9 million, representing 13.7% of revenue. Improvements in net operating income from same-store operations were largely realized in our long-term care operations primarily due to enhanced funding and the timing of recognition of funding and costs under the Ontario envelope system, and in our other Canadian operations due to increased volumes of business. The increase in net operating income from our U.S. operations of $2.8 million included a $1.1 million positive effect of the weaker Canadian dollar, with the balance primarily due to higher investment income.

Administrative and Lease Costs

Administrative and lease costs increased by $3.5 million to $30.6 million in the first nine months of 2015 from $27.1 million in the same 2014 period, of which approximately $1.2 million was due to a weaker Canadian dollar. Our Canadian operations realized a $2.2 million increase, of which $0.8 million related to higher lease costs associated with the Home Health Acquisition, and the balance was largely due to an increase in professional fees and labour costs. Administrative and lease costs from our U.S. operations increased by $1.3 million primarily due to the impact of the weaker Canadian dollar.

Consolidated Adjusted EBITDA

Consolidated Adjusted EBITDA increased by $11.8 million to $63.4 million in the first nine months of 2015 from $51.6 million in the same 2014 period, representing 8.9% and 8.6% of revenue, respectively. This improvement was realized from the growth in net operating income of $15.3 million, partially offset by the increase in administrative and lease costs of $3.5 million, previously discussed.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

AFFO 2015 Third Quarter Financial Review

AFFO was $13.5 million ($0.155 per basic share) in the 2015 third quarter compared to $17.3 million ($0.196 per basic share) in the 2014 third quarter, representing a decline of $3.8 million, due to a reduction in AFFO from discontinued operations of $10.1 million, partially offset by an improvement of $6.3 million from continuing operations.

AFFO from continuing operations was $15.3 million ($0.174 per basic share) in the 2015 third quarter compared to $9.0 million in the 2014 third quarter ($0.102 per basic share). The improvement of $6.3 million included an increase in Adjusted EBITDA of $4.4 million and lower net finance costs of $2.8 million, partially offset by an increase in current income taxes of $0.4 million and higher maintenance capex of $0.8 million. Net finance costs were favourably impacted by $1.8 million (US$1.4 million) of interest income realized this quarter in connection with the U.S. Sale Deferred Consideration. Current income taxes for the 2015 third quarter were $2.4 million compared to $2.0 million in the same 2014 period, representing 14.2% and 20.0% of pre-tax FFO from continuing operations, respectively. The variance in the effective current tax rates was primarily due to timing differences that favourably impacted the 2015 third quarter results.

During the 2015 third quarter, the Company received audit adjustments proposed by the Canada Revenue Agency (CRA) for the 2012 and 2013 taxation years with regards to the deductibility of interest on intercompany debt between wholly owned subsidiaries of Extendicare, followed by the receipt in October 2015 of the notice of reassessment for the 2012 taxation year. The CRA is likely to issue similar reassessments for the 2013 and 2014 taxation years on the same or similar basis. The Company disagrees with the CRA's position and is in the process of filing a notice of objection to appeal. The Company has recorded a provision of $3.6 million for the full amount of the taxes in dispute for the 2012 to 2014 years, including interest. If the Company is successful in defending its position, in whole or in part, some or all of the provision will be reversed. Given the nature of this item, including the fact that it relates to prior periods, it has been excluded from the determination of AFFO and "earnings (loss) from continuing operations before separately reported items" for the three and nine months ended September 30, 2015.

AFFO Nine Month Financial Review

AFFO was $41.2 million ($0.470 per basic share) in the first nine months of 2015 compared to $54.3 million ($0.619 per basic share) in the same 2014 period, representing a decline of $13.1 million, due to a reduction in AFFO from discontinued operations of $24.2 million, partially offset by an improvement of $11.1 million from continuing operations.

AFFO from continuing operations was $34.9 million ($0.398 per basic share) in the first nine months of 2015 compared to $23.8 million in the same 2014 period ($0.271 per basic share). The improvement of $11.1 million included an increase in Adjusted EBITDA of $11.8 million and lower net finance costs of $5.3 million, partially offset by higher current taxes of $5.2 million and an increase in maintenance capex of $1.1 million. Net finance costs were favourably impacted by $1.8 million (US$1.4 million) of interest income realized in 2015 in connection with the U.S. Sale Deferred Consideration related to the ongoing cash stream, and lower interest expense due to the redemption of convertible debentures in 2014. Current income taxes for the first nine months of 2015 were $8.4 million compared to $3.2 million in the same 2014 period, representing 23.7% and 15.7% of pre-tax FFO from continuing operations, respectively. Current income taxes in the first nine months of 2014 were partially sheltered by non-capital loss carryforwards, which decreased current taxes by approximately $1.4 million, thereby reducing the effective current tax rate in the 2014 period to 15.7% from 22.4%.

As a result of the completion of the U.S. Sale Transaction on July 1, 2015, the contribution to AFFO from discontinued operations declined by $24.2 million reflecting a decrease in Adjusted EBITDA from discontinued operations of $44.6 million, partially offset by lower net finance costs of $3.3 million, lower current taxes of $13.7 million and lower maintenance capex of $3.4 million.

The determination of FFO includes a deduction for current income tax expense, and not deferred income tax expense. As a result, the effective tax rates on our FFO can be impacted by: adjustments to our estimates of annual deferred timing differences, particularly when dealing with cash-based tax items versus accounting accruals; changes in the proportion of earnings between taxable and non-taxable entities; book-to-file adjustments for prior year filings; cross-border dividends; and the ability to utilize loss carryforwards. The effective tax rate on FFO for the first nine months of 2015, at 23.7%, is within our anticipated range for the 2015 year of between 20% and 25%.

Maintenance capex from continuing operations was $4.2 million in the 2015 third quarter, compared to $3.4 million in the 2014 third quarter and to $2.4 million in the 2015 second quarter, representing 1.6%, 1.6% and 1.0% of revenue from continuing operations, respectively. For the first nine months of 2015, maintenance capex from continuing operations was $7.4 million compared to $6.4 million in the same 2014 period, representing 1.1% of revenue in both periods. For the 2014 year, maintenance capex from continuing operations was $12.8 million, representing 1.6% of revenue from continuing operations. These costs fluctuate on a quarterly basis with the timing of projects and seasonality. It is our intention to spend approximately 1.5% of revenue annually in maintenance capex, which is consistent with our objective to maintain and upgrade our centres. In 2015, our continuing operations are expecting to spend in the range of $13 million to $16 million in maintenance capex and approximately $15 million in growth capex.

Dividends declared for the first nine months of 2015 totalled $31.6 million, or $0.36 per share, representing approximately 77% of AFFO of $41.2 million, or $0.470 per basic share, compared to a payout ratio of approximately 58% in the same 2014 period.

SELF-INSURED LIABILITIES EXPENSE

Extendicare self-insured certain risks related to general and professional liability of its U.S. operations that were sold on July 1, 2015, through the Captive. With the classification of the U.S. senior care operations as discontinued operations, the expense for self-insured liabilities incurred by the Captive has also been reclassified to discontinued operations. However, the obligation to settle any claims incurred prior to the closing of the U.S. Sale Transaction, including claims incurred but yet to be reported, remains with Extendicare and the Captive. With this segment of our business now considered to be in a runoff state, we believe that the provisions recorded in the first half of 2015, prior to the sale, are sufficient to cover all remaining claim payments.

The balance of our accrual for self-insured liabilities was $159.5 million (US$119.5 million) as at the end of September 2015, compared to $133.4 million (US$115.0 million) at the beginning of the year. Our investments held for self-insured liabilities were $181.0 million (US$135.6 million) as at September 30, 2015, compared to $154.2 million (US$132.9 million) as at December 31, 2014.

Our expense for self-insured liabilities is included in discontinued operations, and was nil this quarter, and $34.5 million (US$27.9 million) for the first nine months of September 2015, while claim payments to date in 2015, totalled $30.5 million (US$24.2 million). In comparison, our expense in the first nine months of 2014 was $34.5 million (US$31.5 million) and claim payments totalled $31.9 million (US$29.1 million). Our last independent actuarial review was completed in the 2015 third quarter, and the next one will be completed at year end.

NORMAL COURSE ISSUER BID

As previously announced, we initiated a normal course issuer bid (the "Bid") on December 31, 2014, for up to 8,630,000 of our common shares (the "Common Shares") through the facilities of the TSX, and on alternative Canadian trading platforms. To date in 2015, we have acquired for cancellation 1,111,789 Common Shares at an average share price of $7.20, for a total cost of $8.0 million, of which 64,900 Common Shares were acquired in the 2015 third quarter.

NOVEMBER 2015 DIVIDEND DECLARED

The Board of Directors of Extendicare today declared a cash dividend of $0.04 per share for the month of November 2015, which is payable on December 15, 2015, to shareholders of record at the close of business on November 30, 2015. This dividend is designated as an "eligible dividend" within the meaning of the Income Tax Act (Canada).

CONFERENCE CALL AND WEBCAST

On November 11, 2015, at 2:00 p.m. (ET), we will hold a conference call to discuss our 2015 third quarter results. The call will be webcast live and archived on our website at www.extendicare.com under the “Our Investors/Events & Presentations” section. Alternatively, the call-in number is 1-866-696-5910 or 416-340-2217, followed by the passcode 6001921#. A replay of the call will be available until midnight on November 27, 2015. To access the rebroadcast, dial 1-800-408-3053 or 905-694-9451, followed by the passcode 4399762#. Slides accompanying remarks during the call will be posted to our website as part of the live webcast. Also, a supplemental information package containing historical quarterly financial results and operating statistics can be found on the website under the “Our Investors/Financial Reports” section.

ABOUT US

Extendicare is a leading provider of care and services for seniors throughout Canada. Through our network of 112 operated senior care centres (58 owned/54 managed) as at September 30, 2015, as well as our home health care operations, we are committed to delivering care throughout the health care continuum to meet the needs of a growing seniors’ population in Canada. Our qualified and highly trained workforce of 22,800 individuals is dedicated to helping people live better through a commitment to quality service and a passion for what we do.

RECAST OF COMPARATIVE INFORMATION

During the first quarter of 2015, certain costs and transactions previously classified as part of continuing operations were classified as discontinued operations. This included a note payable and transaction costs incurred in the 2014 fourth quarter associated with the sale of the U.S. operations.

A note payable of $7.6 million (US$6.0 million) was reclassified in 2015 from long-term debt to liabilities held for sale as this liability will be settled upon the completion of the U.S. Sale Transaction. The comparative amount of $7.0 million (US$6.0 million) as at December 31, 2014, has been reclassified on the consolidated statement of financial position. The Company has also recast the transaction costs incurred in the 2014 fourth quarter associated with the sale of the U.S. operations totalling $7.8 million (pre-tax), $6.7 million (after-tax), from continuing operations to discontinued operations, to conform with the current year’s presentation.

Non-GAAP Measures

Extendicare assesses and measures operating results and financial position based on performance measures referred to as “net operating income”, “Adjusted EBITDA”, “earnings (loss) from continuing operations before separately reported items”, “Funds from Operations”, and “Adjusted Funds from Operations”. These are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. These non-GAAP measures are presented in this document because either: (i) management believes that they are a relevant measure of the ability of Extendicare to make cash distributions; or (ii) certain ongoing rights and obligations of Extendicare may be calculated using these measures. Such non-GAAP measures may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to similarly titled measures as reported by such issuers. They are not intended to replace earnings (loss) from continuing operations, net earnings (loss), cash flow, or other measures of financial performance and liquidity reported in accordance with GAAP. Reconciliations of these non-GAAP measures from net earnings (loss) and/or from net cash from operations, where applicable, are provided in this press release on the Non-GAAP Reconciliations page. Detailed descriptions of these terms can be found in the disclosure documents filed by Extendicare with the securities regulatory authorities, available at www.sedar.com and on Extendicare's website at www.extendicare.com.

Forward-looking Statements
Information provided by Extendicare from time to time, including this release, contains or may contain forward-looking statements concerning anticipated financial events, results, circumstances, economic performance or expectations with respect to Extendicare and its subsidiaries, including, without limitation, statements regarding its business operations, business strategy, and financial condition. Forward-looking statements can be identified because they generally contain the words "expect", "intend", "anticipate", "believe", "estimate", "project", "plan" or "objective" or other similar expressions or the negative thereof. Forward-looking statements reflect management's beliefs and assumptions and are based on information currently available, and Extendicare assumes no obligation to update or revise any forward-looking statement, except as required by applicable securities laws. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Extendicare to differ materially from those expressed or implied in the statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on Extendicare's forward-looking statements. Further information can be found in the disclosure documents filed by Extendicare with the securities regulatory authorities, available at www.sedar.com and on Extendicare's website at www.extendicare.com.

For further information, contact:

Elaine E. Everson
Vice President and Chief Financial Officer
Phone: (905) 470-4000; Fax: (905) 470-4003
Email: eeverson@extendicare.com
Visit Extendicare's Website at www.extendicare.com

Extendicare Inc.
Consolidated Statements of Earnings (Loss)

(in thousands of Canadian dollars)	**Three months ended September 30**		**Nine months ended September 30**	
	2015	**2014**	**2015**	**2014**
Revenue				
Nursing and assisted living centres	**149,723**	146,957	**440,010**	431,612
Home health care	**98,239**	49,590	**226,983**	138,014
Health technology services	**9,796**	8,006	**28,067**	23,815
Management, consulting and other	**5,594**	3,365	**13,696**	9,842
Total revenue	**263,352**	207,918	**708,756**	603,283
Operating expenses	**228,581**	179,200	**614,782**	524,573
Net operating income (1)	**34,771**	28,718	**93,974**	78,710
Administrative costs	**8,965**	7,890	**25,739**	23,272
Lease costs	**1,832**	1,256	**4,856**	3,795
Adjusted EBITDA (1)	**23,974**	19,572	**63,379**	51,643
Depreciation and amortization	**6,994**	5,749	**19,594**	17,164
Loss from asset impairment, disposals and other items	**802**	1,924	**3,291**	3,880
Earnings before net finance costs and income taxes	**16,178**	11,899	**40,494**	30,599
Finance costs				
Interest expense	**6,745**	7,626	**23,161**	25,393
Interest revenue	**(3,067)**	(1,009)	**(4,652)**	(2,929)
Accretion costs	**628**	542	**1,837**	1,619
Fair value adjustments	**-**	-	**-**	(296)
Gain on foreign exchange and financial instruments	**(6,487)**	-	**(6,487)**	-
Net finance costs (income)	**(2,181)**	7,159	**13,859**	23,787
Earnings from continuing operations before income taxes	**18,359**	4,740	**26,635**	6,812
Income tax expense (recovery)				
Current	**5,815**	2,010	**11,616**	3,229
Deferred	**1,371**	(352)	**(1,077)**	487
Total income tax expense	**7,186**	1,658	**10,539**	3,716
Earnings from continuing operations	**11,173**	3,082	**16,096**	3,096
Gain on sale of U.S. operations, net of income taxes	**204,669**	-	**204,669**	-
Earnings (loss) from discontinued operations, net of income taxes	**454**	(9,093)	**768**	(31,057)
Net earnings (loss)	**216,296**	(6,011)	**221,533**	(27,961)
Average U.S./Cdn. dollar exchange rate	***1.3084***	*1.0891*	***1.2600***	*1.0942*

(1) Refer to discussion of non-GAAP measures.

Extendicare Inc.
Consolidated Statements of Financial Position

(in thousands of Canadian dollars, unless otherwise noted)	**September 30 2015**	**December 31 2014**
Assets		
Current assets		
Cash and short-term investments	**190,822**	35,495
Restricted cash	**1,454**	1,085
Accounts receivable, less allowance	**59,105**	36,775
Income taxes recoverable	**74**	65
Assets held for sale	**-**	1,254,535
Other current assets	**90,333**	14,670
Total current assets	**341,788**	1,342,625
Non-current assets		
Property and equipment, net of accumulated depreciation *of $192,834 and $182,180, respectively*	**321,656**	331,134
Goodwill and other intangible assets	**97,478**	16,227
Investments held for self-insured liabilities	**181,008**	154,178
Other assets	**106,028**	63,187
Deferred tax assets	**6,789**	7,935
Total non-current assets	**712,959**	572,661
Total Assets	**1,054,747**	1,915,286
Liabilities and Equity (Deficiency)		
Current liabilities		
Accounts payable	**6,043**	4,998
Accrued liabilities	**128,499**	103,907
Liabilities held for sale	**-**	1,137,774
Provisions	**5,965**	-
Accrual for self-insured liabilities	**38,701**	25,984
Current portion of long-term debt	**19,302**	18,828
Income taxes payable	**33,735**	4,043
Total current liabilities	**232,245**	1,295,534
Non-current liabilities		
Provisions	**30,610**	7,535
Accrual for self-insured liabilities	**120,820**	107,460
Long-term debt	**439,284**	453,200
Other long-term liabilities	**48,519**	38,014
Deferred tax liabilities	**11,473**	16,047
Total non-current liabilities	**650,706**	622,256
Total liabilities	**882,951**	1,917,790
Shareholders' equity (deficiency)	**171,796**	(2,504)
Total Liabilities and Equity (Deficiency)	**1,054,747**	1,915,286
Closing U.S./Cdn. dollar exchange rate	***1.3345***	*1.1601*

Extendicare Inc.
Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Operating Activities				
Net earnings (loss)	**216,296**	(6,011)	**221,533**	(27,961)
Adjustments for:				
Depreciation and amortization	**6,994**	18,451	**19,594**	55,542
Expense for U.S. self-insured liabilities	**-**	15,368	**34,495**	34,491
Payments for U.S. self-insured liabilities	**(8,800)**	(14,791)	**(30,505)**	(31,853)
Deferred taxes	**(2,096)**	(3,952)	**(10,832)**	(11,328)
Current taxes	**52,388**	7,865	**62,465**	5,796
Gain from sale of U.S. operations	**(251,064)**	-	**(251,064)**	-
Loss from asset impairment, disposals and other items				
Continuing operations	**802**	1,924	**3,291**	3,880
Discontinued operations	**2,547**	11,023	**13,659**	12,187
Loss (gain) from derivative financial instruments and foreign exchange				
Continuing operations	**(6,487)**	-	**(6,487)**	(296)
Discontinued operations	**(212)**	-	**323**	-
Net finance costs	**4,306**	15,898	**40,531**	48,276
Other	**63**	-	**49**	-
	14,737	45,775	**97,052**	88,734
Net change in operating assets and liabilities				
Accounts receivable	**(22,093)**	(7,540)	**(2,757)**	14,914
Other current assets	**1,868**	2,138	**(3,285)**	(2,046)
Provision for U.S. government investigations	**-**	-	**-**	42,240
Accounts payable and accrued liabilities	**(33,200)**	(12,576)	**(37,892)**	(23,579)
Income taxes	**-**	-	**-**	-
	(38,688)	27,797	**53,118**	120,263
Interest paid	**(8,278)**	(17,458)	**(40,158)**	(47,884)
Interest received	**3,067**	1,024	**4,761**	3,158
Income taxes paid	**1,060**	(128)	**(12,543)**	(6,823)
Net cash from operating activities	**(42,839)**	11,235	**5,178**	68,714
Investing Activities				
Purchase of property, equipment and software - growth	**(5,426)**	(684)	**(6,316)**	(2,516)
Purchase of property, equipment and software - maintenance	**(4,186)**	(6,865)	**(15,185)**	(17,542)
Purchase of home health business	**(697)**	-	**(84,335)**	-
Net proceeds from sale of U.S. operations	**185,579**	-	**185,579**	-
Net proceeds from dispositions	**-**	1,912	**21,066**	1,912
Decrease (increase) in investments held for self-insured liabilities	**7,320**	5,437	**(5,133)**	(5,338)
Other assets	**(36,310)**	721	**(36,909)**	5,355
Net cash from investing activities	**146,280**	521	**58,767**	(18,129)
Financing Activities				
Issue of long-term debt, excluding line of credit	**-**	32,894	**163,341**	142,574
Repayment of long-term debt, excluding line of credit	**(81,633)**	(8,455)	**(103,331)**	(138,495)
Repayment on line of credit	**-**	-	**-**	(2,303)
Decrease (increase) in restricted cash	**3,047**	3,834	**(899)**	7,083
Purchase of securities for cancellation	**(487)**	-	**(7,999)**	-
Dividends paid	**(8,926)**	(8,913)	**(26,788)**	(26,651)
Financing costs	**-**	(1,529)	**(2,947)**	(4,701)
Other	**2,324**	-	**2,324**	-
Net cash from financing activities	**(85,675)**	17,831	**23,701**	(22,493)
Increase in cash and cash equivalents	**17,766**	29,587	**87,646**	28,092
Cash and cash equivalents at beginning of period	**173,212**	94,289	**98,799**	95,999
Foreign exchange gain on cash held in foreign currency	**(156)**	3,583	**4,377**	3,368
Cash and cash equivalents at end of period	**190,822**	127,459	**190,822**	127,459
Less: cash from discontinued operations	**-**	-	**-**	-
Cash and cash equivalents at end of period, continuing operations	**190,822**	127,459	**190,822**	127,459

Extendicare Inc.
Canadian Operations - Operating Statistics

(amounts in Canadian dollars, unless otherwise noted)	**Three months ended September 30**		**Nine months ended September 30**	
	2015	**2014**	**2015**	**2014**
Canadian Senior Care Centres				
Number of Centres Operated at Period End				
Owned/leased	**58**	58	**58**	58
Managed	**54**	46	**54**	46
	112	104	**112**	104
Operational Resident Capacity at Period End				
Owned/leased	**8,116**	8,116	**8,116**	8,116
Managed	**6,303**	5,395	**6,303**	5,395
	14,419	13,511	**14,419**	13,511
Average Daily Revenue Rate (owned/leased centres)				
Total Canadian operations	**$200.76**	$197.17	**$199.50**	$195.96
Average Occupancy (owned/leased centres)				
Total Canadian operations	**98.2 %**	98.2 %	**97.9 %**	97.7 %
Ontario LTC total average occupancy	**98.5**	98.4	**98.1**	97.8
Ontario LTC preferred accommodation (1)				
"New" centres − private (2)	**94.8**	89.7	**93.2**	87.8
"C" centres − private	**98.7**	98.2	**97.9**	97.4
"C" centres - semi-private	**62.5**	60.4	**61.2**	59.8
Home Health Care − hours of service				
Total operations				
Hours of service (000's)	**2,692.9**	1,303.8	**6,183.5**	3,799.1
Hours per day	**29,270.5**	14,171.7	**29,458.8**	13,916.0
Same-store basis				
Hours of service (000's)	**1,285.0**	1,303.8	**3,813.5**	3,799.1
Hours per day	**13,967.4**	14,171.7	**13,968.8**	13,916.0

(1) Average occupancy reported for the available private and semi-private rooms reflects the percentage of residents occupying those beds and paying the respective premiums.

(2) The occupancy percentages for 2014 have been restated from what was previously reported at the end of 2014 to conform with the methodology described in note 1 above.

Extendicare Inc.
Supplemental Information – FFO and AFFO

The following table provides a reconciliation of Adjusted EBITDA to Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO) for the periods ended September 30, 2015 and 2014.(1)

(in thousands of Canadian dollars unless otherwise noted)	**Three months ended September 30**		**Nine months ended September 30**	
	2015	**2014**	**2015**	**2014**
Adjusted EBITDA	**23,974**	19,572	**63,379**	51,643
Depreciation for FFEC (maintenance capex) (2)	**(2,550)**	(2,332)	**(7,464)**	(6,928)
Accretion costs	**(628)**	(542)	**(1,837)**	(1,619)
Interest expense	**(6,745)**	(7,626)	**(23,161)**	(25,393)
Interest income	**3,067**	1,009	**4,652**	2,929
	17,118	10,081	**35,569**	20,632
Current income tax recovery (expense) (3)	**(2,438)**	(2,020)	**(8,427)**	(3,239)
FFO (continuing operations)	**14,680**	8,061	**27,142**	17,393
Amortization of financing costs	**358**	473	**2,532**	1,195
Accretion costs	**628**	542	**1,837**	1,619
Principal portion of government capital funding	**1,065**	1,008	**3,193**	3,027
Amounts offset through investments held for self-insured liabilities (4)	**195**	-	**195**	-
Additional maintenance capex (2)	**(1,636)**	(1,082)	**12**	519
AFFO (continuing operations)	**15,290**	9,002	**34,911**	23,753
AFFO (discontinued operations)	**(1,750)**	8,270	**6,306**	30,522
AFFO	**13,540**	17,272	**41,217**	54,275
Per Basic Share ($)				
FFO (continuing operations)	**0.167**	0.091	**0.309**	0.198
FFO (total operations)	**0.147**	0.181	**0.448**	0.535
AFFO (continuing operations)	**0.174**	0.102	**0.398**	0.271
AFFO (total operations)	**0.155**	0.196	**0.470**	0.619
Per Diluted Share ($)				
FFO (continuing operations)	**0.167**	0.091	**0.309**	0.198
FFO (total operations)	**0.147**	0.181	**0.448**	0.535
AFFO (continuing operations)	**0.169**	0.102	**0.393**	0.271
AFFO (total operations)	**0.150**	0.191	**0.457**	0.614
Dividends declared	**10,522**	10,547	**31,578**	31,558
Dividends declared per share ($)	**0.120**	0.120	**0.360**	0.360
Basic weighted average number of shares *(thousands)*	**87,663**	87,854	**87,740**	87,624
Diluted weighted average number of shares *(thousands)*	**98,907**	99,099	**98,984**	98,869

(1) "Adjusted EBITDA", "funds from operations" and "adjusted funds from operations" are not recognized measures under GAAP and do not have a standardized meaning prescribed by GAAP. Refer to the discussion of non-GAAP measures.

(2) These two line items combined represent the total of our maintenance capex incurred in the period. An amount equivalent to our depreciation for FFEC, or furniture, fixtures, equipment and computers, is deducted in determining FFO, and the difference in total maintenance capex incurred is adjusted for in determining AFFO.

(3) Excludes current income tax with respect to the loss (gain) from derivative financial instruments, foreign exchange, asset impairment, disposals, provisions for prior period tax reassessments, and other items that are excluded from the computation of AFFO.

(4) Represents AFFO of the Captive that decreases/(increases) the Captive's investments held for self-insured liabilities not impacting the Company's reported cash and short-term investments.

Extendicare Inc.
Segmented Information

(in thousands of Canadian dollars)	Long-term Care	Home Health Care	Other Canadian Operations	Corporate Canada	Total Canada	Total U.S.	Total
Q3 2015							
Revenue	**149,723**	**98,239**	**4,090**	**4**	**252,056**	**11,296**	**263,352**
Operating expenses	**131,771**	**87,531**	**1,798**	**-**	**221,100**	**7,481**	**228,581**
Net operating income	**17,952**	**10,708**	**2,292**	**4**	**30,956**	**3,815**	**34,771**
Net operating income margin (% of revenue)	***12.0%***	***10.9%***	***56.0%***	***100.0%***	***12.3%***	***33.8%***	***13.2%***
Q3 2014							
Revenue	146,957	49,590	3,237	4	199,788	8,130	207,918
Operating expenses	128,169	43,439	1,555	-	173,163	6,037	179,200
Net operating income	18,788	6,151	1,682	4	26,625	2,093	28,718
Net operating income margin (% of revenue)	*12.8%*	*12.4%*	*52.0%*	*100.0%*	*13.3%*	*25.7%*	*13.8%*
Change - Q3 2015 over 2014							
Revenue	2,766	48,649	853	-	52,268	3,166	55,434
Operating expenses	3,602	44,092	243	-	47,937	1,444	49,381
Net operating income	(836)	4,557	610	-	4,331	1,722	6,053
Nine months ended September 30, 2015							
Revenue	**440,010**	**226,983**	**11,818**	**34**	**678,845**	**29,911**	**708,756**
Operating expenses	**387,121**	**201,166**	**5,442**	**-**	**593,729**	**21,053**	**614,782**
Net operating income	**52,889**	**25,817**	**6,376**	**34**	**85,116**	**8,858**	**93,974**
Net operating income margin (% of revenue)	***12.0%***	***11.4%***	***54.0%***	***100.0%***	***12.5%***	***29.6%***	***13.3%***
Nine months ended September 30, 2014							
Revenue	431,612	138,014	9,321	38	578,985	24,298	603,283
Operating expenses	380,765	120,640	4,947	-	506,352	18,221	524,573
Net operating income	50,847	17,374	4,374	38	72,633	6,077	78,710
Net operating income margin (% of revenue)	*11.8%*	*12.6%*	*46.9%*	*100.0%*	*12.5%*	*25.0%*	*13.0%*
Change - Nine Months 2015 over 2014							
Revenue	8,398	88,969	2,497	(4)	99,860	5,613	105,473
Operating expenses	6,356	80,526	495	-	87,377	2,832	90,209
Net operating income	2,042	8,443	2,002	(4)	12,483	2,781	15,264

	Q3 2015			**Q3 2014**			**Total**
(in thousands of Canadian dollars)	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**	**Change**
AFFO (continuing operations)	**13,750**	**1,540**	**15,290**	10,151	(1,149)	9,002	6,288
Discontinued operations	**-**	**(1,750)**	**(1,750)**	-	8,270	8,270	(10,020)
AFFO	**13,750**	**(210)**	**13,540**	10,151	7,121	17,272	(3,732)
Maintenance capex (continuing operations)	**3,423**	**763**	**4,186**	2,842	572	3,414	772
Discontinued operations	**-**	**-**	**-**	-	3,451	3,451	(3,451)
Maintenance capex	**3,423**	**763**	**4,186**	2,842	4,023	6,865	(2,679)

	Nine Months 2015			**Nine Months 2014**			**Total**
(in thousands of Canadian dollars)	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	Total	**Change**
AFFO (continuing operations)	**34,914**	**(3)**	**34,911**	27,566	(3,813)	23,753	11,158
Discontinued operations	**-**	**6,306**	**6,306**	-	30,522	30,522	(24,216)
AFFO	**34,914**	**6,303**	**41,217**	27,566	26,709	54,275	(13,058)
Maintenance capex (continuing operations)	**6,533**	**919**	**7,452**	4,632	1,777	6,409	1,043
Discontinued operations	**-**	**7,733**	**7,733**	-	11,133	11,133	(3,400)
Maintenance capex	**6,533**	**8,652**	**15,185**	4,632	12,910	17,542	(2,357)

Extendicare Inc.
Non-GAAP Reconciliations

(in thousands of Canadian dollars unless otherwise noted)	**Three months ended September 30**		**Nine months ended September 30**	
	2015	**2014**	**2015**	**2014**
Reconciliation of Cash Provided by Operating Activities to AFFO:				
Net cash from operating activities	**(42,839)**	11,235	**5,178**	68,714
Add (Deduct):				
Net change in operating assets and liabilities, including interest and taxes	**1,868**	12,522	**(4,913)**	(28,664)
Current income taxes on items excluded from AFFO (1)	**48,700**	2,695	**51,579**	(13,596)
Net provisions and payments for self-insured liabilities	**8,800**	(577)	**(3,990)**	(2,638)
Depreciation for FFEC (maintenance capex) (2)	**(2,550)**	(5,467)	**(7,464)**	(16,525)
Principal portion of government capital funding	**1,065**	1,008	**3,193**	3,027
Amounts offset through investments held for self-insured liabilities	**195**	-	**195**	-
Additional maintenance capex	**(1,636)**	(1,398)	**(7,721)**	(1,017)
Provision for U.S. government investigations	**-**	-	**-**	42,240
Property taxes accounted for under IFRIC 21	**-**	(2,746)	**5,209**	2,734
Other	**(63)**	-	**(49)**	-
AFFO (2)	**13,540**	17,272	**41,217**	54,275
Reconciliation of Earnings before Income Taxes to Adjusted EBITDA and Net Operating Income:				
Earnings (loss) from continuing operations before income taxes	**18,359**	4,740	**26,635**	6,812
Add (Deduct):				
Depreciation and amortization	**6,994**	5,749	**19,594**	17,164
Net finance costs	**(2,181)**	7,159	**13,859**	23,787
Loss from asset impairment, disposals and other items	**802**	1,924	**3,291**	3,880
Adjusted EBITDA (2)	**23,974**	19,572	**63,379**	51,643
Add (Deduct):				
Administrative costs	**8,965**	**7,890**	**25,739**	**23,272**
Lease costs	**1,832**	**1,256**	**4,856**	**3,795**
Net operating income (2)	**34,771**	28,718	**93,974**	78,710

(1) Represents current income tax with respect to the property taxes accounted for under IFRIC 21, the gain on sale of the U.S. operations, provision for U.S. government investigations, gains or losses from derivative financial instruments, foreign exchange, asset impairment, disposals, provisions for prior period tax reassessments, and other items that are excluded from the computation of AFFO.

(2) Refer to discussion of non-GAAP measures.