

SUPPLEMENTAL INFORMATION

 **Twelve Months Ended December 31, 2017**
(unaudited)

Dated: February 28, 2018

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, and other expense", "earnings (loss) from continuing operations before separately reported items, 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 line item "other expense", and as a result, is equivalent to the line item "earnings before depreciation, amortization, and other expense" reported on the consolidated statements of earnings. 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 items" in this document are to earnings (loss) from continuing operations excluding the following separately reported line items: "fair value adjustments", "loss (gain) on foreign exchange" and "other expense". 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 acquisition related costs, restructuring charges, proxy contest costs 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) the reversal of non-cash financing and accretion costs; ii) the reversal of non-cash share-based compensation; iii) the principal portion of government capital funding; iv) amounts received from income support arrangements; and v) the reversal of income or loss of the captive insurance company that was included in the determination of FFO, as those operations are funded through 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. Since our actual maintenance capex spending fluctuates on a quarterly basis with the timing of projects and seasonality, the adjustment to AFFO for these expenditures from the amount of depreciation for FFEC already deducted in determining FFO, may result in an increase to AFFO in the interim periods reported.

EXTENDICARE
Quarterly Earnings (Loss)
(unaudited)

(thousands of Canadian dollars, unless otherwise noted)

	2017					2016				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Revenue										
Long-term care	150,610	152,976	154,607	158,694	616,887	148,760	149,960	152,473	157,425	608,618
Retirement living	4,630	4,802	5,143	6,098	20,673	3,351	3,687	3,996	4,440	15,474
Home health care	107,794	110,133	108,650	109,141	435,718	97,616	101,951	106,167	108,672	414,406
Management, consulting and other	5,824	5,934	4,830	7,465	24,053	4,656	5,827	5,460	6,317	22,260
	268,858	273,845	273,230	281,398	1,097,331	254,383	261,425	268,096	276,854	1,060,758
Operating expenses	237,254	239,978	238,501	245,776	961,509	227,788	226,678	233,056	243,100	930,622
Net operating income	31,604	33,867	34,729	35,622	135,822	26,595	34,747	35,040	33,754	130,136
Administrative costs	8,513	7,524	9,058	6,372	31,467	8,407	6,458	7,843	7,843	30,551
Lease costs	1,662	1,755	1,646	1,695	6,758	1,671	1,642	1,672	1,665	6,650
Adjusted EBITDA	21,429	24,588	24,025	27,555	97,597	16,517	26,647	25,525	24,246	92,935
Depreciation and amortization	7,532	7,911	7,766	8,170	31,379	7,147	7,753	7,783	8,496	31,179
Accretion costs	653	709	834	616	2,812	637	616	620	628	2,501
Interest expense	6,920	6,832	6,988	7,342	28,082	6,960	6,306	7,082	6,691	27,039
Interest revenue	(829)	(1,077)	(905)	(1,091)	(3,902)	(2,762)	(2,631)	(2,698)	(2,747)	(10,838)
Earnings (loss) before undernoted	7,153	10,213	9,342	12,518	39,226	4,535	14,603	12,738	11,178	43,054
Gain (loss) on foreign exchange	(386)	1,497	(670)	423	864	(3,955)	(801)	1,278	2,280	(1,198)
Fair value adjustment on swap contracts	(52)	1,053	1,202	271	2,474	-	-	(847)	1,832	985
Other expense	-	-	-	-	-	(2,136)	(205)	-	(1,672)	(4,013)
Earnings (loss) before income taxes	6,715	12,763	9,874	13,212	42,564	(1,556)	13,597	13,169	13,618	38,828
Income tax expense (recovery)										
Current	2,977	3,531	1,962	1,679	10,149	2,162	3,560	683	(604)	5,801
Deferred	(1,209)	(687)	1,367	1,232	703	(2,235)	342	2,531	972	1,610
	1,768	2,844	3,329	2,911	10,852	(73)	3,902	3,214	368	7,411
Earnings (loss) from continuing operations	4,947	9,919	6,545	10,301	31,712	(1,483)	9,695	9,955	13,250	31,417
Discontinued operations, net of tax	-	(32,913)	-	3,333	(29,580)	(1,765)	(4,947)	(643)	11,390	4,035
Net earnings (loss)	4,947	(22,994)	6,545	13,634	2,132	(3,248)	4,748	9,312	24,640	35,452
Add (deduct):										
Fair value adjustment on swap contracts	38	(772)	(880)	(199)	(1,813)	-	-	622	(1,344)	(722)
Gain (loss) on foreign exchange	312	(1,346)	777	(450)	(707)	2,759	671	(1,069)	(1,953)	408
Other expense, net of tax	-	-	-	-	-	1,570	151	-	(1,917)	(196)
Discontinued operations, net of tax	-	32,913	-	(3,333)	29,580	1,765	4,947	643	(11,390)	(4,035)
Earnings (loss) from continuing operations before separately reported gains/losses	5,297	7,801	6,442	9,652	29,192	2,846	10,517	9,508	8,036	30,907
Net operating income as a % of revenue	11.8%	12.4%	12.7%	12.7%	12.4%	10.5%	13.3%	13.1%	12.2%	12.3%
Adjusted EBITDA as a % of revenue	8.0%	9.0%	8.8%	9.8%	8.9%	6.5%	10.2%	9.5%	8.8%	8.8%

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

	1		2		3		4		5	
	2017									
	Q1		Q2		Q3		Q4		Total	
9 Revenue										
10 Canadian operations										
11 Long-term care	150,610		152,976		154,607		158,694		616,887	
12 Retirement living	4,630		4,802		5,143		6,098		20,673	
13 Home health care	107,794		110,133		108,650		109,141		435,718	
14 Other Cdn operations	4,325		4,624		4,691		5,149		18,789	
15 Corporate Cda	4		5		3		3		15	
16 Cdn Operations	267,363	99.4%	272,540	99.5%	273,094	100.0%	279,085	99.2%	1,092,082	99.5%
17 U.S. operations in (US\$)	1,129		969		148		1,797		4,043	
18 Translation to Cdn dollars	366		336		(12)		516		1,206	
19 U.S. operations (C\$)	1,495	0.6%	1,305	0.5%	136	0.0%	2,313	0.8%	5,249	0.5%
20 Total Revenue	268,858		273,845		273,230		281,398		1,097,331	
21 Net Operating Income (revenue less operating expenses)										
22 Canadian operations										
23 Long-term care	16,932	11.2%	18,475	12.1%	20,170	13.0%	18,345	11.6%	73,922	12.0%
24 Retirement living	269	5.8%	417	8.7%	691	13.4%	1,006	16.5%	2,383	11.5%
25 Home health care	10,658	9.9%	11,136	10.1%	11,076	10.2%	10,981	10.1%	43,851	10.1%
26 Other Cdn operations	2,246	51.9%	2,529	54.7%	2,653	56.6%	2,974	57.8%	10,402	55.4%
27 Corporate Cda	4		5		3		3		15	
28 Cdn Operations	30,109	11.3%	32,562	11.9%	34,593	12.7%	33,309	11.9%	130,573	12.0%
29 U.S. operations in (US\$)	1,129	100.0%	969	100.0%	148	100.0%	1,797	100.0%	4,043	100.0%
30 Translation to Cdn dollars	366		336		(12)		516		1,206	
31 U.S. operations (C\$)	1,495	100.0%	1,305	100.0%	136	100.0%	2,313	100.0%	5,249	100.0%
32 Total NOI	31,604	11.8%	33,867	12.4%	34,729	12.7%	35,622	12.7%	135,822	12.4%
33 Adjusted EBITDA										
34 Canadian operations	20,457	7.7%	23,557	8.6%	24,316	8.9%	25,152	9.0%	93,482	8.6%
35 U.S. operations in (US\$)	734		767		(191)		1,859		3,169	
36 Translation to Cdn dollars	238		264		(100)		544		946	
37 U.S. operations (C\$)	972		1,031		(291)		2,403		4,115	
38 Total Adj. EBITDA	21,429	8.0%	24,588	9.0%	24,025	8.8%	27,555	9.8%	97,597	8.9%
39 Earnings (loss) from continuing operations before separately reported items (note 1)										
41 Canadian operations	4,668		6,997		7,056		7,514		26,235	
42 U.S. operations (C\$)	629		804		(614)		2,138		2,957	
43	5,297		7,801		6,442		9,652		29,192	
44 Earnings (loss) from continuing operations										
45 Cdn operations before FV adj.	4,589		6,698		6,423		7,720		25,430	
46 FV adj. on swap contracts	(38)		772		880		199		1,813	
47 Cdn. Ops	4,551		7,470		7,303		7,919		27,243	
48 U.S. operations (C\$)	396		2,449		(758)		2,382		4,469	
49	4,947		9,919		6,545		10,301		31,712	
50 Net earnings (loss)										
51 Cdn operations before FV adj.	4,589		6,698		6,423		7,720		25,430	
52 FV adj. on swap contracts	(38)		772		880		199		1,813	
53 Cdn. Ops	4,551		7,470		7,303		7,919		27,243	
54 U.S. operations (C\$)	396		(30,464)		(758)		5,715		(25,111)	
55	4,947		(22,994)		6,545		13,634		2,132	
56										
57 Average US/Cdn dollar f/x rate (note 2)	1.3238		1.3449		1.2546		1.2722		1.2986	

Notes:

1 Represents net earnings (loss) prior to the gain (loss) on financial instruments and foreign exchange, net of tax, and other expense, net of tax.

2 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 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
(unaudited)
(thousands of dollars)

	6		7		8		9		10			
	2016										2015	
	Q1		Q2		Q3		Q4		Total		Total	
9 Revenue												
10 Canadian operations												
11 Long-term care	148,760		149,960		152,473		157,425		608,618		594,198	
12 Retirement living	3,351		3,687		3,996		4,440		15,474		1,238	
13 Home health care	97,616		101,951		106,167		108,672		414,406		326,964	
14 Other Cdn operations	4,402		4,853		4,498		4,765		18,518		15,543	
15 Corporate Cda	4		4		36		3		47		40	
16 Cdn Operations	254,133	99.9%	260,455	99.6%	267,170	99.7%	275,305	99.4%	1,057,063	99.7%	937,983	99.4%
17 U.S. operations in (US\$)	182		735		706		1,166		2,789		4,141	
18 Translation to Cdn dollars	68		235		220		383		906		1,155	
19 U.S. operations (C\$)	250	0.1%	970	0.4%	926	0.3%	1,549	0.6%	3,695	0.3%	5,296	0.6%
20 Total Revenue	254,383		261,425		268,096		276,854		1,060,758		943,279	
21 Net Operating Income (revenue less operating expenses)												
22 Canadian operations												
23 Long-term care	15,964	10.7%	19,938	13.3%	20,101	13.2%	19,616	12.5%	75,619	12.4%	69,490	11.7%
24 Retirement living	389	11.6%	19	0.5%	109	2.7%	130	2.9%	647	4.2%	251	20.3%
25 Home health care	7,752	7.9%	11,140	10.9%	11,339	10.7%	9,984	9.2%	40,215	9.7%	36,521	11.2%
26 Other Cdn operations	2,236	50.8%	2,676	55.1%	2,529	56.2%	2,472	51.9%	9,913	53.5%	8,192	52.7%
27 Corporate Cda	4		4		36		3		47		40	
28 Cdn Operations	26,345	10.4%	33,777	13.0%	34,114	12.8%	32,205	11.7%	126,441	12.0%	114,494	12.2%
29 U.S. operations in (US\$)	182	100.0%	735	100.0%	706	100.0%	1,166	100.0%	2,789	100.0%	4,141	100.0%
30 Translation to Cdn dollars	68		235		220		383		906		1,155	
31 U.S. operations (C\$)	250	100.0%	970	100.0%	926	100.0%	1,549	100.0%	3,695	100.0%	5,296	100.0%
32 Total NOI	26,595	10.5%	34,747	13.3%	35,040	13.1%	33,754	12.2%	130,136	12.3%	119,790	12.7%
33 Adjusted EBITDA												
34 Canadian operations	17,143	6.7%	26,166	10.0%	25,115	9.4%	22,705	8.2%	91,129	8.6%	85,293	9.1%
35 U.S. operations in (US\$)	(456)		347		309		1,163		1,363		(1,253)	
36 Translation to Cdn dollars	(170)		134		101		378		443		(349)	
37 U.S. operations (C\$)	(626)		481		410		1,541		1,806		(1,602)	
38 Total Adj. EBITDA	16,517	6.5%	26,647	10.2%	25,525	9.5%	24,246	8.8%	92,935	8.8%	83,691	8.9%
39 Earnings (loss) from continuing operations before separately reported items (note 1)												
40 Canadian operations	2,621		9,433		7,938		5,863		25,855		25,386	
42 U.S. operations (C\$)	225		1,084		1,570		2,173		5,052		(869)	
43	2,846		10,517		9,508		8,036		30,907		24,517	
44 Earnings (loss) from continuing operations												
45 Cdn operations before FV adj.	152		8,769		8,557		8,306		25,784		21,679	
46 FV adj. on convertible debt	-		-		(622)		1,344		722		-	
47 Cdn. Ops	152		8,769		7,935		9,650		26,506		21,679	
48 U.S. operations (C\$)	(1,635)		926		2,020		3,600		4,911		2,031	
49	(1,483)		9,695		9,955		13,250		31,417		23,710	
50 Net earnings (loss)												
51 Cdn operations before FV adj.	152		8,769		8,557		8,306		25,784		21,679	
52 FV adj. on convertible debt	-		-		(622)		1,344		722		-	
53 Cdn. Ops	152		8,769		7,935		9,650		26,506		21,679	
54 U.S. operations (C\$)	(3,400)		(4,021)		1,377		14,990		8,946		210,399	
55	(3,248)		4,748		9,312		24,640		35,452		232,078	
56												
57 Average US/Cdn dollar f/x rate (n)	1.3731		1.2873		1.3052		1.3337		1.3248		1.2787	

- Notes:
- 1 Represents net earnings (loss) prior to the gain (loss) on financial instruments and foreign exchange, net of tax, and other expense, net of tax.
 - 2 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.

Extencicare
Discontinued Operations
(unaudited)

The following is a summary of results of all discontinued operations.

<i>(thousands of Canadian dollars)</i>	QTD December		YTD December	
	2017	2016	2017	2016
Revenue				
Health technology services	-	6,532	-	28,751
	-	6,532	-	28,751
Operating costs	-	5,229	-	23,979
Net operating income	-	1,303	-	4,772
General and administrative	-	1,269	-	5,055
Lease costs	-	78	-	621
Earnings before undernoted	-	(44)	-	(904)
Depreciation and amortization	-	2	-	1,185
Interest expense	-	3	-	16
Earnings (loss) before undernoted	-	(49)	-	(2,105)
Other expense	3,441	19,186	(36,576)	22,651
	3,441	19,186	(36,576)	22,651
Earnings (loss) from discontinued operations before income taxes	3,441	19,137	(36,576)	20,546
Income tax expense (recovery)				
Current	(1,230)	239	(1,230)	8,518
Deferred	1,338	(950)	(5,766)	(465)
	108	(711)	(6,996)	8,053
Earnings (loss) from discontinued operations, before gain (loss) on U.S. sale	3,333	19,848	(29,580)	12,493
Gain (loss) on sale of U.S. operations, net of income taxes	-	(8,458)	-	(8,458)
Earnings (loss) from discontinued operations	3,333	11,390	(29,580)	4,035

Extendicare
(unaudited)

Reconciliation of Adjusted EBITDA to AFFO ⁽¹⁾

<i>(thousands of Canadian dollars, unless otherwise noted)</i>	2017					2016				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Adjusted EBITDA	21,429	24,588	24,025	27,555	97,597	16,517	26,647	25,525	24,246	92,935
Depreciation for FFEC (maintenance capex) ⁽²⁾	(1,855)	(1,854)	(1,872)	(1,914)	(7,495)	(1,820)	(1,913)	(1,952)	(1,882)	(7,567)
Accretion costs	(653)	(709)	(834)	(616)	(2,812)	(637)	(616)	(620)	(628)	(2,501)
Interest expense	(6,920)	(6,832)	(6,988)	(7,342)	(28,082)	(6,960)	(6,306)	(7,082)	(6,691)	(27,039)
Interest income	829	1,077	905	1,091	3,902	2,762	2,631	2,698	2,747	10,838
Pre-tax adjusted earnings from operations	12,830	16,270	15,236	18,774	63,110	9,862	20,443	18,569	17,792	66,666
Current income tax expense (recovery) ⁽³⁾	2,743	3,598	1,968	1,840	10,149	2,858	3,560	647	2,984	10,049
Current income taxes as a % of pre-tax adj. earnings	21.4%	22.1%	12.9%	9.8%	16.1%	29.0%	17.4%	3.5%	16.8%	15.1%
FFO	10,087	12,672	13,268	16,934	52,961	7,004	16,883	17,922	14,808	56,617
Amortization of financing costs	443	454	414	417	1,728	368	426	370	428	1,592
Accretion costs	653	709	834	616	2,812	637	616	620	628	2,501
Principal portion of government capital funding payments	1,230	1,234	1,232	1,232	4,928	2,112	1,189	1,167	1,180	5,648
Amounts offset through investments held for self-insured liabilities ⁽⁴⁾	(1,003)	(1,038)	281	(2,418)	(4,178)	238	(467)	(436)	(1,623)	(2,288)
Income support for retirement communities acquired	66	-	-	-	66	1,205	1,891	1,809	1,358	6,263
Non-cash share-based compensation (DSUs & PSUs)	264	421	522	289	1,496	-	396	253	292	941
Additional maintenance capex ⁽²⁾	948	(4)	(905)	(1,357)	(1,318)	780	(922)	(873)	(3,537)	(4,552)
AFFO (continuing operations)	12,688	14,448	15,646	15,713	58,495	12,344	20,012	20,832	13,534	66,722
AFFO (discontinued operations)	-	-	-	-	-	(109)	(857)	(532)	(168)	(1,666)
AFFO	12,688	14,448	15,646	15,713	58,495	12,235	19,155	20,300	13,366	65,056
Per Basic Share (\$)										
FFO (continuing operations)	0.114	0.142	0.149	0.191	0.596	0.080	0.191	0.203	0.167	0.641
FFO (total operations)	0.114	0.142	0.149	0.191	0.596	0.070	0.181	0.200	0.167	0.618
AFFO (continuing operations)	0.143	0.162	0.176	0.178	0.659	0.140	0.227	0.236	0.152	0.755
AFFO (total operations)	0.143	0.162	0.176	0.178	0.659	0.139	0.217	0.230	0.150	0.736
Per Diluted Share (\$)										
FFO (continuing operations)	0.114	0.142	0.149	0.191	0.596	0.080	0.191	0.202	0.165	0.638
FFO (total operations)	0.114	0.142	0.149	0.191	0.596	0.070	0.181	0.200	0.167	0.618
AFFO (continuing operations)	0.141	0.158	0.170	0.171	0.640	0.138	0.214	0.223	0.149	0.724
AFFO (total operations)	0.141	0.158	0.170	0.171	0.640	0.137	0.206	0.217	0.147	0.707
Dividends declared	10,652	10,666	10,642	10,623	42,583	10,571	10,595	10,619	10,637	42,422
Dividends declared per share	0.120	0.120	0.120	0.1200	0.480	0.120	0.120	0.120	0.120	0.480
Basic weighted average number of shares (000's)	88,807	88,938	88,844	88,633	88,805	88,057	88,269	88,495	88,663	88,372
Diluted weighted average number of shares (000's)	100,086	100,244	100,123	99,916	100,088	99,302	99,513	99,739	99,918	99,624
Segmented AFFO from continuing operations										
<i>(thousands of Canadian dollars, unless otherwise noted)</i>										
			2017					2016		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
U.S. operations (C\$)	(31)	200	(10)	(15)	144	1,189	1,362	3,731	1,815	8,097
Canadian operations (C\$)	12,719	14,248	15,656	15,728	58,351	11,155	18,650	17,101	11,719	58,625
AFFO from continuing operations	12,688	14,448	15,646	15,713	58,495	12,344	20,012	20,832	13,534	66,722

- “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.
- 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.
- Excludes current income tax with respect to items that are excluded from the computation of AFFO from continuing operations, such as fair value adjustments, gains or losses on foreign exchange, asset impairment and disposals, other expense, and provisions for prior period tax reassessments.
- Represents AFFO of the captive insurance company that decreases/(increases) its investments held for self-insured liabilities not impacting the Company's reported cash and short-term investments.

Extencicare

(unaudited)

U.S. Operations - Reconciliation of Adjusted EBITDA from continuing operations to AFFO ⁽¹⁾

2017

<i>(C\$ 000's, unless otherwise noted)</i>	Q1			Q2			Q3			Q4			YTD Dec.
	Captive	Other	Total U.S.	Captive	Other	Total U.S.	Captive	Other	Total U.S.	Captive	Other	Total U.S.	Total U.S.
Revenue													
Other	1,495	-	1,495	1,305	-	1,305	136	-	136	2,313	-	2,313	5,249
	1,495	-	1,495	1,305	-	1,305	136	-	136	2,313	-	2,313	5,249
Operating expenses													
Net operating income	1,495	-	1,495	1,305	-	1,305	136	-	136	2,313	-	2,313	5,249
Administrative costs	(492)	(31)	(523)	(267)	(7)	(274)	(417)	(10)	(427)	105	(15)	90	(1,134)
Lease costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	1,003	(31)	972	1,038	(7)	1,031	(281)	(10)	(291)	2,418	(15)	2,403	4,115
Accretion costs	(343)	-	(343)	(349)	-	(349)	(326)	-	(326)	(265)	-	(265)	(1,283)
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	207	207	-	-	-	-	-	-	207
FFO	660	(31)	629	689	200	889	(607)	(10)	(617)	2,153	(15)	2,138	3,039
Amortization of financing costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Accretion costs	343	-	343	349	-	349	326	-	326	265	-	265	1,283
Amounts offset through investments held for self-insured liabilities ⁽²⁾	(1,003)	-	(1,003)	(1,038)	-	(1,038)	281	-	281	(2,418)	-	(2,418)	(4,178)
AFFO (continuing operations)	-	(31)	(31)	-	200	200	-	(10)	(10)	-	(15)	(15)	144
AFFO (discontinued operations)	-	-	-	-	-	-	-	-	-	-	-	-	-
AFFO	-	(31)	(31)	-	200	200	-	(10)	(10)	-	(15)	(15)	144
Per Basic Share (\$)													
AFFO (continuing operations)	-	-	-	-	0.002	0.002	-	(0.001)	(0.001)	-	0.001	0.001	0.002
AFFO (discontinued operations)	-	-	-	-	-	-	-	-	-	-	-	-	-
AFFO (total operations)	-	-	-	-	0.002	0.002	-	(0.001)	(0.001)	-	0.001	0.001	0.002
Basic weighted avg # of shares (000's)			88,807			88,938			88,844			88,633	88,805
Maintenance CAPEX (discontinued operations)	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Extencicare

(unaudited)

U.S. Operations - Reconciliation of Adjusted EBITDA from continuing operations to AFFO ⁽¹⁾

	2016				2016				2016				2016				YTD Dec.	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Total U.S.	Total U.S.
(CS 000's, unless otherwise noted)	VCPI	Captive	Other	Total U.S.	VCPI	Captive	Other	Total U.S.	VCPI	Captive	Other	Total U.S.	VCPI	Captive	Other	Total U.S.	Total U.S.	Total U.S.
Revenue (other)	-	250	-	250	-	970	-	970	-	926	-	926	-	1,549	-	1,549	1,549	3,695
Operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net operating income	-	250	-	250	-	970	-	970	-	926	-	926	-	1,549	-	1,549	1,549	3,695
Administrative costs	-	(488)	(388)	(876)	-	(503)	14	(489)	-	(490)	(26)	(516)	-	74	(82)	(8)	(8)	(1,889)
Lease costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	-	(238)	(388)	(626)	-	467	14	481	-	436	(26)	410	-	1,623	(82)	1,541	1,541	1,806
Accretion costs	-	(343)	-	(343)	-	(322)	-	(322)	-	(326)	-	(326)	-	(334)	-	(334)	(334)	(1,325)
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	1,951	1,951	-	-	1,846	1,846	-	-	1,869	1,869	-	-	1,896	1,896	1,896	7,562
Pre-tax adjusted earnings from operations	-	(581)	1,563	982	-	145	1,860	2,005	-	110	1,843	1,953	-	1,289	1,814	3,103	3,103	8,043
Current income tax expense (recovery) ⁽²⁾	-	-	374	374	-	-	498	498	-	-	(1,888)	(1,888)	-	-	(1)	(1)	(1)	(1,017)
Current taxes as a % of pre-tax adj. earnings	0.0%	0.0%	23.9%	38.1%	0.0%	0.0%	26.8%	24.8%	0.0%	0.0%	-102.4%	-96.7%	0.0%	0.0%	-0.1%	0.0%	0.0%	-12.6%
FFO	-	(581)	1,189	608	-	145	1,362	1,507	-	110	3,731	3,841	-	1,289	1,815	3,104	3,104	9,060
Amortization of financing costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accretion costs	-	343	-	343	-	322	-	322	-	326	-	326	-	334	-	334	334	1,325
Amounts offset through investments held for self-insured liabilities ⁽³⁾	-	238	-	238	-	(467)	-	(467)	-	(436)	-	(436)	-	(1,623)	-	(1,623)	(1,623)	(2,288)
AFFO (continuing operations)	-	-	1,189	1,189	-	-	1,362	1,362	-	-	3,731	3,731	-	-	1,815	1,815	1,815	8,097
AFFO (discontinued operations)	(109)	-	-	(109)	(857)	-	-	(857)	(532)	-	-	(532)	(168)	-	-	(168)	(168)	(1,666)
AFFO	(109)	-	1,189	1,080	(857)	-	1,362	505	(532)	-	3,731	3,199	(168)	-	1,815	1,647	1,647	6,431
Per Basic Share (\$)																		
AFFO (continuing operations)	-	-	0.013	0.013	-	-	0.016	0.016	-	-	0.043	0.043	-	-	0.020	0.020	0.020	0.092
AFFO (discontinued operations)	(0.001)	-	-	(0.001)	(0.010)	-	(0.000)	(0.010)	(0.006)	-	-	(0.006)	(0.002)	-	(0.000)	(0.002)	(0.002)	(0.019)
AFFO (total operations)	(0.001)	-	0.013	0.012	(0.010)	-	0.016	0.006	(0.006)	-	0.043	0.037	(0.002)	-	0.020	0.018	0.018	0.073
Basic weighted avg # of shares (000's)				88,057				88,269				88,495				88,663	88,663	88,372
Maintenance CAPEX (discontinued operations)	110	-	-	110	232	-	-	232	280	-	-	280	112	-	-	112	112	734

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 measure.
2. Excludes current income tax with respect to items that are excluded from the computation of AFFO from continuing operations, such as fair value adjustments, gains or losses on foreign exchange, asset impairment and disposals, other expense (income), and provision for prior period tax reassessments.
3. Represents AFFO of the captive insurance company that decreases/(increases) its investments held for self-insured liabilities not impacting the Company's reported cash and short-term investment

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>	2017					2016				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Earnings (loss) from discontinued operations	-	(32,913)	-	3,333	(29,580)	(1,765)	(4,947)	(643)	11,390	4,035
Adjustments:										
Depreciation and amortization expense	-	-	-	-	-	925	265	(7)	2	1,185
Deduct depreciation/amortization for FFEC ⁽²⁾	-	-	-	-	-	(851)	(244)	7	(3)	(1,091)
Loss (gain) on fair value adjustments, foreign exchange, and other expense (income)	-	40,017	-	(3,441)	36,576	1,256	(4,192)	(528)	(10,547)	(14,011)
Current tax on fair value adjustments, gain/loss on foreign exchange, and other expense (income)	-	-	-	(1,230)	(1,230)	-	8,217	58	231	8,506
Deferred income taxes	-	(7,104)	-	1,338	(5,766)	(415)	32	868	(1,132)	(647)
Funds from operations (discontinued)	-	-	-	-	-	(850)	(869)	(245)	(59)	(2,023)
Amortization of financing costs	-	-	-	-	-	-	-	-	-	-
Accretion costs	-	-	-	-	-	-	-	-	-	-
Additional maintenance capex ⁽²⁾	-	-	-	-	-	741	12	(287)	(109)	357
Adjusted funds from operations (discontinued)	-	-	-	-	-	(109)	(857)	(532)	(168)	(1,666)
Per Share (\$)										
FFO (discontinued operations) - basic	-	-	-	-	-	(0.010)	(0.010)	(0.003)	(0.000)	(0.023)
FFO (discontinued operations) - diluted	-	-	-	-	-	(0.010)	(0.010)	(0.002)	0.002	(0.020)
AFFO (discontinued operations) - basic	-	-	-	-	-	(0.001)	(0.010)	(0.006)	(0.002)	(0.019)
AFFO (discontinued operations) - diluted	-	-	-	-	-	(0.001)	(0.008)	(0.006)	(0.002)	(0.017)
Basic weighted average number of shares (thousands)	88,807	88,938	88,844	88,633	88,805	88,057	88,269	88,495	88,663	88,372
Diluted weighted average number of shares (thousands)	100,086	100,244	100,123	99,916	100,088	99,302	99,513	99,739	99,918	99,624
Capital Additions from discontinued operations										
<i>(thousands of Canadian dollars)</i>	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Growth expenditures	-	-	-	-	-	-	696	6	2	704
Maintenance Capex	-	-	-	-	-	110	232	280	112	734
Total Capital Additions from discontinued operations	-	-	-	-	-	110	928	286	114	1,438

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 discontinued 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)

	2017					2016					2015	2014
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Total	Total
8 Number of Centres Operated at Period End												
9 Owned/leased	65	65	65	66	66	64	64	64	65	65	62	58
10 Managed	46	49	49	50	50	54	54	55	53	53	54	46
11	111	114	114	116	116	118	118	119	118	118	116	104
12 Operational Resident Capacity at Period End												
13 Owned/leased	8,686	8,686	8,686	8,788	8,788	8,622	8,622	8,622	8,690	8,690	8,464	8,116
14 Managed	5,693	6,036	6,040	6,216	6,216	6,426	6,426	6,467	6,332	6,332	6,426	5,470
15	14,379	14,722	14,726	15,004	15,004	15,048	15,048	15,089	15,022	15,022	14,890	13,586
16												
17 Average Occupancy (owned/leased centres)												
18 LTC - total operations	97.2%	97.6%	98.2%	97.7%	97.7%	98.0%	97.9%	98.1%	97.9%	98.0%	97.9%	97.9%
19 Ontario LTC total average occupancy	97.6%	98.2%	98.5%	98.2%	98.1%	98.5%	98.5%	98.6%	98.2%	98.5%	98.2%	98.0%
20 Ontario LTC preferred accommodation ⁽¹⁾												
21 "New" centres - private	97.1%	98.0%	98.3%	98.1%	97.9%	96.4%	96.8%	96.9%	97.2%	96.8%	93.8%	88.7%
22 "C" Centres - private	98.5%	98.3%	97.8%	98.8%	98.4%	99.1%	99.2%	98.7%	97.9%	98.7%	98.2%	97.6%
23 "C" Centres - semi-private	64.5%	65.7%	67.3%	66.5%	66.1%	63.5%	64.3%	64.8%	65.0%	64.4%	61.8%	60.1%
24 All retirement communities	63.4%	66.6%	71.9%	75.9%	69.7%	61.2%	53.8%	61.0%	63.0%	59.8%	64.1%	-
25 Stabilized communities	87.6%	88.1%	92.1%	95.5%	90.8%	77.2%	76.9%	84.4%	87.6%	81.5%	63.1%	
26 Lease-up communities	45.2%	50.6%	56.7%	63.8%	54.6%	37.4%	31.7%	38.5%	41.7%	37.5%	63.2%	
27												
28 Home Health Care - hours of service												
29 Hours of service (000's)	2,815.7	2,859.1	2,833.6	2,818.4	11,326.8	2,625.1	2,666.4	2,772.0	2,845.8	10,909.2	8,872.6	5,082.5
30 Hours per day	31,285	31,418	30,800	30,634	31,032	28,847	29,302	30,130	30,932	29,807	29,310	13,925

32 Notes:

33 (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.

Extendicare Inc.
Summary of Centres and Resident Capacity ⁽¹⁾
as at December 31, 2017

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	5,206	4	335	-	-	38	5,541
Alberta	14	1,495	-	-	-	-	14	1,495
Saskatchewan	5	649	4	341	-	-	9	990
Manitoba	5	762	-	-	-	-	5	762
	58	8,112	8	676	-	-	66	8,788
Managed								
Ontario	40	5,165	5	552	1	120	46	5,837
Alberta	1	102	1	109	-	-	2	211
Manitoba	2	168	-	-	-	-	2	168
	43	5,435	6	661	1	120	50	6,216
Total	101	13,547	14	1,337	1	120	116	15,004

- (1) A centre is categorized based on the predominant level of care provided, the type of licensing and the type of 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, 2017

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	40	38	2	96
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	1,396	1,296	115	3,283
				14.5%	42.5%	39.5%	3.5%	100.0%
34 Ontario LTC Centres				1,575	1,396	2,029	130	5,130
				30.7%	27.2%	39.6%	2.5%	100.0%
- Ontario Assisted Living (wings at Cobourg & Lindsay)				76	-	-	-	76
Ontario Retirement Communities								
1	Empire Crossing	Port Hope	2015	63				63
2	Harvest	Tillsonburg	2011	100				100
3	Cedar Crossing	Simcoe	2016	69				69
4	Douglas Crossing	Uxbridge	2017	103				103
4 Ontario Retirement Communities				335	-	-	-	335
38 Total Ontario Centres				1,986	1,396	2,029	130	5,541

Extendicare Inc.
Owned Centre Location and Resident Capacity - Western Operations and Total
as at December 31, 2017

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	67	-	-	67
3	West Park Crossing	Moose Jaw	2016	79	-	-	79
4	Yorkton Crossing	Yorkton	2016	79	-	-	79
4	Saskatchewan Retirement Communities			341	-	-	341
9	Saskatchewan Centres			422	374	194	990
Total Extendicare Owned/Leased Centres							
57	Long-term care						7,836
-	Private-pay assisted living wings						76
1	Government-funded supportive living						200
58	Total of long-term care operating segment						8,112
8	Total of private-pay retirement communities						676
66	Total Extendicare Owned/Leased Centres						8,788