

SUPPLEMENTAL INFORMATION



Twelve Months Ended December 31, 2015
(unaudited)

Dated: February 25, 2016

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Extendicare Inc.

Non-GAAP Measures

Extendicare assesses and measures operating results and financial position based on performance measures referred to as "net operating income", "net operating income margin", "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA margin", "earnings before depreciation, amortization, loss from asset impairment, disposal and other items", "earnings (loss) from continuing operations before separately reported gains/losses, net of taxes", "Funds from Operations", and "Adjusted Funds from Operations". These measures are commonly used by Extendicare and its investors as a means of assessing the performance of the core operations in comparison to prior periods. They are presented by Extendicare on a consistent basis from period to period, thereby allowing for consistent comparability of its operating performance. 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.

References to "net operating income", or "NOI", in this document are to revenue less operating expenses, and this value represents the underlying performance of our operating business segments. References to "net operating income margin" are to net operating income as a percentage of revenue.

References to "EBITDA" in this document are to earnings (loss) from continuing operations before net finance costs, income taxes, depreciation and amortization. References to "Adjusted EBITDA" in this document are to EBITDA adjusted to exclude the impact of property taxes accounted for under IFRIC 21, and the line items "provision for U.S. government investigations" and "loss (gain) from asset impairment, disposals and other items". Management believes that certain lenders, investors and analysts use EBITDA and Adjusted EBITDA to measure a company's ability to service debt and meet other payment obligations, and as a common valuation measurement in the long-term care industry. For example, certain of our debt covenants use Adjusted EBITDA in their calculations.

References to "earnings (loss) from continuing operations before separately reported gains/losses" in this document are to earnings (loss) from continuing operations excluding the following separately reported line items: "fair value adjustments", "loss (gain) on FX and financial instruments" and "loss (gain) from asset impairment, disposals and other items". These line items are reported separately and excluded from certain performance measures, because they are transitional in nature and would otherwise distort historical trends. They relate to the change in the fair value of, or gains and losses on termination of, convertible debentures, interest rate agreements and foreign currency contracts, as well as gains or losses on the disposal or impairment of assets, and foreign exchange gains or losses on capital items. In addition, these line items may include provisions for restructuring charges and the write-off of unamortized financing costs on early retirement of debt. The above separately reported line items are reported on a pre-tax and on an after-tax basis as a means of deriving earnings from operations and related earnings per share excluding such items.

"Funds from Operations", or "FFO", is defined as Adjusted EBITDA less depreciation for furniture, fixtures, equipment and computers, or "depreciation for FFEC", accretion costs, net interest expense and current income taxes.

"Adjusted Funds from Operations", or "AFFO", is defined as FFO plus: i) a reversal of the non-cash portion of financing and accretion costs that are deducted in the determination of FFO; ii) the principal portion of government capital funding; iii) amounts received from income support arrangements; and iv) a reversal of income or loss of the Captive that was included in the determination of FFO, as the Captive's operations are funded through its investments held for U.S. self-insured liabilities, which are not included in the Company's reported cash and short-term investments. In addition, AFFO is further adjusted to account for the difference in total maintenance capex incurred from the amount deducted in the determination of FFO.

EXTENDICARE
Quarterly Earnings (Loss)

(unaudited)

(thousands of Canadian dollars, unless otherwise noted)

	2015					2014				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4 ¹	Total ¹
Revenue										
Long-term care	143,479	146,808	149,723	154,188	594,198	140,669	143,986	146,957	152,066	583,678
Retirement living	-	-	-	1,238	1,238	-	-	-	-	-
Home health care	45,627	83,117	98,239	99,981	326,964	42,937	45,487	49,590	47,477	185,491
Health technology services	9,444	8,827	9,796	8,263	36,330	7,770	8,039	8,006	8,350	32,165
Management, consulting and other	3,669	4,433	5,594	7,183	20,879	2,878	3,599	3,365	4,943	14,785
	202,219	243,185	263,352	270,853	979,609	194,254	201,111	207,918	212,836	816,119
Operating costs	176,404	209,797	228,581	236,569	851,351	171,552	173,821	179,200	183,523	708,096
Net operating income	25,815	33,388	34,771	34,284	128,258	22,702	27,290	28,718	29,313	108,023
Administrative costs	8,300	8,474	8,965	9,327	35,066	7,542	7,840	7,890	5,021	28,293
Lease costs	1,328	1,696	1,832	1,890	6,746	1,273	1,266	1,256	1,269	5,064
Adjusted EBITDA	16,187	23,218	23,974	23,067	86,446	13,887	18,184	19,572	23,023	74,666
Depreciation and amortization	5,870	6,730	6,994	7,687	27,281	5,705	5,710	5,749	6,680	23,844
Accretion costs	604	605	628	640	2,477	540	537	542	557	2,176
Interest expense	7,370	9,046	6,745	7,971	31,132	9,157	8,610	7,626	7,512	32,905
Interest income	(848)	(737)	(3,067)	(3,404)	(8,056)	(1,182)	(738)	(1,009)	(906)	(3,835)
Earnings (loss) before undernoted	3,191	7,574	12,674	10,173	33,612	(333)	4,065	6,664	9,180	19,576
Gain (loss) on foreign exchange and financial instruments	-	-	6,487	3,254	9,741	(558)	854	-	-	296
Gain (loss) from asset impairment, disposals and other items	(899)	(1,590)	(802)	(3,414)	(6,705)	(560)	(1,396)	(1,924)	626	(3,254)
Earnings (loss) before income taxes	2,292	5,984	18,359	10,013	36,648	(1,451)	3,523	4,740	9,806	16,618
Income tax expense (recovery)										
Current	3,155	2,646	5,815	1,212	12,828	405	814	2,010	834	4,063
Deferred	(1,923)	(525)	1,371	1,773	696	(66)	905	(352)	999	1,486
	1,232	2,121	7,186	2,985	13,524	339	1,719	1,658	1,833	5,549
Earnings (loss) from continuing operations	1,060	3,863	11,173	7,028	23,124	(1,790)	1,804	3,082	7,973	11,069
Discontinued operations, net of tax	5,695	(5,381)	205,123	3,517	208,954	732	(22,696)	(9,093)	1,235	(29,822)
Net earnings (loss)	6,755	(1,518)	216,296	10,545	232,078	(1,058)	(20,892)	(6,011)	9,208	(18,753)
Add (deduct):										
Fair value adjustment on convertible debentures	-	-	-	-	-	558	(854)	-	-	(296)
Gain (loss) on foreign exchange and financial instruments	-	-	(5,778)	(2,071)	(7,849)	-	-	-	-	-
(Gain) loss from asset impairment, disposals and other items, net of tax	721	1,226	4,179	2,530	8,656	449	1,056	1,458	(548)	2,415
Discontinued operations, net of tax	(5,695)	5,381	(205,123)	(3,517)	(208,954)	(732)	22,696	9,093	(1,235)	29,822
Earnings (loss) from continuing operations before separately reported gains/losses	1,781	5,089	9,574	7,487	23,931	(783)	2,006	4,540	7,425	13,188
Net operating income as a % of revenue	12.8%	13.7%	13.2%	12.7%	13.1%	11.7%	13.6%	13.8%	13.8%	13.2%
Adjusted EBITDA as a % of revenue	8.0%	9.5%	9.1%	8.5%	8.8%	7.1%	9.0%	9.4%	10.8%	9.1%

¹ Q4/14 and 2014 results have been recast for the reclassification of transaction costs in connection with the sale of the U.S. operations from continuing operations to discontinued operations.

EXTENDICARE INC.
Quarterly Segmented Information

(unaudited)
(thousands of dollars)

	2015								
	<u>Q1</u>		<u>Q2</u>		<u>Q3</u>		<u>Q4</u>		<u>Total</u>
7 Revenue									
8 Canadian operations									
9 Long-term care	143,479		146,808		149,723		154,188		594,198
10 Retirement living	-		-		-		1,238		1,238
11 Home health care	45,627		83,118		98,238		99,981		326,964
12 Other Cdn operations	3,545		4,183		4,090		3,725		15,543
13 Corporate Cda	7		22		5		6		40
14 Cdn Operations	<u>192,658</u>	95.3%	<u>234,131</u>	96.3%	<u>252,056</u>	95.7%	<u>259,138</u>	95.7%	<u>937,983</u>
15 U.S. operations in (US\$)	7,704		7,364		8,670		8,815		32,553
16 Translation to Cdn dollars	1,857		1,690		2,626		2,900		9,073
17 U.S. operations (C\$)	9,561	4.7%	9,054	3.7%	11,296	4.3%	11,715	4.3%	41,626
18 Total Revenue	<u>202,219</u>		<u>243,185</u>		<u>263,352</u>		<u>270,853</u>		<u>979,609</u>
19 Net Operating Income (revenue less operating expenses)									
20 Canadian operations									
21 Long-term care	15,945	11.1%	18,992	12.9%	17,952	12.0%	16,601	10.8%	69,490
22 Retirement care	-		-		-		251	20.3%	251
23 Home health care	5,310	11.6%	9,800	11.8%	10,707	10.9%	10,704	10.7%	36,521
24 Other Cdn operations	1,986	56.0%	2,098	50.2%	2,292	56.0%	1,816	48.8%	8,192
25 Corporate Cda	7		22		5		6		40
26 Cdn Operations	<u>23,248</u>	12.1%	<u>30,912</u>	13.2%	<u>30,956</u>	12.3%	<u>29,378</u>	11.3%	<u>114,494</u>
27 U.S. operations in (US\$)	2,069	26.9%	2,013	27.3%	2,947	34.0%	3,735	42.4%	10,764
28 Translation to Cdn dollars	498		463		868		1,171		3,000
29 U.S. operations (C\$)	2,567	26.8%	2,476	27.3%	3,815	33.8%	4,906	41.9%	13,764
30 Total NOI	<u>25,815</u>	12.8%	<u>33,388</u>	13.7%	<u>34,771</u>	13.2%	<u>34,284</u>	12.7%	<u>128,258</u>
31 Adjusted EBITDA									
32 Canadian operations	<u>16,989</u>	8.8%	<u>23,896</u>	10.2%	<u>23,171</u>	9.2%	<u>21,237</u>	8.2%	<u>85,293</u>
33 U.S. operations in (US\$)	(647)		(551)		660		1,439		901
34 Translation to Cdn dollars	(155)		(127)		143		391		252
35 U.S. operations (C\$)	(802)		(678)		803		1,830		1,153
36 Total Adj. EBITDA	<u>16,187</u>	8.0%	<u>23,218</u>	9.5%	<u>23,974</u>	9.1%	<u>23,067</u>	8.5%	<u>86,446</u>
37 Earnings (loss) from continuing operations before separately reported gains/losses (note 2)									
38 Canadian operations	<u>3,879</u>		<u>6,981</u>		<u>9,138</u>		<u>5,388</u>		<u>25,386</u>
39 U.S. operations in (US\$)	(1,691)		(1,539)		410		1,681		(1,139)
40 Translation to Cdn dollars	(407)		(353)		26		418		(316)
41 U.S. operations (C\$)	(2,098)		(1,892)		436		2,099		(1,455)
42	<u>1,781</u>		<u>5,089</u>		<u>9,574</u>		<u>7,487</u>		<u>23,931</u>
43 Earnings (loss) from continuing operations									
44 Cdn operations before FV adj.	<u>3,158</u>		<u>5,755</u>		<u>10,737</u>		<u>2,029</u>		<u>21,679</u>
45 FV adj. on convertible debt	-		-		-		-		-
46 Cdn. Ops	3,158		5,755		10,737		2,029		21,679
47 U.S. operations (C\$)	(2,098)		(1,892)		436		4,999		1,445
48	<u>1,060</u>		<u>3,863</u>		<u>11,173</u>		<u>7,028</u>		<u>23,124</u>
49 Net earnings (loss)									
50 Cdn operations before FV adj.	<u>3,158</u>		<u>5,755</u>		<u>10,737</u>		<u>2,029</u>		<u>21,679</u>
51 FV adj. on convertible debt	-		-		-		-		-
52 Cdn. Ops	<u>3,158</u>		<u>5,755</u>		<u>10,737</u>		<u>2,029</u>		<u>21,679</u>
53 U.S. operations in (US\$)	2,898		(5,859)		147,667		4,054		148,760
54 Translation to Cdn dollars	699		(1,414)		57,892		4,462		61,639
55 U.S. operations (C\$)	3,597		(7,273)		205,559		8,516		210,399
56	<u>6,755</u>		<u>(1,518)</u>		<u>216,296</u>		<u>10,545</u>		<u>232,078</u>
57									
58 Average US/Cdn dollar f/x rate (note 3)	1.2412		1.2297		1.3084		1.3342		1.2787

Notes:

- 1 Q4/14 and 2014 results have been recast for the reclassification of transaction costs in connection with the sale of the U.S. operations from continuing operations to discontinued operations.
- 2 Represents net earnings (loss) prior to the gain (loss) on derivative financial instruments and foreign exchange, net of tax, gain (loss) from asset impairment, disposals and other items, net of tax.
- 3 These are the actual Bank of Canada average rates of exchange for the period. The year-to-date revenue and expenses of self-sustaining foreign operations are translated at the average year-to-date rates of exchange, and the results of the quarters are calculated deducting the previously reported year-to-date results. In addition, specific transactions such as gains or losses related to restructuring charges, asset disposals, impairment and other items, are translated at rates of exchange in effect at the time of the transactions. Therefore, the effective exchange rates calculated from the translated amounts reported above, may differ from the actual average rates of exchange indicated for the period.

EXTENDICARE INC.
Quarterly Segmented Information (note 1)
(unaudited)
(thousands of dollars)

	2014					2013
	Q1	Q2	Q3	Q4¹	Total¹	Total
7 Revenue						
8 Canadian operations						
9 Long-term care	140,669	143,986	146,957	152,066	583,678	568,870
10 Retirement living	-	-	-	-	-	-
11 Home health care	42,937	45,487	49,590	47,477	185,491	174,087
12 Other Cdn operations	2,831	3,253	3,237	3,479	12,800	9,858
13 Corporate Cda	11	23	4	5	43	146
14 Cdn Operations	186,448	192,749	199,788	203,027	782,012	752,961
15 U.S. operations in (US\$)	7,075	7,666	7,466	8,673	30,880	29,952
16 Translation to Cdn dollars	731	696	664	1,136	3,227	896
17 U.S. operations (C\$)	7,806	8,362	8,130	9,809	34,107	30,848
18 Total Revenue	194,254	201,111	207,918	212,836	816,119	783,809
19 Net Operating Income (revenue less operating expenses)						
20 Canadian operations						
21 Long-term care	14,381	17,678	18,788	17,703	68,550	70,120
22 Retirement care	-	-	-	-	-	-
23 Home health care	5,021	6,202	6,151	6,367	23,741	21,982
24 Other Cdn operations	1,524	1,168	1,682	1,649	6,023	4,965
25 Corporate Cda	11	23	4	5	43	146
26 Cdn Operations	20,937	25,071	26,625	25,724	98,357	97,213
27 U.S. operations in (US\$)	1,599	2,034	1,922	3,196	8,751	8,625
28 Translation to Cdn dollars	166	185	171	393	915	259
29 U.S. operations (C\$)	1,765	2,219	2,093	3,589	9,666	8,884
30 Total NOI	22,702	27,290	28,718	29,313	108,023	106,097
31 Adjusted EBITDA						
32 Canadian operations	14,945	18,652	20,178	19,568	73,343	71,958
33 U.S. operations in (US\$)	(960)	(431)	(558)	3,146	1,197	(2,336)
34 Translation to Cdn dollars	(98)	(37)	(48)	309	126	(69)
35 U.S. operations (C\$)	(1,058)	(468)	(606)	3,455	1,323	(2,405)
36 Total Adj. EBITDA	13,887	18,184	19,572	23,023	74,666	69,553
37 Earnings (loss) from continuing operations before separately reported gains/losses (note 2)						
38 Canadian operations	1,310	3,497	6,219	4,992	16,018	15,394
39 U.S. operations in (US\$)	(1,900)	(1,369)	(1,541)	2,246	(2,564)	(6,072)
40 Translation to Cdn dollars	(193)	(122)	(138)	187	(266)	(181)
41 U.S. operations (C\$)	(2,093)	(1,491)	(1,679)	2,433	(2,830)	(6,253)
42	(783)	2,006	4,540	7,425	13,188	9,141
43 Earnings (loss) from continuing operations						
44 Cdn operations before FV adj.	861	2,441	4,761	5,540	13,603	13,319
45 FV adj. on convertible debt	(558)	854	-	-	296	3,099
46 Cdn. Ops	303	3,295	4,761	5,540	13,899	16,418
47 U.S. operations (C\$)	(2,093)	(1,491)	(1,679)	2,433	(2,830)	(6,253)
48	(1,790)	1,804	3,082	7,973	11,069	10,165
49 Net earnings (loss)						
50 Cdn operations before FV adj.	861	2,441	4,761	5,540	13,603	13,319
51 FV adj. on convertible debt	(558)	854	-	-	296	3,099
52 Cdn. Ops	303	3,295	4,761	5,540	13,899	16,418
53 U.S. operations in (US\$)	(1,236)	(22,400)	(9,781)	3,342	(30,075)	(10,673)
54 Translation to Cdn dollars	(125)	(1,787)	(991)	326	(2,577)	(462)
55 U.S. operations (C\$)	(1,361)	(24,187)	(10,772)	3,668	(32,652)	(11,135)
56	(1,058)	(20,892)	(6,011)	9,208	(18,753)	5,283
57						
58 Average US/Cdn dollar f/x rate (note 3)	1.1033	1.0904	1.0891	1.1351	1.1045	1.0299

Notes:

- Q4/14 and 2014 results have been recast for the reclassification of transaction costs in connection with the sale of the U.S. operations from continuing operations to discontinued operations.
- Represents net earnings (loss) prior to the gain (loss) on derivative financial instruments and foreign exchange, net of tax, gain (loss) from asset and other items, net of tax.
- These are the actual Bank of Canada average rates of exchange for the period. The year-to-date revenue and expenses of self-sustaining foreign translated at the average year-to-date rates of exchange, and the results of the quarters are calculated deducting the previously reported year-to-date results. In addition, specific transactions such as gains or losses related to restructuring charges, asset disposals, impairment and other items, are of exchange in effect at the time of the transactions. Therefore, the effective exchange rates calculated from the translated amounts reported above, may from the actual average rates of exchange indicated for the period.

Extendicare
Discontinued Operations
(unaudited)

The following is a summary of results of all discontinued operations with prior periods revised accordingly.

<i>(thousands of Canadian dollars)</i>	QTD December		YTD December	
	2015	2014	2015	2014
Revenue				
Nursing centres	-	334,695	628,413	1,304,599
Assisted living centres	-	2,124	4,720	8,131
Outpatient therapy	-	3,141	6,735	12,907
Other	-	4,962	15,775	18,825
	-	344,922	655,643	1,344,462
Operating costs	62	306,884	598,857	1,190,988
Net operating income	(62)	38,038	56,786	153,474
General and administrative	(2)	10,328	24,039	44,361
Lease costs	-	1,529	3,173	6,239
	-	1,529	3,173	6,239
Earnings before undernoted	(60)	26,181	29,574	102,874
Depreciation and amortization	-	5,920	-	44,298
Accretion costs	-	429	984	1,681
Interest expense	-	8,905	19,329	32,090
Interest income	-	(355)	(128)	(599)
	-	(355)	(128)	(599)
Earnings (loss) before undernoted	(60)	11,282	9,389	25,404
Gain on sale of U.S. operations	(4,305)	-	246,759	-
Gain (loss) on FX and financial instruments	-	-	(323)	-
Gain (loss) from asset impairment, disposals and other items	1,631	(7,777)	(12,028)	(62,204)
	(2,674)	(7,777)	234,408	(62,204)
Earnings (loss) from discontinued operations before income taxes	(2,734)	3,505	243,797	(36,800)
Income tax expense (recovery)				
Current	(3,430)	(1,314)	47,419	1,253
Deferred	(2,821)	3,584	(12,576)	(8,231)
	(6,251)	2,270	34,843	(6,978)
Earnings (loss) from discontinued operations	3,517	1,235	208,954	(29,822)

Extendicare
(unaudited)

Reconciliation of Adjusted EBITDA to AFFO ⁽¹⁾

<i>(thousands of Canadian dollars, unless otherwise noted)</i>	2015					2014				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Adjusted EBITDA	16,187	23,218	23,974	23,067	86,446	13,887	18,184	19,572	23,023	74,666
Depreciation for FFEC (maintenance capex) ⁽²⁾	(2,416)	(2,498)	(2,550)	(2,627)	(10,091)	(2,294)	(2,302)	(2,332)	(2,466)	(9,394)
Accretion costs	(604)	(605)	(628)	(640)	(2,477)	(540)	(537)	(542)	(557)	(2,176)
Interest expense	(7,370)	(9,046)	(6,745)	(7,971)	(31,132)	(9,157)	(8,610)	(7,626)	(7,512)	(32,905)
Interest income	848	737	3,067	3,404	8,056	1,182	738	1,009	906	3,835
Pre-tax adjusted earnings from operations	6,645	11,806	17,118	15,233	50,802	3,078	7,473	10,081	13,394	34,026
Current income tax expense (recovery) ⁽³⁾	3,155	2,834	2,438	1,424	9,851	405	814	2,020	824	4,063
Current income taxes as a % of pre-tax adj. earnings	47.5%	24.0%	14.2%	9.3%	19.4%	13.2%	10.9%	20.0%	6.2%	11.9%
FFO	3,490	8,972	14,680	13,809	40,951	2,673	6,659	8,061	12,570	29,963
Amortization of financing costs	356	1,818	358	358	2,890	361	361	473	357	1,552
Accretion costs	604	605	628	640	2,477	540	537	542	557	2,176
Principal portion of government capital funding payments	1,064	1,064	1,065	1,067	4,260	1,008	1,011	1,008	1,006	4,033
Amounts offset through investments held for self-insured liabilities ⁽⁴⁾	-	-	195	(1,788)	(1,593)	-	-	-	-	-
Income support for retirement communities acquired				471	471					-
Additional maintenance capex ⁽²⁾	1,577	71	(1,636)	(4,866)	(4,854)	1,798	(197)	(1,082)	(3,886)	(3,367)
AFFO (continuing operations)	7,091	12,530	15,290	9,691	44,602	6,380	8,371	9,002	10,604	34,357
AFFO (discontinued operations)	14,752	(6,696)	(1,750)	(80)	6,226	15,091	7,161	8,270	8,813	39,335
AFFO	21,843	5,834	13,540	9,611	50,828	21,471	15,532	17,272	19,417	73,692
Per Basic Share (\$)										
FFO (continuing operations)	0.040	0.102	0.167	0.158	0.467	0.031	0.076	0.091	0.144	0.342
FFO (total operations)	0.225	0.076	0.147	0.157	0.605	0.204	0.150	0.181	0.230	0.765
AFFO (continuing operations)	0.081	0.143	0.174	0.110	0.508	0.073	0.096	0.102	0.121	0.392
AFFO (total operations)	0.248	0.067	0.155	0.109	0.579	0.246	0.177	0.196	0.221	0.840
Per Diluted Share (\$)										
FFO (continuing operations)	0.040	0.102	0.167	0.158	0.467	0.031	0.076	0.091	0.144	0.342
FFO (total operations)	0.217	0.084	0.147	0.157	0.605	0.199	0.155	0.181	0.212	0.747
AFFO (continuing operations)	0.081	0.143	0.169	0.112	0.505	0.073	0.096	0.102	0.121	0.392
AFFO (total operations)	0.234	0.073	0.150	0.111	0.568	0.232	0.191	0.191	0.185	0.799
Dividends declared	10,546	10,510	10,522	10,547	42,125	10,491	10,520	10,547	10,573	42,131
Dividends declared per share	0.1200	0.1200	0.1200	0.1200	0.4800	0.1200	0.1200	0.1200	0.1200	0.4800
Basic weighted average number of shares (thousands)	88,003	87,557	87,663	87,852	87,768	87,386	87,628	87,854	88,066	87,736
Diluted weighted average number of shares (thousands)	99,247	98,802	98,907	99,097	99,012	104,355	98,872	99,099	99,311	98,980

Segmented AFFO from continuing operations

<i>(thousands of Canadian dollars, unless otherwise noted)</i>	2015					2014				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
U.S. operations (C\$)	(781)	(762)	1,540	615	612	(1,157)	(1,507)	(1,149)	2,939	(874)
Canadian operations (C\$)	7,872	13,292	13,750	9,076	43,990	7,537	9,878	10,151	7,665	35,231
AFFO from continuing operations	7,091	12,530	15,290	9,691	44,602	6,380	8,371	9,002	10,604	34,357

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 discussion of non-GAAP measures.
2. These two line items combined represent the total of our maintenance capex incurred in the period for continuing operations. 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

(unaudited)

Reconciliation of Net Earnings (Loss) to Funds from Operations and Adjusted Funds from Operations ⁽¹⁾ - Continuing Operations

<i>(thousands of Canadian dollars unless otherwise noted)</i>	2015					2014				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Earnings (loss) from continuing operations	1,060	3,863	11,173	7,028	23,124	(1,790)	1,804	3,082	7,973	11,069
Adjustments:										
Depreciation and amortization expense	5,870	6,730	6,994	7,687	27,281	5,705	5,710	5,749	6,680	23,844
Deduct depreciation/amortization for FFE and computers ⁽²⁾	(2,416)	(2,498)	(2,550)	(2,627)	(10,091)	(2,294)	(2,302)	(2,332)	(2,466)	(9,394)
Loss (gain) on fair value adjustments, FX, financial instruments, asset impairment, disposals, other other items	899	1,590	(5,685)	160	(3,036)	1,118	542	1,924	(626)	2,958
Current tax on fair value adjustments, gain/loss on FX, financial instruments, asset impairment, disposals and other items	-	(188)	3,377	(212)	2,977	-	-	(10)	10	-
Deferred income taxes	(1,923)	(525)	1,371	1,773	696	(66)	905	(352)	999	1,486
Funds from operations (continuing)	3,490	8,972	14,680	13,809	40,951	2,673	6,659	8,061	12,570	29,963
Amortization of financing costs	356	1,818	358	358	2,890	361	361	473	357	1,552
Accretion costs	604	605	628	640	2,477	540	537	542	557	2,176
Principal portion of government capital funding payments	1,064	1,064	1,065	1,067	4,260	1,008	1,011	1,008	1,006	4,033
Amounts offset through investments held for self-insured liabilities ⁽³⁾	-	-	195	(1,788)	(1,593)	-	-	-	-	-
Income support for retirement communities acquired				471	471					-
Additional maintenance capex ⁽²⁾	1,577	71	(1,636)	(4,866)	(4,854)	1,798	(197)	(1,082)	(3,886)	(3,367)
Adjusted funds from operations (continuing)	7,091	12,530	15,290	9,691	44,602	6,380	8,371	9,002	10,604	34,357
Per Share (\$)										
FFO (continuing operations) - basic	0.040	0.102	0.167	0.158	0.467	0.031	0.076	0.091	0.144	0.342
FFO (continuing operations) - diluted	0.040	0.102	0.167	0.158	0.467	0.031	0.076	0.091	0.144	0.342
AFFO (continuing operations) - basic	0.081	0.143	0.174	0.110	0.508	0.073	0.096	0.102	0.121	0.392
AFFO (continuing operations) - diluted	0.081	0.143	0.169	0.112	0.505	0.073	0.096	0.102	0.121	0.392
Basic weighted average number of shares (thousands)	88,003	87,557	87,663	87,852	87,768	87,386	87,628	87,854	88,066	87,736
Diluted weighted average number of shares (thousands)	99,247	98,802	98,907	99,097	99,012	104,355	98,872	99,099	99,311	98,980
Capital Additions from continuing operations										
<i>(thousands of Canadian dollars)</i>										
Growth expenditures	51	816	5,426	6,484	12,777	803	7	448	(72)	1,186
Maintenance Capex										
U.S. operations (C\$)	24	132	763	780	1,699	135	1,070	572	546	2,323
Canadian operations (C\$)	815	2,295	3,423	6,713	13,246	361	1,429	2,842	5,806	10,438
Total maintenance capex	839	2,427	4,186	7,493	14,945	496	2,499	3,414	6,352	12,761
Total Capital Additions from continuing operations	890	3,243	9,612	13,977	27,722	1,299	2,506	3,862	6,280	13,947

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 discussion of non-GAAP measures.
2. These two line items combined represent the total of our maintenance capex incurred in the period for continuing operations. 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.

Extencicare
(unaudited)

Reconciliation of Net Earnings (Loss) to Funds from Operations and Adjusted Funds from Operations ⁽¹⁾ - Discontinued Operations

<i>(thousands of Canadian dollars unless otherwise noted)</i>	2015					2014				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Earnings (loss) from discontinued operations	5,695	(5,381)	205,123	3,517	208,954	732	(22,696)	(9,093)	1,235	(29,822)
Adjustments:										
Depreciation and amortization expense	-	-	-	-	-	12,926	12,750	12,702	5,920	44,298
Deduct depreciation/amortization for FFE and computers ⁽²⁾	-	-	-	-	-	(3,264)	(3,198)	(3,135)	(3,904)	(13,501)
Property taxes accounted for under IFRIC 21	8,278	(3,069)	-	-	5,209	8,211	(2,731)	(2,746)	(2,734)	-
Loss (gain) on fair value adjustments, FX, financial instruments, asset impairment, disposals, other other items	1,581	10,066	(248,729)	2,674	(234,408)	(50)	43,454	11,023	7,777	62,204
Current tax on fair value adjustments, gain/loss on FX, financial instruments, provision for U.S. government investigations, asset impairment, disposals and other items	711	4,416	45,323	(3,450)	47,000	20	(14,144)	1,619	(5,323)	(17,828)
Current tax expense on property taxes accounted for under IFRIC 21	(3,274)	1,214	-	-	(2,060)	(3,248)	1,081	1,086	1,081	-
Deferred income taxes	3,353	(9,641)	(3,467)	(2,821)	(12,576)	(167)	(8,048)	(3,600)	3,584	(8,231)
Funds from operations (discontinued)	16,344	(2,395)	(1,750)	(80)	12,119	15,160	6,468	7,856	7,636	37,120
Amortization of financing costs	425	431	-	-	856	499	507	316	391	1,713
Accretion costs	503	481	-	-	984	422	416	414	429	1,681
Principal portion of government capital funding payments	-	-	-	-	-	-	-	-	-	-
Additional maintenance capex ⁽²⁾	(2,520)	(5,213)	-	-	(7,733)	(990)	(230)	(316)	357	(1,179)
Adjusted funds from operations (discontinued)	14,752	(6,696)	(1,750)	(80)	6,226	15,091	7,161	8,270	8,813	39,335
Per Share (\$)										
FFO (discontinued operations) - basic	0.185	(0.026)	(0.020)	(0.001)	0.138	0.173	0.074	0.090	0.086	0.423
FFO (discontinued operations) - diluted	0.177	(0.018)	(0.020)	(0.001)	0.138	0.168	0.079	0.090	0.068	0.405
AFFO (discontinued operations) - basic	0.167	(0.076)	(0.019)	(0.001)	0.071	0.173	0.081	0.094	0.100	0.448
AFFO (discontinued operations) - diluted	0.153	(0.070)	(0.019)	(0.001)	0.063	0.159	0.095	0.089	0.064	0.407
Basic weighted average number of shares (thousands)	88,003	87,557	87,663	87,852	87,768	87,386	87,628	87,854	88,066	87,736
Diluted weighted average number of shares (thousands)	99,247	98,802	98,907	99,097	99,012	104,355	98,872	99,099	99,311	98,980
Capital Additions from discontinued operations										
<i>(thousands of Canadian dollars)</i>										
Growth expenditures	24	(1)	-	-	23	602	420	236	338	1,596
Maintenance Capex	2,520	5,213	-	-	7,733	4,254	3,428	3,451	3,547	14,680
Total Capital Additions from discontinued operations	2,544	5,212	-	-	7,756	4,856	3,848	3,687	3,885	16,276

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 discussion of non-GAAP measures.
2. These two line items combined represent the total of our maintenance capex incurred in the period for continuing operations. 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.

EXTENDICARE INC.
CANADIAN OPERATIONS - OPERATING STATISTICS
(unaudited)

	2015					2014					2013	2012
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Total	Total
8 Number of Centres Operated at Period End												
9 Owned/leased	58	58	58	62	62	58	58	58	58	58	58	59
10 Managed	54	54	54	54	54	37	37	46	46	46	35	29
11	112	112	112	116	116	95	95	104	104	104	93	88
12 Operational Resident Capacity at Period End												
13 Owned/leased	8,116	8,116	8,116	8,464	8,464	8,119	8,119	8,116	8,116	8,116	8,119	8,071
14 Managed	6,195	6,195	6,303	6,426	6,426	4,484	4,484	5,395	5,470	5,470	4,360	3,396
15	14,311	14,311	14,419	14,890	14,890	12,603	12,603	13,511	13,586	13,586	12,479	11,467
16 Average Daily Revenue Rate												
17 LTC - total operations	198.31	199.40	200.76	205.60	201.04	194.47	196.21	197.17	204.14	198.03	194.33	187.24
18 LTC - same-store basis (pre-2015)						194.51	196.32	197.05	204.36	198.09	194.41	187.86
20 Retirement living	-	-	-	131.41	131.41	-	-	-	-	-	-	-
21												
22 Average Occupancy												
23 LTC - total operations	97.4%	98.0%	98.2%	98.1%	97.9%	97.3%	97.6%	98.2%	98.2%	97.9%	97.7%	98.0%
24 LTC - same-store basis (pre-2015)	-	-	-	-	-	97.5%	97.6%	98.1%	98.1%	97.9%	97.8%	97.9%
25 Ontario LTC total average occupancy	97.4%	98.3%	98.5%	98.5%	98.2%	97.2%	97.8%	98.4%	98.4%	98.0%	97.7%	-
26 Ontario LTC preferred accommodation												
27 "New" centres - private	91.3%	93.5%	94.8%	95.4%	93.8%	85.3%	88.3%	89.7%	91.4%	88.7%	89.3%	98.4%
28 "C" Centres - private	97.4%	97.7%	98.7%	98.8%	98.2%	96.8%	97.1%	98.2%	98.5%	97.6%	96.5%	97.1%
29 "C" Centres - semi-private	60.6%	60.6%	62.5%	63.6%	61.8%	59.5%	59.5%	60.4%	61.0%	60.1%	61.0%	65.2%
31 Retirement living	-	-	-	64.1%	64.1%	-	-	-	-	-	-	-
33 Home Health Care - hours of service												
34 Hours of service (000's)	1,238.2	2,252.4	2,692.9	2,689.2	8,872.6	1,213.7	1,281.6	1,303.8	1,283.4	5,082.5	4,911.3	4,795.6
35 Hours per day	13,758	29,951	29,271	29,230	29,310	13,485	14,084	14,172	13,950	13,925	13,456	13,103
36 Same-store basis (pre-2015)												
37 Hours of service (000's)	1,238.2	1,290.3	1,285.0	1,332.1	5,145.6	1,213.7	1,281.6	1,303.8	1,283.4	5,082.5	4,771.9	4,546.7
38 Hours per day	13,758	14,179	13,967	14,480	14,098	13,485	14,084	14,172	13,950	13,925	13,074	12,423
39												

40 Notes:

- 41 (1) The Canadian same-store operations reported for pre-2015 (i.e. 2012, 2013 and 2014) exclude the long-term care operations in Sault Ste.
42 Marie and Timmins, Ontario, where we opened two new long-term care centres in 2013 that resulted in the closing of three existing centres and the downsizing of
43 another, and our Alberta home health care operations, where we discontinued operating in August 2013.
44 For 2015, the same-store home health care operations exclude the acquisition completed on April 30, 2015.
- 45 (2) Average occupancy reported for the available private and semi-private rooms reflects the percentage of residents occupying those beds and paying
46 the respective premiums.
- 47 (3) The occupancy percentages for 2014 have been restated from what was previously reported at the end of 2014 to conform with
48 the methodology described in note 2 above.

Extendicare Inc.
Summary of Centres and Resident Capacity ⁽¹⁾
as at December 31, 2015

By Province	Long-term Care		Retirement		Chronic Care Unit		Total	
	No. of Centres	Resident Capacity	No. of Centres	Resident Capacity	No. of Centres	Resident Capacity	No. of Centres	Resident Capacity
Owned/Leased ⁽²⁾								
Ontario	34	5,210	2	164	-	-	36	5,374
Alberta	14	1,495	-	-	-	-	14	1,495
Manitoba	5	762	-	-	-	-	5	762
Saskatchewan	5	649	2	184	-	-	7	833
	58	8,116	4	348	-	-	62	8,464
Managed								
Ontario	37	4,752	4	440	1	120	42	5,312
Alberta	4	526	6	420	-	-	10	946
Manitoba	2	168	-	-	-	-	2	168
	43	5,446	10	860	1	120	54	6,426
Total	101	13,562	14	1,208	1	120	116	14,890

- (1) A centre is categorized based on the predominant level of care provided, the type of licensing and the type funding provided. Some of our long-term care centres include wings housing retirement suites. In this case, the centre and its resident capacity is categorized as "long-term care", and its operations are included as part of our long-term care operating segment. In addition, government-funded supportive living suites have been categorized as long-term care due to the nature of the regulatory oversight and fixed-fee structure determined by the government.
- (2) Extendicare operates nine long-term care centres (1,155 LTC beds and 76 retirement suites) in Ontario under 25 year finance lease arrangements maturing beginning in 2026 through to 2028, with full ownership obtained at the end of the respective lease terms.

Extendicare Inc.
Owned/Leased Centre Location and Resident Capacity - Ontario
as at December 31, 2015

Name of Owned/Leased Centre	Location	Year Built	Composition of Beds/Suites					Total
			Preferred		Basic	Short Stay or Convalescent		
			Private	Semi-Private				
Ontario LTC "New" Centres								
1	Extendicare Brampton	Brampton	2001	83	-	55	12	150
2	Extendicare Cobourg	Cobourg	2002	41	-	28	-	69
3	Extendicare Halton Hills	Georgetown	2003	78	-	52	-	130
4	Extendicare Hamilton	Hamilton	2002	96	-	64	-	160
5	Extendicare Kawartha Lakes	Lindsay	2001	38	-	26	-	64
6	Extendicare Lakefield	Lakefield	2001	60	-	38	2	100
7	Extendicare Maple View	Sault Ste. Marie	2013	154	-	102	-	256
8	Extendicare Mississauga	Mississauga	2002	84	-	56	-	140
9	Extendicare Port Hope	Port Hope	2003	76	-	52	-	128
10	Extendicare Rouge Valley	Toronto	2003	114	-	77	1	192
11	Extendicare Southwood Lakes	Windsor	2001	90	-	60	-	150
12	Extendicare Tecumseh	Tecumseh	2003	77	-	51	-	128
13	Extendicare Timmins	Timmins	2013	108	-	72	-	180
13	Ontario LTC "New" Centres			1,099	-	733	15	1,847
				59.5%	-	39.7%	0.8%	100.0%
Ontario LTC "C" Centres								
1	Extendicare Bayview Villa	Willowdale	1970	46	74	82	1	203
2	Extendicare Falconbridge	Sudbury	1973	20	118	94	2	234
3	Extendicare Guildwood Villa	Westhill	1967	15	86	66	2	169
4	Extendicare Haliburton	Haliburton	1976	10	18	32	-	60
5	Extendicare Kapuskasing	Kapuskasing	1974	4	30	25	2	61
6	Extendicare Kingston	Kingston	1974	13	70	67	-	150
7	Extendicare Kirkland Lake	Kirkland Lake	1977	16	44	38	2	100
8	Extendicare Laurier Manor	Gloucester	1970	50	94	96	2	242
9	Extendicare London	London	1970	36	66	67	1	170
10	Extendicare Medex	Ottawa	1973	5	111	77	-	193
11	Extendicare New Orchard Lodge	Ottawa	1965	15	52	42	2	111
12	Extendicare Oshawa	Oshawa	1973	7	87	63	18	175
13	Extendicare Peterborough	Peterborough	1972	34	60	65	15	174
14	Extendicare Port Stanley	Port Stanley	1977	8	20	31	1	60
15	Extendicare Scarborough	Scarborough	1970	3	64	60	23	150
16	Extendicare St. Catharines	St. Catharines	1971	12	78	62	1	153
17	Extendicare Starwood	Nepean	1971	20	96	76	-	192
18	Extendicare Tri-Town	Haileybury	1974	6	30	23	1	60
19	Extendicare Van Daele	Sault Ste. Marie	1979	20	32	34	14	100
20	Extendicare West End Villa	Ottawa	1982	86	48	106	2	242
21	Extendicare York	Sudbury	1973	50	122	90	26	288
21	Ontario LTC "C" Centres			476	1,400	1,296	115	3,287
				14.5%	42.6%	39.4%	3.5%	100.0%
34	Ontario LTC Centres			1,575	1,400	2,029	130	5,134
				30.7%	27.3%	39.5%	2.5%	100.0%
-	Ontario Assisted Living (wings at Cobourg & Lindsay)			76	-	-	-	76
Ontario Retirement Communities								
1	Empire Crossing	Port Hope	2015	64				64
2	Harvest	Tillsonburg	2011	100				100
2	Ontario Retirement Communities			164	-	-	-	164
36	Total Ontario Centres			1,815	1,400	2,029	130	5,374

Extendicare Inc.
Owned Centre Location and Resident Capacity - Western Operations and Total
as at December 31, 2015

Name of Owned Centre	Location	Year Built	Composition of Beds/Suites				
			Private	Semi-Private	Basic	Total	
Alberta Long-term Care Centres							
1	Extendicare Athabasca	Athabasca	1967	22	28	-	50
2	Extendicare Bonnyville	Bonnyville	1966	28	22	-	50
3	Extendicare Cedars Villa	Calgary	1964	41	207	-	248
4	Extendicare Eaux Claires	Edmonton	2011	180	-	-	180
5	Extendicare Fort MacLeod	Fort MacLeod	1966	20	30	-	50
6	Extendicare Hillcrest	Calgary	1965	20	92	-	112
7	Extendicare Holyrood	Edmonton	1965	20	54	-	74
8	Extendicare Leduc	Leduc	1965	21	58	-	79
9	Extendicare Michener Hills	Red Deer	2010	208	12	-	220
10	Extendicare Mayerthorpe	Mayerthorpe	1966	22	28	-	50
11	Extendicare St. Paul	St. Paul	1966	30	46	-	76
12	Extendicare Viking	Viking	1965	36	24	-	60
13	Extendicare Vulcan	Vulcan	1965	28	18	-	46
13	Alberta LTC Centres			676	619	-	1,295
Alberta Designated Supportive Living							
-	Extendicare Michener Hills (wing)	Red Deer	2010	60	-	-	60
1	Extendicare Fairmont Park	Lethbridge	2010	140	-	-	140
1	Alberta DSL Centres			200	-	-	200
14	Alberta Centres			876	619	-	1,495
Manitoba Long-term Care Centres							
1	Hillcrest Place	Brandon	1972	20	80	-	100
2	Oakview Place	Winnipeg	1970	37	208	-	245
3	Red River Place	Selkirk	1982	94	10	-	104
4	Tuxedo Villa	Winnipeg	1971	41	172	-	213
5	Vista Park Lodge	Winnipeg	1982	90	10	-	100
5	Manitoba Centres			282	480	-	762
Saskatchewan Long-term Care Centres							
1	Extendicare Elmview	Regina	1963	18	28	16	62
2	Extendicare Moose Jaw	Moose Jaw	1963	21	100	4	125
3	Extendicare Parkside	Regina	1965	12	80	136	228
4	Extendicare Preston	Saskatoon	1964	20	46	16	82
5	Extendicare Sunset	Regina	1971	10	120	22	152
5	Saskatchewan Centres			81	374	194	649
Saskatchewan Retirement Communities							
1	Stonebridge Crossing	Saskatoon	2012	116	-	-	116
2	Riverbend Crossing Memory Care	Regina	2013	68	-	-	68
2	Saskatchewan Retirement Communities			184	-	-	184
7	Saskatchewan Centres			265	374	194	833
Total Extendicare Owned/Leased Centres							
57	Long-term care						7,840
-	Private-pay assisted living wings						76
1	Government-funded supportive living						200
58	Total of long-term care operating segment						8,116
4	Private-pay retirement communities						348
62	Total Extendicare Owned/Leased Centres						8,464