NOTICE

AND

MANAGEMENT INFORMATION AND PROXY CIRCULAR

FOR THE

ANNUAL MEETING OF SHAREHOLDERS

OF

EXTENDICARE INC.

TO BE HELD ON

May 28, 2020

Dated: April 16, 2020

April 16, 2020

Fellow Extendicare Shareholders,

On behalf of the Board and management, we are pleased to invite you to the annual meeting of the shareholders of Extendicare, to be held on Thursday, May 28, 2020, at 10:30 a.m. (Toronto time). This year, due to the public impact of the coronavirus outbreak (COVID-19) and in consideration of the health and safety of our shareholders, employees and the broader community, we will be holding our meeting in a virtual only format, by way of a live audio webcast. Shareholders will be able to listen, participate and vote at the meeting in real time through a web-based platform, providing an opportunity to all regardless of geographic location. Additional information on how to attend the virtual meeting is enclosed.

The meeting provides Extendicare's shareholders with an opportunity to consider and participate in key matters relating to the business and affairs of the Company. The accompanying management information and proxy circular describes the business to be conducted at the meeting, and contains information on the Company's corporate governance and executive compensation practices. We hope that you take the time to review these meeting materials and that you exercise your vote.

You may vote either by attending the virtual meeting and voting via online ballot or by completing and submitting your proxy form in advance of the Meeting. Whether or not you plan to attend the meeting by joining the live webcast online, we encourage you to provide your voting instructions in advance of the meeting in accordance with the enclosed form of proxy or voting instruction form. While you may register your position through the mail, we encourage you to consider the benefits of doing so over the internet, which is both secure and instantaneous.

On behalf of the Board, we would like to welcome Brent Houlden who has been nominated for election to the Board at this meeting. Brent's extensive background as a business strategist and financial advisor makes him a strong addition to the Board and we look forward to his contributions.

Also, we would like to acknowledge and thank Margery Cunningham who will be retiring at this year's meeting, having served on the Board since 2010. Margery brought valuable financial and industry experience to her role as a director and as Chair of the Audit Committee. Her expertise, wise counsel and dedication over the past 10 years will be missed, and we wish her all the best in the future.

It is important to acknowledge that in our community and as a country we are currently facing an unprecedented challenge in meeting the consequences on our seniors population of COVID-19. Extendicare and all its resources remain resolute in addressing this challenge, in preserving lives, in ensuring the health and safety of our employees, and in working with government to limit the impact and provide a healthy and safe future for our seniors.

We hope you will be able to join us at the meeting, which will occur by live webcast at http://web.lumiagm.com/272823485. The webcast of the meeting will be archived on our website following the meeting.

We look forward to your continued support of Extendicare and to your participation at the meeting.

Yours very truly,

Alan Torrie

Alan Torrie
Chairman

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF EXTENDICARE INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting (the "**Meeting**") of the holders of common shares (collectively, the "**Shareholders**") of Extendicare Inc. ("**Extendicare**" or the "**Company**") will be held on:

Thursday, May 28, 2020, at 10:30 a.m. (Toronto time)
Virtual only Meeting via live audio webcast
online at http://web.lumiagm.com/272823485

for the following purposes:

(1) to receive the consolidated financial statements of the Company for the year ended December 31, 2019 and the report of the auditors thereon;

(2) to appoint the auditors of the Company and authorize the directors to fix the auditors remuneration;

(3) to elect the directors of the Company;

(4) to approve an advisory (non-binding) resolution to accept the approach of the Company to executive compensation disclosed in the accompanying management information and proxy circular (the "Information Circular"); and

(5) to transact such further business as may properly come before the Meeting or any adjournment thereof.

The accompanying Information Circular contains additional information relating to the matters to be dealt with at the Meeting.

Only Shareholders of record at the close of business on April 9, 2020 will be entitled to vote at the Meeting and any adjournment thereof.

Due to the public health impact of the coronavirus outbreak (COVID-19) and in consideration of the health and safety of our Shareholders, employees and the broader community, this year's Meeting will be held in a virtual only format, by way of a live audio webcast, instead of in person. Shareholders are cordially invited to participate in the online Meeting.

Registered Shareholders and duly appointed proxyholders can attend the Meeting by joining the live webcast online at http://web.lumiagm.com/272823485 where they can participate, vote or submit questions during the Meetings live audio webcast. Non-registered (or beneficial) Shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests, however, they will not be able to vote or submit questions. See "How do I attend and participate at the virtual Meeting?" in the accompanying Information Circular for detailed instructions on how to attend and vote at the Meeting.

Whether or not Shareholders are able to attend the Meeting, registered Shareholders and non-registered Shareholders are encouraged to provide voting instructions in accordance with the enclosed form of proxy or voting instruction form, respectively.

A proxy can be submitted either by mail, courier or hand to Computershare Trust Company of Canada, Stock Transfer Services, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or by going online at www.investorvote.com. The proxy must be received by Computershare no later than 10:30 a.m. (Toronto time) on May 26, 2020, and if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the adjourned or postponed Meeting. In addition, the form of proxy provides instructions on how to vote by telephone or over the internet.

If you are a non-registered Shareholder (also known as a beneficial Shareholder) and receive the Meeting materials through an intermediary, please carefully follow the instructions provided by the intermediary, including those regarding when and where the voting instruction form is to be delivered, in order to provide sufficient time for the intermediary to act on them prior to that deadline.

Additional information relating to the exercise of voting rights by registered and non-registered Shareholders is included in the accompanying Information Circular.

If you did not receive a copy of our 2019 Annual Report, you can view the report on our website at www.extendicare.com, or to receive a hard copy, please contact the Vice President, Investor Relations of the Company at 905-470-5534.

DATED at Markham, Ontario on April 16, 2020.

By order of the Board of Directors of Extendicare Inc.

John Toffoletto
Senior Vice President, Chief Legal Officer and Corporate Secretary

EXTENDICARE INC.

MANAGEMENT INFORMATION AND PROXY CIRCULAR

GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting for the purposes set forth herein and in the Notice of Meeting accompanying this Information Circular. Unless otherwise indicated, the information provided in this Information Circular is given as of April 9, 2020. All dollar amounts referenced herein are expressed in Canadian dollars unless indicated otherwise.

It is anticipated that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally, by telephone or other means of communication by management of the Company, who will not be specifically compensated therefor, or agents of the Company who will be specifically compensated therefor. All costs of the solicitation will be borne by the Company.

Record Date and Voting Rights

The Board of Directors has fixed the record date for the Meeting as at the close of business on April 9, 2020 (the "**Record Date**") for the purpose of determining Shareholders entitled to receive notice of and to vote at the Meeting. Each Shareholder is entitled to one vote for each Common Share held as of the Record Date. Only Shareholders of record at the close of business on the Record Date and their duly authorized representatives shall be entitled to vote at the Meeting or any adjournment thereof. The voting process is different depending on whether a Shareholder is a registered or a non-registered Shareholder.

Questions and Answers on The Virtual Meeting
Q: Why will the Meeting be completely virtual? **A:** Due to the public health impact of the coronavirus outbreak (COVID-19) and in consideration of the health and safety of our Shareholders, colleagues and the broader community, this year's Meeting will be held in a virtual meeting format only, by way of a live webcast. Shareholders will be able to listen, participate and vote at the Meeting in real time through a web-based platform instead of attending the Meeting in person.
Q: Who can attend and vote at the virtual Meeting? **A:** Registered Shareholders and duly appointed proxyholders who log in to the Meeting online will be able to listen, ask questions and securely vote through a web-based platform, provided that they are connected to the internet and follow the instructions set out in this Information Circular. Shareholders who wish to appoint a proxyholder to represent them at the Meeting (including non-registered Shareholders who wish to appoint themselves as proxyholder to attend, participate and vote at the Meeting) must submit their duly completed proxy or voting instruction form AND register the proxyholder with the Company's registrar and transfer agent, Computershare as described below. Failure to register the proxyholder (the person designated to attend the Meeting) with Computershare will result in that proxyholder not receiving a username to participate in the Meeting and such proxyholder would only be able to attend the Meeting as a guest. Non-registered Shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests, provided that they are connected to the internet. Guests will be able to listen to the Meeting but will not be able to ask questions or vote.
Q: How do I attend and participate in the virtual Meeting? **A: The voting process depends on whether a Shareholder is a registered or a non-registered Shareholder.** Please read the applicable instructions below. In order to attend the Meeting, registered Shareholders, duly appointed proxyholders (including non-registered Shareholders who have duly appointed themselves as proxyholder) and guests (including non-registered Shareholders who have not duly appointed themselves as proxyholder) must log in online as set out below. • Step 1: Log in online at http://web.lumiagm.com/272823485. • Step 2: Follow the instructions below:

Registered Shareholders: Click "Login" and enter the username and password "**extendicare2020**" (case sensitive). The username is either the 15-digit control number located on the form of proxy or the username received by email notification from Computershare. If a Shareholder control number is used to log in to the Meeting, then any vote cast at the Meeting will revoke any proxy previously submitted by the Shareholder. If the Shareholder does not wish to revoke a previously submitted proxy, the Shareholder should not vote at the Meeting.

Duly appointed proxyholders: Click "Login" and then enter the username and password "**extendicare2020**" (case sensitive). Proxyholders who have been duly appointed and registered with Computershare as described in this Information Circular will receive a username by email from Computershare after the proxy voting deadline has passed.

Guests: Click "I am a guest" and then complete the online form.

Registered Shareholders and duly appointed proxyholders may ask questions and vote by completing a ballot online during the Meeting. It is important for persons intending to vote at the Meeting to allow ample time to log in to the Meeting online and to remain connected to the internet at all times during the Meeting in order to vote when balloting commences. It is the Shareholder's responsibility to ensure connectivity for the duration of the Meeting.

Non-registered Shareholders who have not duly appointed themselves as proxyholders may listen to the Meeting as guests.

Guests will not be permitted to ask questions or vote at the Meeting.

Voting Instructions for Registered Shareholders

Registered Shareholders are Shareholders who hold their Common Shares in their own names and will have received this Information Circular in a mailing from Computershare, together with a form of proxy. Registered Shareholders may vote their Common Shares by completing and submitting the accompanying form of proxy or during the Meeting by online ballot through the live webcast platform.

Voting at the Virtual Meeting

Registered Shareholders wishing to vote their Common Shares at the Meeting do not need to complete and return the accompanying form of proxy. Their vote will be taken and counted at the Meeting through the live webcast platform.

Voting by Proxy

Registered Shareholders can vote by proxy whether or not they attend the Meeting by completing the accompanying form of proxy (also available online at www.investorvote.com) and returning it by either of the following means: by mail, courier or hand to Computershare at the address listed below; or by going online at www.investorvote.com and entering the 15-digit control number located on the form of proxy.

A proxyholder is the person appointed by a Shareholder to cast votes and act on behalf of the Shareholder at the Meeting, including any continuation of the Meeting that may occur in the event that the Meeting is adjourned. A Shareholder may authorize the management representatives named in the accompanying form of proxy to vote their Common Shares or they may appoint another person (who need not be a Shareholder) to be their proxyholder and vote on their behalf. The persons already named in the accompanying form of proxy are the designated proxyholders (the "**Named Proxyholders**") and are officers and/or directors of the Company. Unless a Shareholder appoints another person to represent them, the Named Proxyholders are appointed to act as the Shareholder's proxyholder.

To appoint another person to be their proxyholder, the Shareholder must insert the name of their chosen proxyholder in the blank space provided on the form of proxy for that purpose or complete another proper form of proxy. Such person must attend the Meeting to vote the Shareholder's Common Shares by online ballot through the live webcast platform.

In addition, a Shareholder wishing to appoint a proxyholder must complete the additional step of registering such proxyholder with Computershare at www.computershare.com/extendicare after submitting their form of proxy, by no later than 10:30 a.m. (Toronto time) on May 26, 2020. Failure to register the proxyholder with Computershare will result in the proxyholder not receiving a username to participate in the Meeting and such proxyholder would only be able to attend as a guest.

To be valid, Registered Shareholders' proxies must be deposited with the Company's registrar and transfer agent, Computershare Trust Company of Canada, Attention: Stock Transfer Services, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 no later than 10:30 a.m. (Toronto time) on May 26, 2020 or, in the case of any adjournment, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the adjourned Meeting. In addition, the form of proxy provides instructions on how to vote by telephone or over the internet.

Voting Instructions for Non-registered Shareholders

Non-registered Shareholders or Shareholders who hold their Common Shares in the name of a "nominee", such as a bank, trust company, securities broker or other financial institution, will have received this Information Circular in a mailing from their nominee together with a voting instruction form.

Non-registered Shareholders who do not plan to attend the Meeting should mark their voting instructions on the voting instruction form, sign it and return it as instructed by their nominee. The purpose of the voting instruction form is to instruct the nominee on how to vote on behalf of the non-registered Shareholder. The voting instruction form may provide instructions on how to vote by telephone or over the internet.

Non-registered shareholders should carefully follow the instruction of their nominee, including those regarding when and where the voting instruction form is to be delivered. Intermediaries must receive the voting instructions from Non-registered Shareholders at least one business day in advance of the proxy deposit date noted on the voting instruction form in order to be able to act on them. Computershare must receive proxy vote instructions from the intermediaries no later than 10:30 a.m. (Toronto time) on May 26, 2020 or, in the case of any adjournment, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the adjourned meeting.

Attending and Voting at the Virtual Meeting and Appointing Another Person as Proxyholder

Non-registered Shareholders who plan to attend and vote at the Meeting must write their name or in the place provided on the voting instruction form and adhere to the signing and return instructions provided by their nominee. In addition, a non-registered Shareholder may appoint another person (who need not be a Shareholder) whom they wish to attend the Meeting and vote by online ballot on their behalf in the place provided on the voting instruction form and adhere to the signing and return instructions provided by their nominee. By doing so, the non-registered Shareholder is instructing the nominee to appoint that Shareholder or such other person as proxyholder. The non-registered Shareholder should not otherwise complete the form, as the appointed proxyholder will be voting at the Meeting.

In addition, a non-registered Shareholder wishing to appoint themselves or another person as their proxyholder must complete the additional step of registering themselves or such other proxyholder with Computershare at www.computershare.com/extendicare after submitting their form of proxy, by no later than 10:30 a.m. (Toronto time) on May 26, 2020. Failure to register the proxyholder with Computershare will result in the proxyholder not receiving a username to participate in the Meeting and such proxyholder would only be able to attend as a guest.

United States Beneficial holders: To attend and vote at the virtual Meeting, such U.S. beneficial holders must first obtain a valid legal proxy from their broker, bank or other agent and then register in advance to attend the Meeting. Such holders should follow the instructions from their nominee included with these proxy materials, or contact their nominee to request a legal proxy form. After first obtaining a valid legal proxy form, to then register to attend the Meeting, the U.S. Beneficial holder must submit a copy of their legal proxy to Computershare. Requests for registration should be directed to: Computershare Trust Company of Canada, Attention: Stock Transfer Services, 100 University Avenue; 8th Floor; Toronto, Ontario; M5J 2Y1 or by email to: uslegalproxy@computershare.com.

Revocation of Proxy

Registered Shareholders

Registered Shareholders may revoke any prior proxy by providing a new proxy with a later date, provided that the new proxy is received by Computershare no later than 10:30 a.m. (Toronto time) on May 26, 2020 or, in the case of any adjournment, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the adjourned meeting. A Registered Shareholder may also revoke any prior proxy without providing new voting instructions by preparing a written statement to that effect. Such written statement must be delivered: (i) to the registered office of the Company, at 3000 Steeles Ave. East, Suite 103, Markham, Ontario, L3R 4T9, Attention: Corporate Secretary, no later than the close of business on May 27, 2020 or, in the case of any adjournment, not later than the close of business on the last business day preceding the date of commencement of the adjourned meeting, or (ii) to the Chairman of the Meeting prior to commencement of the Meeting, on the day of the Meeting, or any adjournment thereof, or (iii) in any other manner permitted by law. A Registered Shareholder attending the Meeting may vote online, and any vote cast at the Meeting will revoke any proxy previously submitted by the Registered Shareholder.

Non-registered Shareholders

Non-registered Shareholders may revoke any prior voting instructions by providing new instructions on a voting instruction form with a later date, or at a later time in the case of voting by telephone or over the internet, provided that the new instructions are received by their nominee in sufficient time for their nominee to act on them. Non-registered Shareholders should contact their nominee if they want to revoke their proxy or change their voting instructions, or if they change their mind and want to vote in person.

Exercise of Discretion by Proxyholders

A Shareholder may instruct the appointed proxyholder how he or she wishes to vote on the matters listed in the Notice of Meeting by checking the appropriate boxes on the form of proxy. If the Shareholder has not specified how to vote on a particular matter, the appointed proxyholder is entitled to vote the Common Shares as he or she sees fit. **If the form of proxy does not specify how to vote on any particular matter and if the Shareholder has authorized the Named Proxyholders to act as his or her proxyholder, the Common Shares will be voted at the Meeting as follows:**

- **FOR the appointment of KPMG LLP as the Company's auditors and the authorization of the Directors to fix the remuneration of the auditors;**
- **FOR the election of the nine nominees listed in this Information Circular to the Board of Directors; and**
- **FOR the Advisory (Non-binding) Resolution to accept the Company's approach to executive compensation.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, the Board of Directors knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any such amendment, variation or other matter which is not now known should properly come before the Meeting, then the persons named in the enclosed forms of proxy will vote on such matters in accordance with their judgement, pursuant to the discretionary authority conferred by the forms of proxy with respect to such matters.

Principal Holders of Common Shares

As at the close of business on April 9, 2020, there were 89,466,298 Common Shares issued and outstanding. To the knowledge of the directors and the executive officers of the Company, as of the close of business on April 9, 2020, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the voting rights attached to the issued and outstanding Common Shares.

BUSINESS OF THE MEETING

Financial Statements

The consolidated financial statements of the Company for the year ended December 31, 2019, and the report of the auditors thereon, will be placed before the Shareholders by the Company at the Meeting. Shareholders may find a copy of these documents in the Company's 2019 Annual Report, which is available on the Company's website at www.extendicare.com and on SEDAR at www.sedar.com under Extendicare's issuer profile.

Appointment of Auditors

With the recommendation of the Audit Committee, the Common Shares represented by proxies in favour of the persons named in the enclosed form of proxy will be voted in favour of the appointment of KPMG LLP, the present auditors, as auditors of the Company to hold office until the next annual meeting of the Company to be held in 2020, unless authority to vote in respect of the appointment of auditors and the authorization of the Directors to fix the remuneration of the auditors is withheld in the form of proxy.

External Auditor Services Fees

Fees billed by the independent external auditors of the Company, KPMG LLP, during fiscal 2018 and 2019 totalled $1,205,000 and $1,266,000, respectively, the nature of which related solely to audit fees. These audit fees were in respect of audit services and interim reviews of the consolidated financial statements of the Company, including separate audits and reviews of certain of its wholly owned subsidiaries. In addition, services during both years were provided by KPMG LLP in respect of other regulatory-required auditor attest functions associated with government audit reports for the Company's long-term care centres and home health care operations.

Election of Directors

The articles of the Company provide that the Board shall consist of a minimum of one and a maximum of twenty directors, with the number of directors from time to time within such range being fixed by resolution of the Board of Directors. Each Director is elected annually and will hold office for a term expiring at the close of the next annual meeting of the Company, unless his or her office is vacated earlier due to death, removal, resignation or ceasing to be duly qualified.

The Board presently consists of nine directors, and has fixed the number of directors to be elected to the Board at nine. Ms. Cunningham is retiring from the Board and Mr. Houlden is a nominee who is not currently on the Board. Each of the nominees for election at the Meeting, as set out below under "Nominees for Election as Directors", has confirmed his or her willingness to serve on the Board and has acknowledged and agreed to abide by the Company's majority voting policy.

In the absence of a contrary instruction, the persons designated by management of the Company in the accompanying form of proxy intend to vote "**FOR**" the nine nominees whose names are set forth below. The Board of Directors does not contemplate that any of the nominees will be unable to serve as a director. If, for any reason, any of the nominees is unable to serve as a director, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their sole discretion.

The following summarizes the number of Board and committee meetings held during 2019, and the attendance thereat:

	Board	**Audit**	**GN**	**HR**	**INV**	**QR**
Meetings	13	4	6	6	6	4
Attendance	100%	100%	100%	100%	100%	100%

Majority Voting Policy

The Company has adopted a majority voting policy to promote enhanced director accountability. This policy stipulates that for uncontested elections, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election shall promptly tender his or her resignation to the Chairman of the Board for consideration by the GN Committee. The Board of Directors will promptly disclose its decision and, if applicable, the reasons for rejecting the nominee's tendered resignation, in a press release, a copy of which shall be provided to the TSX. In a contested election, where the number of director nominees exceeds the number of director positions to be filled through the election, a plurality vote standard will continue to apply. This means that the nominees with the largest number of "for" votes will be elected as directors of the Company up to the maximum number of directors to be elected. More details on the Company's majority voting policy are provided under "Majority Voting Policy" found in Schedule A – "Statement of Corporate Governance Practices".

Nominees for Election as Directors

The following table sets forth certain information relating to each of the nine nominees proposed for election as directors of the Company, including their backgrounds, Extendicare securities held and related ownership requirements, and meeting attendance in 2019.

If elected to the Board of Directors, each of the nominees set forth below, other than Dr. Guerriere, will be an independent Director.

The information set out below relating to each of the nominees for election as directors of the Company is based partly on the Company's records and partly on information received by the Company from such nominee.

Directors nominated to serve until the next Annual Meeting of Shareholders in 2021

ALAN D. TORRIE
Ontario, Canada

Age: 69

Director Since
January 6, 2016

Status: Independent

2019 Annual Meeting Votes in Favour: 98.96%

Mr. Torrie was appointed Chairman of the Board on May 25, 2017. He is a former President and CEO of Morneau Shepell Ltd. (Morneau Shepell) (from 2008 to May 2017), and a former member of its board from 2005 to 2017. A TSX listed company, Morneau Shepell is a leading provider of Employee and Family Assistance Programs, the largest administrator of pension and benefits plans and the largest provider of integrated absence management solutions in Canada. Mr. Torrie also served as the President and CEO of Discovery Air Inc. from August 2017 to September 2018.

Mr. Torrie has over 30 years of experience as a senior executive leader in health care and life sciences, including as Chief Operating Officer of Retirement Residences REIT, or "RRR", from 2005 to 2007 (a predecessor of Revera Inc.), and in a number of senior executive positions at MDS Inc. (a predecessor of Nordion Inc.) from 1987 to 2005, including as President and CEO of MDS Diagnostics and MDS Laboratories.

Mr. Torrie has served on numerous corporate and community boards, and is currently a director and Chair of the Audit Committee of Flow Capital (TSXV: FW) and a director and member of the audit and corporate governance committees of Green Shield Canada.

Mr. Torrie holds a B.Sc from McMaster University, a DHA in Healthcare Management from the University of Toronto and has completed the Advanced Management Program from Harvard University.

Board/Committee Attendance:		
Board	13/13	100%
GN	6/6	100%
HR	6/6	100%

Current Committee Memberships:
GN, HR

Other Current Public Board Memberships: 1
Flow Capital

Share Ownership to be Achieved by January 6, 2021:			$450,000	3 x Board Retainer
Common Shares (#)	**DSUs (#)**	**Total (#)**	**Total Value ($) (1)**	**Met or in Progress**
35,000	98,557	133,557	1,019,843	Met (6.8 times)

NORMA BEAUCHAMP
Ontario, Canada

Age: 58

Director Since
May 30, 2019

Status: Independent

2019 Annual Meeting Votes in Favour: 98.76%

Ms. Beauchamp is a corporate director with over 30 years of health care experience in corporate and non-profit organizations, including executive positions at Bayer Healthcare (Canada and Global) and Sanofi Canada. Most recently, she served as the President and CEO of Cystic Fibrosis Canada (2014 to 2017). Throughout her career, she has been a patient advocate, working with patient and health care organizations to enhance access to care.

Ms. Beauchamp currently serves on the respective boards of Acerus Pharmaceuticals Corporation (TSX: ASP), as Chair of its Corporate Governance and Nominating Committee and a member of its Audit Committee, Aurora Cannabis Inc. (TSX: ACB), as Chair of its Nominating and Corporate Governance Committee and a member of its Human Resources and Compensation Committee and Quest PharmaTech Inc. (TSXV: QPT). Formerly, Ms. Beauchamp was a director, Chair of the Corporate Governance and Compensation Committee and a member of the Audit Committee of MedReleaf.

Ms. Beauchamp has served on the Boards of St. Joseph's Health Centre Foundation, Providence Healthcare Foundation and the Breast Cancer Society of Canada.

Ms. Beauchamp has completed the University of Toronto's Rotman School of Management Directors Education Program (ICD.D), and holds a Bachelor of Business Administration in Marketing from Bishop's University.

Board/Committee Attendance:			**Other Current Public Board Memberships: 3**
Board INV QR	6/6 4/4 2/2	100% 100% 100%	Acerus Pharmaceuticals Corporation; Aurora Cannabis Inc., and Quest PharmaTech Inc.
Current Committee Memberships:			INV, QR

Share Ownership to be Achieved by May 30, 2024:			$150,000	3 x Board Retainer
Common Shares (#)	**DSUs (#)**	**Total (#)**	**Total Value ($) (1)**	**Met or in Progress**
3,200	5,906	9,106	72,611	In Progress

MICHAEL GUERRIERE
Ontario, Canada

Age: 56

Director Since
March 12, 2018

Status: Management

2019 Annual Meeting Votes in Favour: 98.96%

Dr. Guerriere was appointed the President and CEO of Extendicare on October 22, 2018, and has been a member of the Board since March 2018. He has a diverse background with over 25 years of experience in hospital operations, health management consulting and technology. Dr. Guerriere was with TELUS Health, a provider of technology services to clinical professionals, hospitals, government agencies, health authorities, pharmacies and consumers across Canada, from May 2011 to October 2018, most recently as Chief Medical Officer, Vice President and Chief Strategy Officer. Prior to that, he was a founding partner of Courtyard Group, an international health care consultancy, from 2002 until it was acquired by TELUS Health. Dr. Guerriere also served 10 years as an executive in university teaching hospitals, including Executive Vice President and Chief Operating Officer at the University Health Network.

Dr. Guerriere has adjunct appointments in the Institute of Health Policy Management and Evaluation at the University of Toronto and the School of Health Information Science at the University of Victoria. He has served on numerous boards including Ryerson University (where he served as Chair), MediSolution Ltd. (member of audit committee), Canada Health Infoway (chair of finance committee), the Canadian Institute for Health Information, and the Institute of Clinical Evaluative Sciences.

Board/Committee Attendance:			**Other Current Public Board Memberships: 0**
Board	13/13	100%	None

Share Ownership to be Achieved by October 22, 2023:			$1,800,000	3 x Base Salary
Common Shares (#)	**PSUs/DSUs (#)**	**Total (#)**	**Total Value ($) (1)**	**Met or in Progress**
40,000	232,602	272,602	2,133,068	Met (3.6 times)

SANDRA L. HANINGTON, M.S.C
Ontario, Canada

Age: 58

Director Since
August 5, 2014

Status: Independent

2019 Annual Meeting Votes in Favour: 98.82%

Ms. Hanington is a corporate director and advisor, and is a former President and CEO of the Royal Canadian Mint (February 2015 to July 2018). From 1999 to 2011 she held a number of progressively senior executive roles in the financial services sector in North America, culminating as Executive Vice President and a member of the Management Committee of BMO Financial Group. Prior to joining BMO Financial Group, Ms. Hanington worked for Manulife Financial/North American Life Assurance, Royal Trustco Ltd. and Suncor Inc./Sunoco Group.

Ms. Hanington currently serves as a director and as Chair of the Governance and Nominating Committee of Aimia Inc. (TSX: AIM). Ms. Hanington is the co-founder and a director of Jack.org, promoting mental health and wellness for youth in Canada since 2010. Ms. Hanington was named by the Women's Executive Network (WXN)™ as one of Canada's Top 100 Most Powerful Women three times in a row, from 2007 to 2009, and was inducted into the WXN Hall of Fame in 2010.

Ms. Hanington is a licensed professional engineer with a BASc from the University of Waterloo, an MBA from the Rotman School of Management, University of Toronto, and holds the ICD.D designation from the Institute of Corporate Directors.

Board/Committee Attendance:		
Board	13/13	100%
Audit	4/4	100%
GN	6/6	100%
QR	4/4	100%

Current Committee Memberships:
Audit, GN, QR
Other Current Public Board Memberships: 1
Aimia Inc.

Share Ownership to be Achieved by January 1, 2021:			$150,000	3 x Board Retainer
Common Shares (#)	**DSUs (#)**	**Total (#)**	**Total Value ($) (1)**	**Met or in Progress**
3,000	27,791	30,791	248,297	Met (5.0 times)

ALAN R. HIBBEN
Ontario, Canada

Age: 66

Director Since
January 22, 2016

Status: Independent

2019 Annual Meeting Votes in Favour: 96.82%

Mr. Hibben is a corporate director and advisor. Since December 2014, he has been the principal of Shakerhill Partners Ltd., a consulting firm providing strategic and financial advice, specializing in mergers and acquisitions, corporate strategy and governance, as well as expert witness services. Previously, Mr. Hibben was the Managing Director in the Mergers and Acquisitions Group at RBC Capital Markets, Head of Strategy and Development at Royal Bank of Canada and Chief Executive Officer of RBC Capital Partners.

Mr. Hibben has been a director of a number of Canadian public and private companies, both in financial services and as part of his responsibility for overseeing private equity and venture capital investments. Mr. Hibben currently serves as a director of WildBrain Ltd (TSX: WILD) and Home Capital Group Inc. (TSX: HCG), and is on the board of the Mount Sinai Hospital Foundation, where he serves on the Sinai Health's Audit and Risk Committee as well as the Strategy and Government Relations Committee.

Mr. Hibben is a CPA, CA, and CFA, and holds the ICD.D designation.

Board/Committee Attendance:		
Board	13/13	100%
Audit	4/4	100%
GN	6/6	100%
INV	6/6	100%

Current Committee Memberships:
Audit, GN, INV
Other Current Public Board Memberships: 2
WildBrain Ltd. and Home Capital Group Inc.

Share Ownership to be Achieved by January 22, 2021:			$150,000	3 x Board Retainer
Common Shares (#)	**DSUs (#)**	**Total (#)**	**Total Value ($) (1)**	**Met or in Progress**
32,497	70,384	102,881	840,727	Met (16.8 times)

BRENT HOULDEN
Ontario, Canada

Age: 66

Director Since
N/A

Status: Independent

Mr. Houlden is currently the CEO of Dealnet Capital Corp. (TSXV: DLS), a consumer finance company for home improvements. Mr. Houlden assumed the position of CEO in October 2017, and has been a member of its board since June 2015.

Most of Mr. Houlden's career has been spent consulting in the area of strategy and operations, and as a financial advisor on urgent business critical transactions. He is an operator and strategist with a wide breadth of management skills and consulting expertise.

After retiring as a senior Deloitte LLP partner in November 2014, he held numerous interim management roles including acting as the Interim CFO of Danier Leather Inc. (July 2015 to April 2016).

In addition to serving on the board of Dealnet Capital Corp., Mr. Houlden currently serves on the respective boards of Gravitas Financial Inc. (a Canadian Stock Exchange) and the Mount Pleasant Group of Cemeteries. Mr. Houlden previously served on a number of other boards including the board of Deloitte LLP for six years.

Mr. Houlden is a CPA, CA and LIT, and holds an MBA from Queens University and the ICD.D designation from the Institute of Corporate Directors.

Share Ownership / Requirement	**Other Current Public Board Memberships: 2**
None / N/A	Dealnet Capital Corp. and Gravitas Financial Inc.

DONNA E. KINGELIN
Ontario, Canada

Age: 64

Director Since
January 6, 2016

Status: Independent

2019 Annual Meeting
Votes in Favour: 98.82%

Ms. Kingelin is a corporate director and consultant, and is the retired owner and managing partner of Kingswood Consulting, a partnership that specialized in providing comprehensive services for seniors housing companies (2012 to 2017). She has over 30 years of leadership and operating experience in the senior living industry in public and private organizations that includes the administration of long-term care homes, retirement communities, and home health care. Previously, Ms. Kingelin held the position of Managing Director at Holiday Corporation, a private independent retirement living company (June 2010 to June 2012). Prior to that, Ms. Kingelin was a senior executive at Revera Inc. (1997 to 2010), a seniors housing company wholly owned by the Public Service Pension Investment Board (formerly TSX: RRR). Ms. Kingelin was Senior Vice President of Operations from 1997 to 2007, and Chief Operating Officer from 2007 to 2010, where she played a key role in taking the long-term care division public in 1997 as CPL Long Term Care REIT, followed by its acquisition in 2002 by RRR.

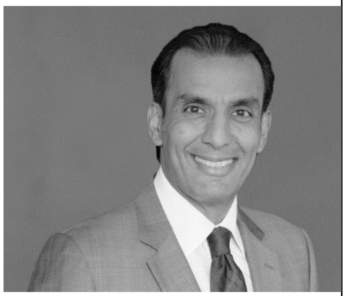
Ms. Kingelin holds board positions at Oshawa Power and Utilities Corporation (Chair of the Governance, Human Resources and Nomination Committee); Pallium Canada (Chair of the Human Resources and Nomination Committee); Kinark Child and Family Services (Chair of the Human Resources Committee); and the Kinark Foundation.

Ms. Kingelin is a Registered Nurse, holds the ICD.D designation and has completed executive management training at Queen's University.

Board/Committee Attendance:		
Board	13/13	100%
HR	6/6	100%
INV	2/2	100%
QR	4/4	100%

Current Committee Memberships:
HR, QR
Other Current Public Board Memberships: 0
None

Share Ownership to be Achieved by January 6, 2021:			$150,000	3 x Board Retainer
Common Shares (#)	**DSUs (#)**	**Total (#)**	**Total Value ($) (1)**	**Met or in Progress**
6,000	46,794	52,794	457,429	Met (9.1 times)



SAMIR MANJI
British Columbia, Canada

Age: 51

Director Since
May 30, 2019

Status: Independent

2019 Annual Meeting
Votes in Favour: 99.18%

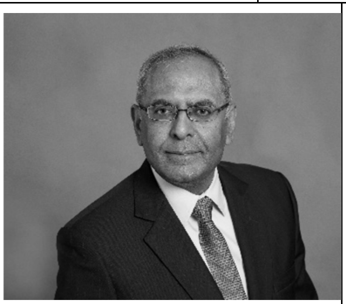
Mr. Manji is the founder and CEO of Sandpiper Group, a Vancouver-based real estate private equity firm established in 2016, and has over 25 years of experience in real estate and seniors housing. Mr. Manji was the founder, Chairman and CEO of Amica Mature Lifestyles Inc. (Amica), a TSX-listed company from 1997 until its sale to Ontario Teachers' Pension Plan in 2015. Mr. Manji is widely credited with building Amica into the premier high-end independent living brand it is today.

Through his family-controlled company, Barney River Investments Ltd., Mr. Manji has been involved in over $3 billion in hospitality, seniors housing and multifamily residential real estate acquisitions and dispositions. Mr. Manji is an active member of the Young Presidents' Organization and he is the current President of the Ismaili Council of British Columbia. He was recognized in 2006 as a recipient of Canada's Top 40 Under 40 and was also named the Ernst & Young Entrepreneur of the Year award winner in the business-to-consumer products and services category in British Columbia in 2010.

Mr. Manji graduated from the University of Waterloo and received his CPA, CA with KPMG LLP in Toronto.

Board/Committee Attendance:			Current Committee Memberships:
Board INV	6/6 4/4	100% 100%	INV
			Other Current Public Board Memberships: 0
			None

Share Ownership to be Achieved by May 30, 2024:			$150,000	3 x Board Retainer
Common Shares (#)	**DSUs (#)**	**Total (#)**	**Total Value ($) (2)**	**Met or in Progress**
8,719,576 (3)	10,899	8,730,475	56,748,087	Met



AL MAWANI
Ontario, Canada

Age: 67

Director Since
December 1, 2017

Status: Independent

2019 Annual Meeting
Votes in Favour: 98.74%

Mr. Mawani is the Principal of Exponent Capital Partners Inc., a private equity investor and real estate advisory firm. He has over 35 years of experience in the commercial real estate industry, including 15 years of c-suite experience as SVP/EVP & CFO of Oxford Properties Group Inc. (1989 to 2001), President and CEO of Calloway/Smart Centres Real Estate Investment Trust (2011 to 2013), and President & CEO of privately-owned Rodenbury Investments Limited (2015 and 2016).

Mr. Mawani has been an independent board member of national and North American firms across multiple asset classes, including private-pay retirement living operations. He currently serves on the TSX-listed boards of First Capital Real Estate Investment Trust, as Chair of its Audit Committee and member of its Compensation Committee; and Granite Real Estate Investment Trust, as Chair of its Corporate Governance & Nominating Committee and as a member of its Audit Committee. In addition, he has served on the respective boards of Slate Office Real Estate Investment Trust, Boardwalk Real Estate Investment Trust, Calloway Real Estate Investment Trust, Amica Mature Lifestyles Inc., and IPC US Real Estate Investment Trust.

Mr. Mawani is a CPA, CA, and has a Masters in Law from York University, an MBA from the University of Toronto and is a member of ICD.

Board/Committee Attendance:			Current Committee Memberships:
Board Audit HR INV	13/13 4/4 3/3 6/6	100% 100% 100% 100%	Audit, HR, INV
			Other Current Public Board Memberships: 2
			First Capital REIT and Granite REIT

Share Ownership to be Achieved by December 1, 2022:			$150,000	3 x Board Retainer
Common Shares (#)	**DSUs (#)**	**Total (#)**	**Total Value ($) (1)**	**Met or in Progress**
15,000	16,501	31,501	244,840	Met (4.9 times)

Notes:

(1) The value of such Common Shares, DSUs and PSUs is based on the original acquisition cost/grant date value (refer to the policy under "Compensation of Directors of Extendicare – Director Share Ownership Policy").

(2) The market value of such Common Shares, DSUs and PSUs is based on the closing price for the Common Shares on the TSX on April 9, 2020 of $6.50.

(3) Sandpiper Real Estate Fund 2 Limited Partnership beneficially owned 3,574,176 Common Shares and Sandpiper Real Estate Fund 3 Limited Partnership beneficially owned 5,145,400 Common Shares, together representing approximately 9.7% of the issued and outstanding Common Shares as at April 9, 2020. The general partners of these limited partnership are Sandpiper GP 2 Inc. and Sandpiper GP 3 Inc., respectively, of which Mr. Manji is a director and officer of both.

Corporate Orders and Bankruptcies

To the knowledge of the Company, except as described below, none of the proposed nominees for election as a Director had, as at the date of this Information Circular or in the last 10 years, been (a) a director, chief executive officer or chief financial officer of a company that was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (b) a director or executive officer of a company that made a proposal under legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors.

Mr. Torrie was a director of LMI Legacy Holdings II Inc. (formerly known as Landauer-Metropolitan, Inc.) (together with certain affiliated entities, "**LMI**") which filed a petition in the U.S. Bankruptcy Court for the District of Delaware for relief under Chapter 11 of the U.S. Bankruptcy Code on August 16, 2013. Following a sale of substantially all of LMI's assets on February 7, 2014, LMI filed a Joint Plan of Liquidation (the "**Plan**") under Chapter 11 of the U.S. Bankruptcy Code. On April 28, 2014, the U.S. Bankruptcy Court entered an order confirming the Plan. The effective date of the Plan was May 1, 2014. In addition, Mr. Torrie served as President and Chief Executive Officer of Discovery Air Inc. from August 2017 to September 2018, which commenced restructuring proceedings under the Companies' Creditors Arrangement Act on March 21, 2018 and bankruptcy proceedings under the Bankruptcy and Insolvency Act on September 4, 2018.

Mr. Houlden was named Interim CFO of Danier Leather Inc. on July 2, 2015, a position he held until leaving the company in April 2016. On February 4, 2016, the company announced that it had filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act (Canada).

Board Skills Matrix

The skills matrix set out below is used to assess the Board's overall strengths and to assist in the Board's ongoing renewal process, with the objective of determining the needs of the Board in the long-term and identifying new candidates to stand as nominees for election or appointment as Directors. The skills matrix reflects the primary qualifications that the Board, with the support of the GN Committee, currently considers to be important. Although the Directors have a breadth of experience in many areas, the skills matrix highlights four key skill sets for each Director. In addition, the Board considers each of its Directors to be financially literate, with each having the ability to read and understand the Company's financial statements. The matrix is not intended to be an exhaustive list of each Director's skills and experience.

Key Skills and Experience	**Beauchamp**	**Guerriere**	**Hanington**	**Hibben**	**Houlden**	**Kingelin**	**Manji**	**Mawani**	**Torrie**
Corporate Finance/Mergers & Acquisitions				●	●		●	●	●
Real Estate/REIT						●	●	●	
Seniors Housing/Hospitality							●		●
Health Care/Regulated Industries	●	●				●			●
Legal/Regulatory				●				●	
Human Capital Management	●		●		●	●	●		●
Government Relations & Strategy/Public Policy	●	●	●	●					
Quality/Risk Management & Mitigation		●	●	●	●	●			
Technology & Innovation	●	●	●		●			●	

Shareholder Advisory Vote on the Approach to Executive Compensation

The Board of Directors believes that Shareholders should have the opportunity to understand fully the objectives, philosophy and principles the Board has used to make executive compensation decisions and to have an advisory vote on the Board's approach to executive compensation. The Board's advisory vote policy is substantially consistent with the Canadian Coalition for Good Governance's model "Say on Pay" policy for boards of directors. This non-binding advisory shareholder vote, commonly known as "Say on Pay", provides Shareholders with the opportunity to endorse or not endorse the Company's approach to its executive compensation program in the year that payments are made, as well as over a longer period of time.

At the Company's annual meeting held in 2019, 96.93% of the Shareholders voted in favour of the Company's approach to executive compensation. As this vote is an advisory vote, the results will not be binding upon the Board of Directors. However, the HR Committee and the Board of Directors will take the results of the vote into account, as appropriate, together with feedback received from Shareholders, when considering future compensation policies, procedures and decisions. Please refer to the discussion under "Say on Pay" found in Schedule A – "Statement of Corporate Governance Practices" for more details on the Company's policy with respect to this advisory vote, and how Shareholders may contact the Board of Directors with any comments or questions.

The Company's compensation policies and procedures are designed to provide a strong and direct link between performance and compensation. To assist Shareholders in making their voting decision, please refer to the Compensation Discussion and Analysis (the "**CD&A"**) below. The CD&A describes the Board of Directors' approach to executive compensation, the details of the compensation program and the Board of Directors' compensation decisions in 2019. This disclosure has been approved by the Board on the recommendation of the HR Committee.

The Board of Directors unanimously recommends the Shareholders vote FOR the Advisory (Non-binding) Resolution. The text of the Advisory (Non-binding) Resolution is set forth below:

"Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the Shareholders accept the approach to executive compensation disclosed in this Information Circular delivered in advance of the 2020 annual meeting of Shareholders of the Company."

COMPENSATION DISCUSSION AND ANALYSIS

Human Resources Committee Letter to Shareholders

Fellow Shareholders,

The HR Committee is pleased to provide you with an overview of Extendicare's performance in 2019 and a summary of our approach in determining the compensation of our executives. Last year, our advisory Say on Pay vote received approval from 97% of our Shareholders. We appreciate the support for our compensation programs and have continued to enhance the design of our executive compensation programs and their link to the shareholder experience.

Highlights from 2019

In 2019, we focused on continuing to deliver high-quality health care services to our residents and clients, while investing in positioning the Company to capitalize on the underlying fundamental future demographic growth opportunities. We have invested heavily in upgrading our systems and processes as well as strengthened our leadership team with new talent and positions to improve our ability to meet the increasing demand for health care. While the associated costs compressed our earnings for 2019, we believe this investment in our long-term infrastructure sets us up for future success.

Key performance highlights included:

- Long-term care continued to provide a stable base for our operations, delivering quality care for seniors and maintaining average occupancy above 97%;
- Retirement living operations experienced brisk lease up activity in newly added and expanded communities having added 281 new suites since the latter part of 2018;
- Continued progress with the transformation of our ParaMed home health care operations, with 89% of targeted business volumes transitioned to a new cloud-based platform by the end of 2019, and 95% transitioned to-date, as well as continued focus on optimizing standard operating procedures to leverage the new platform;
- Successful completion of the transition out of the negative margin B.C. home health care market, culminating at the end of January 2020; and
- Continued growth in our business-to-business services, most notably through a 27% increase in the number of beds served by our SGP Group Purchasing Partner Network.

In addition, the Company has recently welcomed several new members of the executive and management leadership teams, with experience across a broad spectrum of industries. Since the latter half of 2018, we have enhanced our leadership team across the organization, including the following key senior executives:

- Dr. Guerriere joined the Company as the President and CEO in October 2018, prior to which he was the Chief Medical Officer, Vice President and Chief Strategy Officer at TELUS Health;
- Mr. Bacon joined the Company in April 2019 as Senior Vice President and CFO, having most recently served as Executive Vice President, CFO of GFL Environmental Inc.;
- Mr. Mir joined the Company in May 2019 as Vice President, ParaMed Operations, prior to which he was a Managing Principal at TELUS Health where he managed the Health Outcomes, Analytics and Innovation agendas;
- Mr. Toffoletto joined the Company in November 2019 as Senior Vice President, Chief Legal Officer and Corporate Secretary, having most recently served in a similar role with Enercare Inc.; and
- Ms. Sarauer joined the Company in February 2020 as Senior Vice President, Chief Human Resources Officer, prior to which she served in a similar role with Open Text Corporation.

The Board has been pleased with this progress, and has confidence that this enhanced leadership team will continue to add considerable value and play an important role in shaping the future direction of senior care within federal and provincial associations and in developing strategic partnerships within the health care business.

2019 Compensation Decisions

The objectives of our executive compensation program are to attract, retain and motivate executives and reward for the Company's financial and operational performance along with executives' individual contributions. The total compensation package is designed to provide a strong and direct link between performance and compensation, and the HR Committee believes the program design is appropriate and competitive in the Canadian markets in which the Company operates.

The factors described above were reflected in the below-target payouts under our short-term incentive program ("**STIP**") for all of our executives, including a payout of 55% of target for our CEO, Dr. Guerriere. The HR Committee felt these results were appropriate, given the below-target achievement of financial, quality, and individual metrics in 2019. Refer to "Compensation for 2019 – Short-term Incentives Awarded in 2019" for additional details.

The end of 2019 marked the completion of the performance goal period for the 2017 PSUs, achieving a 56.75% AFFO score and 48.50% relative total shareholder return ("**TSR**") score, for a total payout of 52.62% of target. The HR Committee felt these results were appropriate, given the below-target achievement of the AFFO and TSR metrics over the periods assessed. Refer to "Performance of 2017 PSUs" for additional details.

Compensation Changes for 2020

In 2019, the Committee undertook a review of its short- and long-term incentive programs, the most substantive adjustments to the programs are as follows:

- The STIP range of the financial and quality goals was expanded to 0% – 150% to allow for above-target bonus payout results for above-target performance.
- Increased the weighting on financial performance metrics for all executives to 50% of the overall STIP score, and added a corporate-level financial metric for divisional executives.
- The PSUs, which comprise 100% of our long-term incentive plan ("**LTIP**") for executives, were modified to narrow the performance range from 0% – 200% to 50% – 150% to balance payout variability and enhance retention, while maintaining a strong pay-for-performance alignment.

Refer to "2019 Review of Executive Compensation Programs" section for additional details.

The HR Committee will continue to monitor executive compensation at Extendicare, and in the broader market, to ensure we remain aligned with best practice.

Shareholder Engagement

Our Board welcomes constructive engagement with our shareholders, and the HR Committee welcomes feedback on our approach to corporate governance and executive compensation. We invite you to write to us by email at governance_matters@extendicare.com should you have any comments.

Sincerely,

Donna Kingelin, Chair
Human Resources Committee

Composition of the Human Resources Committee

A description of the roles and responsibilities of the HR Committee is set out under "Compensation of Senior Management" in Schedule A – Statement of Corporate Governance Practices". On issues related to executive compensation, part of the HR Committee's mandate is to evaluate annually the performance of, and recommend compensation for, the CEO and other senior executives of the Company and its subsidiaries. The HR Committee reviews the design and competitiveness of the executive compensation package with a view to ensuring that the Company and its subsidiaries are able to attract and retain high calibre executive officers, and to motivate performance of executive officers in furtherance of the strategic objectives of the Company and its subsidiaries.

The members of the HR Committee are Donna Kingelin (Chair), Al Mawani and Alan Torrie, each of whom are independent Directors. No member of the HR Committee was an officer of the Company or any of its subsidiaries, or had been an officer or employee of the Company or any of its subsidiaries within the last three years.

The experience of the members of the HR Committee in top leadership roles during their careers and extensive knowledge of the health care industry as well as their mix of experience in business, governmental affairs and as executives, directors, and members of compensation committees of various private and public companies, provides the collective experience, skills and insight to effectively support the HR Committee in carrying out its mandate. Further information on the background and experience that qualified each of the members for these roles and responsibilities is provided under "Business of the Meeting – Election of Directors".

2019 Review of Executive Compensation Programs

In 2019, the HR Committee conducted a review of the Company's executive compensation levels and design. The specific objectives of this review were to assess the Company's executive compensation programs and to make changes, if necessary, with a view to ensuring that such programs: are fair, competitive and aligned with the Company strategic plans; attract, retain and reward high performing executives; align employee interests with the interest of shareholders; and are in alignment with market practices.

The HR Committee engaged Hugessen Consulting to support with the review, and to develop a refreshed comparator group of companies against which the HR Committee could asses the Company's executive compensation levels and practices.

As a result of this initiative and after considering the advice of Hugessen Consulting, the Board approved the following key changes to the Company's executive compensation practices, for implementation beginning in 2020.

Changes to the STIP Beginning in 2020

- Under the Company's current STIP, the target payout is also the maximum possible payout. Effective 2020, the HR Committee has implemented stretch targets in respect of the financial and quality goals within the STIP to enable overachievement and earn up to a maximum of 150% of target of those specific goals.
- Increased the weighting of financial metrics to at least 50% for all executives at the VP-level and above, and added corporate level financial targets for business unit leaders (in addition to divisional targets).

	2020 Performance Weighting at Target					2020 Total % of STIP at Maximum Performance
	Financial				Total %	
Position	Corporate	Divisional	Quality	Individual	of STIP	
President and CEO	50%	–	20%	30%	100%	135%
SVP and CFO, and other C-suite	50%	–	–	50%	100%	125%
VP, business unit leaders	20%	30%	20%	30%	100%	135%
VP, non-business unit leaders	50%	–	–	50%	100%	125%

Changes to the LTIP Beginning in 2020

- The Company's current LTIP for executives is delivered entirely through PSUs, with a payout range of 0% to 200%. Effective 2020, the HR Committee has amended the PSU payout range to 50% to 150%, which maintains the performance variability of the awards while providing enhanced retention to recipients.
- Allowing for continued vesting of PSUs upon retirement.
- Other "housekeeping" administrative changes, including amendments to the PSU granting policy to align vesting of off-cycle awards with those granted to the broader group of recipients.

The amendments to the LTIP were reviewed and approved by the TSX (see "Overview of Executive Compensation Programs – Long-term Incentive Plan").

Independent Compensation Consultant

Since 2015, the HR Committee has retained the services of Hugessen Consulting. In 2019 Hugessen Consulting was engaged to review and comment on the competitiveness and appropriateness of the Company's executive compensation programs and provide a report thereon (the "**Consultant's Report**"). The Consultant's Report was presented to the HR Committee, and these recommendations were taken into account by the HR Committee when making its recommendations to the Board. The Board made its decisions relating to the Company's compensation practices after consideration of the HR Committee's recommendations. All decisions and actions taken by the HR Committee and the Board have been based on numerous factors and circumstances, which may, but do not necessarily, reflect the information or advice obtained from Hugessen Consulting.

Hugessen Consulting has not provided any services to Extendicare, or to its affiliates or subsidiaries, or to any of its Directors or management, other than as described herein. The Company's management was not involved in the 2019 engagement.

Executive Compensation-related Fees

The aggregate fees billed by Hugessen Consulting in 2019 for the services described above were $68,400. In addition, fees billed by Hugessen Consulting in 2018 in connection with preliminary considerations for the incoming CEO's compensation and a review of a draft of the Company's management information and proxy circular dated April 6, 2018, were $4,400. No other fees were paid in 2018 and 2019 by the Company to any consultants or advisors or any of their affiliates, for services related to determining compensation for any of the Company's directors and executive officers.

Overview of Executive Compensation Programs

The compensation philosophy of the Company is intended to be competitive with service sector and other health care companies of comparable size and complexity in Canada in order to attract, retain and motivate its executives, and reward its executives for the Company's financial and operational performance and their individual contributions. The compensation practices for executives are built around reward systems that recognize financial results, quality of services provided by the Company and individual performance. The total compensation package of executives is designed to provide a strong and direct link between performance and compensation, using a combination of base salary, short-term incentives achieved through annual incentive or bonus payments, and long-term incentives through grants of PSUs. The HR Committee believes the total compensation package of the CEO and other senior executives of the Company and its subsidiaries are competitive in the Canadian markets in which the Company operates.

The HR Committee ensures that risk is appropriately considered in reviewing and approving the incentive programs, in order that the incentive programs do not encourage undue risk-taking on the part of executives and that risks are accounted and adjusted for in the incentive compensation payouts. In addition, the Company has a formal clawback and reimbursement policy in respect of incentive compensation, which is further described below under "Reimbursement of Incentive Compensation".

This CD&A reviews how the HR Committee determined the compensation for the CEO, CFO and the three other most highly compensated executive officers (collectively, the "**named executive officers**" or, "**NEOs**"). The table below sets forth the name, title and any recent changes in position of the NEOs for purposes of this CD&A:

NEO	Title	Change in Position with the Company
Michael Guerriere	President and CEO	Appointed to current role on October 22, 2018; and a Director since March 2018
David Bacon	Senior Vice President and CFO	Joined in current role on April 1, 2019
Elaine Everson	Vice President, Corporate Development	Served as CFO prior to April 2019
Ali Mir	Vice President, ParaMed Operations	Joined in current role on May 13, 2019
Jillian Fountain	Vice President, Investor Relations	N/A

Comparator Group

As part of the review of the Company's executive compensation practices discussed above, the HR Committee approved a refreshed the comparator group of companies that consists of 12 Canadian organizations (the "**Comparator Group**") which are used to assess the Company's executive compensation levels and practices. The Comparator Group was generated based on a broad industry scan, selected primarily based on market capitalization, revenue, and general alignment with the Company's business model. Recognizing the limited directly comparable publicly traded entities to Extendicare in the Canadian market, the Comparator Group also includes those issuers with service delivery, business-to-customer models, large diverse asset and employee bases, and exposure to government regulation.

The companies included in the Comparator Group were:

- Altus Group Limited
- Cargojet Inc.
- Chartwell Retirement Residences
- Chorus Aviation Inc.
- Corus Entertainment Inc.
- GDI Integrated Facility Services Inc.
- Horizon North Logistics Inc.
- Medical Facilities Corporation
- Real Matters Inc.
- Recipe Unlimited Corporation
- Sienna Senior Living Inc.
- Transat AT, Inc.

The table below summarizes the relevant market data relating to the Comparator Group based on data provided by Hugessen Consulting, compiled using publicly available information as at December 31, 2019.

(dollars in millions)		Revenue ($) (1)	Market Capitalization ($) (2)
Extendicare		1,132	752
Comparator Group:	75^{th} Percentile	1,305	1,318
	Median	794	1,112
	25^{th} Percentile	509	693
	Average	1,052	1,112

Notes:

(1) Trailing twelve months' revenue data as at December 31, 2019.
(2) Market capitalization as at December 31, 2019.
(3) Table provided by Hugessen Consulting using data from S&P Capital IQ.

Base Salary

Base salaries are reviewed at least annually, and are established by salary ranges developed from publicly available market data and from time to time with the assistance of external consultants. The salary ranges are intended to be competitive in the markets applicable to the Company's business units and are intended to allow the organization to recruit and retain qualified employees. In addition, the HR Committee takes into consideration the executive's level of responsibility and experience, internal equity among executives, and the executive's overall performance.

Short-term Incentive Program

An annual cash incentive program is provided for executive officers and other key employees of the Company and its subsidiaries that is formula-based and is measured against pre-determined financial and individual performance targets. Awards are granted on the basis of profit centre results, consolidated results, quality of services and individual performance, as measured against pre-established objectives, such as quality measures, occupancy levels, accreditation, and regulatory compliance during the year. Incentive potential or levels for each executive are established based on the individual's ability to contribute to the overall goals and performance of the Company and its subsidiaries. In assessing individual performance, the HR Committee takes into account quantitative factors including each executive's personal objectives and their role in the overall achievement of the Company's strategic goals. Refer to the discussion under "Short-term Incentives Awarded in 2019" for a summary of the 2019 awards for the NEOs.

STIP awards for the NEOs are approved by the Board, upon recommendation by the HR Committee. To aid the HR Committee in making its determinations, the CEO provides recommendations annually to the HR Committee regarding the compensation of all other senior executives. Each senior executive, in turn, participates in an annual performance review with the CEO to provide input about his or her contributions during the year. The HR Committee retains discretion to apply its informed judgement to increase or decrease STIP awards from the results calculated by formula, to ensure that awards appropriately reflect risk as well as other unexpected circumstances that arise during the year, and to eliminate the possibility of other unintended outcomes.

Long-term Incentive Plan

The Company's equity-based LTIP is designed to encourage a greater alignment of interests between executives and Directors and Shareholders in the form of PSUs for its employees and DSUs for its non-employee Directors. The LTIP received Shareholder approval at the Company's annual and special meeting held in May 2016. As is required every three years pursuant to the TSX rules, Shareholders ratified and approved the unallocated PSUs and DSUs issuable under the LTIP at a meeting held in May 2019. In 2019, the Company made certain amendments to the LTIP, effective December 12, 2019, none of which required shareholder approval. A full copy of the LTIP, as amended is filed on SEDAR at www.sedar.com under the Company's issuer profile under the filing category "other security holders documents".

The Board may elect to settle PSU and DSU awards in cash, market-purchased Common Shares or Common Shares issued from treasury, after deducting applicable withholding taxes. If awards are settled in cash, the final payout amount will be calculated as the number of vested PSUs and DSUs multiplied by the LTIP FMV of a Common Share as at the redemption date. PSUs and DSUs do not carry any voting rights.

Performance Share Units: The LTIP provides for the grant of PSUs to employees, which is an "at-risk" notional Common Share based award, the vesting of which are subject to specified performance criteria to be determined at the time of grant. The purpose of the PSUs is to enhance the ability of the Company to attract and retain senior executives, to enhance the alignment of executive pay with the Company's performance and Shareholders' interests, and to allow participants to share in the Company's long-term success. Refer to the discussion under "Long-term Incentives Awarded in 2019" for a summary of the 2019 awards for the NEOs.

Grant date values of PSUs will be determined in the context of the eligible employee's total compensation, and sized as a percentage of his or her base salary, with the intention that the annual awards of PSUs represent a meaningful percentage of the eligible employee's total compensation. The number of PSUs granted will be calculated by dividing the grant date value of the award by the LTIP FMV of a Common Share as at the date of grant. The LTIP FMV of a Common Share, on any particular date, means the VWAP of the Common Share on the TSX during the last five trading days prior to that particular date. In addition, a PSU participant's account will be credited with dividend equivalents in the form of additional PSUs when dividends are paid on Common Shares.

PSU awards vest with a term of not less than 24 months and not more than 36 months from the date of grant, with such term to be specified at the date of grant. Vesting of PSUs is conditional on specified performance criteria, and subject to continued employment of the participant, with specific provisions in the event of the participant's death, retirement or termination of employment (subject, in each case, to the provision of any agreement between the participant and the Company). The number of PSUs that ultimately vest is determined based on a performance multiplier having a possible range of 50% (i.e., half of the PSUs) to 150% (i.e., 1.5 times the PSUs) for awards granted beginning in 2020; and 0% (i.e., no PSUs vest) to 200% (i.e., 2 times the PSUs) for awards granted prior to 2020.

The performance criteria and underlying multipliers are established at the time of grant and may be based on a combination of operational and financial measures. The PSU performance criteria for grants made since 2016 has been based on a combination of a relative TSR and AFFO targets.

Deferred Share Units: The LTIP provides for the grant of DSUs to non-employee Directors, which is a notional Common Share based award designed to promote greater alignment of interests between such Directors and Shareholders.

The GN Committee has determined that non-employee Directors will receive 50% of their annual Board retainer in the form of DSUs, granted on a quarterly basis. Non-employee Directors have the option to receive some or all of their remaining cash retainer and meeting fees in the form of DSUs. The number of DSUs granted will be calculated by dividing the grant date value of the award by the LTIP FMV of a Common Share as at the date of grant. In addition, the DSU participant's account will be credited with dividend equivalents in the form of additional DSUs when dividends are paid on Common Shares in the ordinary course of business. DSUs vest immediately at the time of grant but do not carry any voting rights, and will be redeemed by the Company upon the non-employee Director retiring or otherwise leaving the Board (and is not otherwise employed by the Company).

Common Shares Subject to the LTIP: The maximum number of Common Shares which may be reserved for issuance by the Company from treasury relating to grants of PSUs and DSUs awarded under the LTIP (together with additional PSUs and DSUs credited to PSU participants and DSU participants on account of dividends paid on the Common Shares) shall not, in the aggregate, exceed 5% of the total number of issued and outstanding Common Shares from time to time on a non-diluted basis.

The table below sets out the aggregate number of DSUs and PSUs outstanding and the number of Common Shares remaining available for future issuance under the LTIP as a percentage of the number of issued and outstanding Common Shares as at each of April 9, 2020 and December 31, 2019. The number of PSUs assumes vesting at 100% of target.

Date	DSUs Granted #	PSUs Granted #	Total DSUs and PSUs Granted #	% of Common Shares Issued and Outstanding	Common Shares Remaining Available for Future Issuance Under LTIP #	% of Common Shares Issued and Outstanding
April 9, 2020	317,927	674,866	992,793	1.1%	3,299,991	3.7%
December 31, 2019	337,029	399,521	736,550	0.8%	3,602,362	4.0%

Limitation on Issuance of Common Shares under the LTIP: The aggregate number of Common Shares issued to insiders of the Company within any one year period, or reserved for issuance to insiders of the Company at any time by the Company from treasury under the LTIP and under all other security-based compensation arrangements of the Company, if any, shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis.

Amendments: The LTIP provides that the approval of Shareholders will be required in order to:

(a) increase the maximum number of treasury Common Shares issuable pursuant to the LTIP;

(b) amend the determination of LTIP FMV of a Common Share under the LTIP in respect of any PSU or DSU;

(c) modify or amend the provisions of the LTIP in any manner which would permit PSUs or DSUs, including those previously granted, to be transferable or assignable, other than for normal estate settlement purposes;

(d) add to the categories of eligible participants under the LTIP;

(e) remove or amend the insider participation restrictions;

(f) change the termination provisions of PSUs or DSUs which would result in an extension beyond the original expiry date of a PSU or DSU held by an insider;

(g) amend the amending provisions of the LTIP; or

(h) make any other amendment to the LTIP where Shareholder approval is required by the TSX.

Subject to any required regulatory review or approval, the Board may make all other amendments to the LTIP without Shareholder approval. These amendments include, but are not limited to: the termination of the LTIP; amendments designed to comply with applicable laws or regulatory requirements; and "housekeeping" administrative changes (such as correcting an immaterial inconsistency or curing any ambiguity). The Board may not, however, without the consent of the participants, or as otherwise required by law, materially and adversely alter or impair any of the rights or obligations under any outstanding PSUs or DSUs.

As discussed under "2019 Review of Executive Compensation Programs", the Company amended the LTIP in December 2019. Such amendments did not modify the criteria under which awards granted prior thereto become vested.

The Company’s annual burn rate for the DSUs and PSU under the LTIP (being the number of awards granted, divided by the weighted average number of Common Shares outstanding) for the years ended December 31, 2017, 2018 and 2019, was as follows:

	Burn Rate		
Year	**DSUs**	**PSUs at Target**	**PSUs at 200%**
2019	0.11%	0.35%	0.70%
2018	0.14%	0.25%	0.49%
2017	0.09%	0.21%	0.41%

Defined Benefit Plans

The Company provides executive defined benefit arrangements in the form of a registered pension plan (the “**RPP**”) and a supplemental executive retirement plan (the “**SERP**”). Both plans were closed to new entrants in 2000, and Ms. Everson, the Vice President, Corporate Development, is the only remaining active participant in the plans. The SERP is a non-registered unfunded plan and all benefits are paid from cash from operations. The benefit obligations under the SERP are secured by letters of credit. Coverage under these plans provides for a benefit of 4% of the average of the best three consecutive years of base salary for each year of service to a maximum of 15 years and 1% per year thereafter. These arrangements provide a maximum benefit guarantee of 50% of base salary after 10 years of service, 60% after 15 years of service, and 70% after 25 years of service. Normal retirement age is 60 years or age 55 with the Company’s consent. Retirement benefits under these plans are not subject to any deduction for social security or Canada Pension Plan, and are payable as an annuity over the lifetime of the plan participant with a portion continuing to be paid to his or her spouse after the death of the plan participant, depending on the form of pension elected by the participant at retirement.

Registered Defined Contribution Plans

The Company maintains a group registered retirement savings plan (the “**RRSP**”) for executives under which the employer contributes 10% of the employee’s base salary, subject to the legal limits of the plan. The employer contributions vest immediately. Participants in the Company’s RPP and SERP are not eligible to participate in the group RRSP.

Reimbursement of Incentive Compensation

The Board of Directors of the Company may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that it is in the Company’s best interest to do so, require reimbursement of full or partial incentive compensation from all current or former Vice Presidents and above of the Company and its subsidiaries in the event of fraud or material misconduct, or actions resulting in the restatement of the Company’s and/or its subsidiaries financial statements that would have reduced the amount of incentive compensation had the financial results been correctly reported.

Restrictions on Trading and Hedging Extendicare Securities

Senior officers of the Company and its subsidiaries, including the NEOs, are prohibited from directly or indirectly entering into financial instruments designed to hedge or offset a decrease in the market value of the Common Shares and the Company’s other securities.

Executive Share Ownership Policy

Commencing in 2016, the Company’s executive officers, including those that are not NEOs, are subject to share ownership policy to further align executive and shareholder interests. The share ownership policy requires executives to achieve minimum share ownership levels within a five-year period from the later of the beginning of 2016 and their appointment as an executive. Executives can meet their share ownership requirements through the ownership of Common Shares and PSUs/DSUs. The determination of the value of an executive’s share ownership is the higher of the original acquisition cost/grant date value or current market value. The table below sets forth each NEO’s eligible share-based holdings as at April 9, 2020, and ownership threshold requirements.

As of April 9, 2020, all of the NEOs have either met or are in the process of meeting their respective share ownership requirements.

		Current Ownership			Ownership Requirement			
NEO	**Title**	**Common Shares (#)**	**PSUs / DSUs [(1)] (#)**	**Total Value [(2)] ($)**	**Multiple of Annual Base Salary**	**Threshold ($)**	**Date to be Achieved (mm/yr)**	**Met or in Progress**
Michael Guerriere	President and CEO	40,000	232,602	2,133,068	3x	1,800,000	10/23	Met
David Bacon	SVP and CFO	30,000	103,143	1,059,351	3x	1,200,000	04/24	In progress
Elaine Everson	VP, Corporate Development	22,392	42,617	492,948	1x	275,914	01/21	Met
Ali Mir	VP, ParaMed Operations	–	41,394	333,744	1x	245,000	05/24	Met
Jillian Fountain	VP, Investor Relations	19,644	28,152	378,232	1x	208,303	01/21	Met

Notes:

(1) In addition to PSUs granted to all of the NEOs, Dr. Guerriere's holdings include DSUs that were received during his tenure as a non-employee Director prior to his appointment as CEO in 2018.

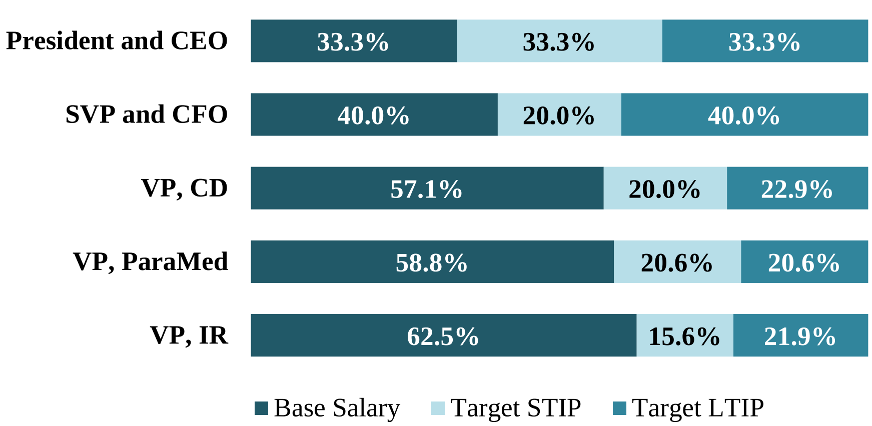
(2) The value of the Common Shares, PSUs and DSUs is based on the original acquisition cost/grant date value.

(3) The value of Dr. Guerriere's Common Shares was $270,404.

Compensation for 2019

The following graphic summarizes the relative target direct compensation mix of annual base salary and incentive compensation for 2019 of the Company's NEOs, excluding one-time LTIP employment awards for Dr. Guerriere and Mr. Mir.

2019 Target Direct Compensation Mix



Base Salary

Base salaries are reviewed annually and may be adjusted to align with the market value of the individual's role and responsibilities and/or to recognize the individual's growth and development in his or her position. None of the NEOs received an increase in their annual base salary in 2019. Dr. Guerriere joined the Company as the CEO in October 2018, and Messrs. Bacon and Mir joined the Company in 2019. The base salaries earned in 2019 for each of the NEOs are reflected in the "Summary Compensation Table of Named Executive Officers". None of the NEOs received an increase in their annual base salary in 2020.

NEO	**Title**	**2019 Annualized Base Salary**	**Increase from 2018**
Michael Guerriere	President and CEO	600,000	0%
David Bacon	SVP and CFO	400,000	N/A
Elaine Everson	VP, Corporate Development	275,914	0%
Ali Mir	VP, ParaMed Operations	245,000	N/A
Jillian Fountain	VP, Investor Relations	208,303	0%

Short-term Incentives Awarded in 2019

During 2019, all of the NEOs participated in the Company's STIP that is formula-based and measured against pre-determined performance targets, including financial, quality and individual performance measures. In determining the performance of the financial objectives, actual results are measured relative to the target set at the beginning of the year, and may include financial performance measures that are not recognized under GAAP, and do not have standardized meanings prescribed by GAAP. See "Non-GAAP Measures" for more information. The HR Committee has the discretion to consider adjustments for one-time or unusual items in assessing the financial performance measures of the Company and its subsidiaries. If the Company incurs serious deficiencies in care or services provided, then all or part of the NEO's annual bonus may be forfeited.

Target Short-term Incentive and Performance Weighting

The table below sets forth the NEO's STIP targets expressed as a percentage of base salary along with the corresponding financial, quality and individual performance weighting.

		2019 Base	2019 STIP Target		Performance Weighting			
		Salary Earned	% of	Amount	Financial			
NEO	Title	($)	Salary	($)	Corporate	Divisional	Quality	Individual
Michael Guerriere	President and CEO	600,000	100%	600,000	35%	–	15%	50%
David Bacon	SVP and CFO	300,000	50%	150,000	50%	–	5%	45%
Elaine Everson	VP, Corporate Development	275,914	35%	96,570	30%	–	20%	50%
Ali Mir	VP, ParaMed Operations	155,952	35%	54,583	–	25%	10%	65%
Jillian Fountain	VP, Investor Relations	208,303	25%	52,076	20%	–	30%	50%

At the start of each year, the Board, upon recommendation of the HR Committee, adopts financial performance metrics intended to guide and motivate executive officers to execute the Company's strategy over the course of the year. The HR Committee, in consultation with the CEO, assess the financial performance against each indicator and recommends a financial performance score for each NEO to the Board.

At the beginning of the year, each NEO proposes their quality and individual goals which are aligned with their roles and responsibilities and with corporate objectives. The quality objectives are intended to measure key care, safety, service and performance outcomes. The Company is committed to continuous improvement in the care for its clients, and establishes and regularly monitors a number of quality indicators. These quality metrics include such measures as: wound care programs, medication management programs, fall protection programs, home health care referral acceptances; and satisfaction surveys for the Company's residents and their families, and for employees. The CEO's personal goals are approved by the Board on the recommendation of the HR Committee. Personal goals of the other NEOs are approved by the Board on the recommendation of the CEO, following a review by the HR Committee.

Financial Performance

The table below sets forth the 2019 financial performance metrics, the NEO's goal weighting and the actual results. The performance score for those metrics that fall between threshold (0%) and target (100%) is determined on a linear basis. The CFO and VPs each have other financial metrics representing either 5% or 10% of their financial goal weightings. Such other financial metrics relate to specific cost items and debt and interest levels under their individual control.

			Actual		Financial Goal Weightings				
	Threshold	Target	Achieved	Score			VP, Corp.	VP,	
($ in millions)	($)	($)	($)	Achieved	CEO	CFO	Dev.	ParaMed	VP, IR
Consolidated									
Revenue	1,120.0	1,155.5	1,132.0	33.61%	20%	20%	10%		10%
Adjusted EBITDA (1)	91.1	93.9	91.1	0.17%	15%	20%	10%		10%
AFFO (1)	51.0	52.6	52.6	100.00%		5%			
Divisional									
Revenue	424.6	446.9	423.0	0.00%				10%	
NOI (1)	36.4	38.3	31.3	0.00%				10%	
Other financial						5%	10%	5%	
Total financial weighting				(A)	**35%**	**50%**	**30%**	**25%**	**20%**
Average score achieved				(B)	19.28%	33.11%	11.26%	0%	16.89%
Performance weighted				(A x B)	**6.75%**	**16.56%**	**13.38%**	**0%**	**3.38%**

Note:

(1) This is a Non-GAAP measure. See "Non-GAAP Measures" for more information.

CEO Quality and Individual Performance

Dr. Guerriere's quality and individual goals for 2019 represented 15% and 50% of his STIP award, respectively. The quality goals related to: (i) the success of the long-term care homes in achieving industry leading quality indicators; and (ii) the success of the home health care operation in increasing its referral acceptance rate. The individual goals included the following: (i) the successful recruitment of senior leadership and members of the management team; (ii) the update and improvement of the strategic plan; (iii) significant progress on pre-determined priorities for the fourth quarter of 2019; (iv) improvement in the Company's public communications; and (v) the successful engagement of staff company-wide. Dr. Guerriere's final STIP award represented 48.6% achievement of his quality goals and 81.9% achievement of his individual goals for 2019.

CFO Quality and Individual Performance

Mr. Bacon's quality and individual goals for 2019 represented 5% and 45% of his STIP award, respectively. The quality goals related to the advancement of a human resources information system. The individual goals included the following: (i) the update and improvement of the strategic plan; (ii) significant progress on pre-determined priorities for 2019, including operational improvements in ParaMed; (iii) the successful restructuring of the finance department, including improvement in processes; and (iv) improvement in the Company's public communications. Mr. Bacon's final STIP award represented 100% achievement of his quality goals and 86.5% achievement of his individual goals for 2019.

Other NEO Quality and Individual Performance

Ms. Everson's quality and individual goals for 2019 represented 20% and 50% of her STIP award, respectively. The quality goals related to the long-term care redevelopment program. The individual goals included the following: (i) the successful completion of the transition plans for the exit of ParaMed from the British Columbia market; and (ii) the successful renewal of the head office lease and work related to future-state corporate office. Ms. Everson's final STIP award represented 50% achievement of her quality goals and 48.8% achievement of her individual goals for 2019.

Mr. Mir's quality and individual goals for 2019 represented 10% and 65% of his STIP award, respectively. The quality goals related to the success of the home health care operation in increasing its referral acceptance rate. The individual goals included the following: (i) the successful oversight of the implementation of the balance of the new cloud-based system; (ii) the successful development and implementation of a maturity model; (iii) the successful enhancement of relationships with stakeholders; and (iv) certain organizational improvements. Mr. Mir's final STIP award represented 0% achievement of his quality goals and 87.7% achievement of his individual goals for 2019.

Ms. Fountain's quality and individual goals for 2019 represented 30% and 50% of her STIP award, respectively. The quality goals related to the improvement in the Company's public communications. The individual goals included the following: (i) enhancement of communications with investors; (ii) various corporate governance matters, including relating to the Company's reporting obligations; and (iii) supporting various initiatives of the Company. Ms. Fountain's final STIP award represented 100% achievement of her quality goals and 85.9% achievement of her individual goals for 2019.

2019 STIP Awards

The table below sets forth the 2019 STIP results and amounts awarded to the NEOs. The HR Committee did not exercise its discretion to award short-term incentives to the NEOs in amounts greater than what they were otherwise eligible to receive under their respective pre-determined STIP for 2019.

NEO	Title	2019 STIP Target ($)	Performance (% of target achieved)				2019 STIP Awarded ($)
			Financial	Quality	Individual	Total	
Michael Guerriere	President and CEO	600,000	6.75%	7.27%	40.93%	54.95%	329,721
David Bacon	SVP and CFO	150,000	16.56%	5.00%	43.23%	64.79%	100,000 (1)
Elaine Everson	VP, Corporate Development	96,570	13.38%	10.00%	21.96%	45.34%	43,784
Ali Mir	VP, ParaMed Operations	54,583	0%	0%	57.00%	57.00%	31,112
Jillian Fountain	VP, Investor Relations	52,076	3.38%	20.00%	42.96%	66.34%	34,547

Note:

(1) In accordance with Mr. Bacon's employment agreement, his 2019 STIP award reflects a guarantee of no less than $100,000. If the calculating approach had been applied, Mr. Bacon's payout would have been $97,185.

Long-term Incentives Awarded in 2019

In 2019, upon recommendation of the HR Committee, the Board approved PSU awards pursuant to the LTIP (the "**2019 PSU Award**") to the NEOs as set out below. The 2019 PSU Award, granted on May 30, 2019, was sized as a percentage of the NEO's annual base salary, with the number of PSUs determined based on the LTIP FMV of $8.16 on the date of grant, which value assumes vesting of the PSUs at 100% of target. The award cliff vests in three years on May 30, 2022.

NEO	Title	2019 PSU Award as % of Base Salary	2019 PSU Award (#)	2019 PSU Award FMV at Date of Grant ($)
Michael Guerriere (1)	President and CEO	186%	136,852	1,116,712
David Bacon	SVP and CFO	100%	49,020	400,000
Elaine Everson	VP, Corporate Development	40%	13,525	110,366
Ali Mir (2)	VP, ParaMed Operations	96%	28,891	235,750
Jillian Fountain	VP, Investor Relations	35%	8,935	72,906

Notes:

(1) Dr. Guerriere's 2019 PSU award was based on 100% of his annual base salary and an award based on a value of $516,712, received in lieu of a one-time employment award and participation in a PSU award in 2018 at the time of his appointment.

(2) Mr. Mir's 2019 PSU award was based on 35% of his annual base salary and a one-time employment award of $150,000.

PSU Performance Measures

For PSU awards granted to date, the ultimate number of vested PSUs depends on two performance metrics over the three-year "**PSU Performance Goal Period**" (being the period commencing on the first day of the fiscal year in which the award is granted and ending on the last day of the second full fiscal year after the fiscal year in which the award is granted). The two performance metrics established by the HR Committee in respect of these awards are the Company's AFFO performance relative to its annual AFFO targets and the Company's TSR performance relative to the S&P/TSX Completion Index. The performance over the PSU Performance Goal Period of the AFFO (the "**AFFO Multiplier**") and TSR (the "**TSR Multiplier**") are weighted equally at 50% and combined to determine the ultimate payout percentage of the PSU award, ranging from 0% to 200% for awards granted prior to 2020, and 50% to 150% for awards granted beginning in 2020, (the "**Combined Payout Percentage**") as shown below. The score is determined on a linear basis for performance between threshold and target and target and maximum.

	Performance Level		
	Minimum	**Target**	**Maximum**
Performance Multiplier			
Grants made prior to 2020	0%	100%	200%
Grants beginning in 2020	50%	100%	150%
Performance Metrics (weighted 50/50)			
AFFO component	20% below target	annual budget	20% above target
TSR component	15% below target	At index	15% above target

The performance metrics are measured annually, with the AFFO component weighted equally for each of the three year periods and the TSR component weighted annually at 20% in addition to applying a 40% weighting to the cumulative performance of the TSR over the three-year period, as shown below.

	Performance Measurement Periods and Weighting by Period			
	Year 1	**Year 2**	**Year 3**	**3-yearAverage**
AFFO component (50%)	33.33%	33.33%	33.33%	N/A
TSR component (50%)	20%	20%	20%	40%

The Company's relative TSR is an important performance measure because it is reflective of our performance relative to companies which are affected by similar market conditions, and is an important metric of value creation. In 2016, the HR Committee determined, with assistance from Hugessen Consulting, and the Board approved, the selection of the S&P/TSX Completion Index on the basis that it was a broad industry index of small- to mid-cap TSX companies that provided a relatively high degree of correlation to the Company's historical TSR. The AFFO targets are forward-looking and disclosure of them before the end of the performance period would seriously prejudice the Company's interests. As a result, targets are disclosed at the time of settlement of the awards.

Performance of 2017 PSUs

The PSU Performance Goal Period for the PSUs awarded in 2017 (the "**2017 PSU Award**") ended on December 31, 2019, and was dependant on the performance metrics as set out above. In early 2020, the HR Committee reviewed the performance of the 2017 PSU Award and determined a Combined Payout Percentage of 52.62% based on the target and performance of each component over the three-year period as set out below:

Performance of 2017 PSUs	Target	Actual	Multiplier	Weight	Performance Score
AFFO Component					
2017	$69,136	$58,495	23.04%	33.33%	7.68%
2018	$64,583	$57,751	47.11%	33.33%	15.70%
2019	$52,588	$52,600	100.11%	33.33%	33.37%
AFFO Multiplier (three-year performance)					**56.75%**
TSR Component					
2017	7.04%	(2.86)%	34.05%	20%	6.81%
2018	(12.85)%	(26.30)%	10.37%	20%	2.07%
2019	26.12%	40.83%	198.06%	20%	39.61%
2017 – 2019	17.64%	(0.01)%	0%	40%	0%
TSR Multiplier (three-year performance)					**48.50%**
Combined Payout Percentage (50% X (56.75% + 48.50%))					**52.62%**

Payout Summary of 2017 PSU Award

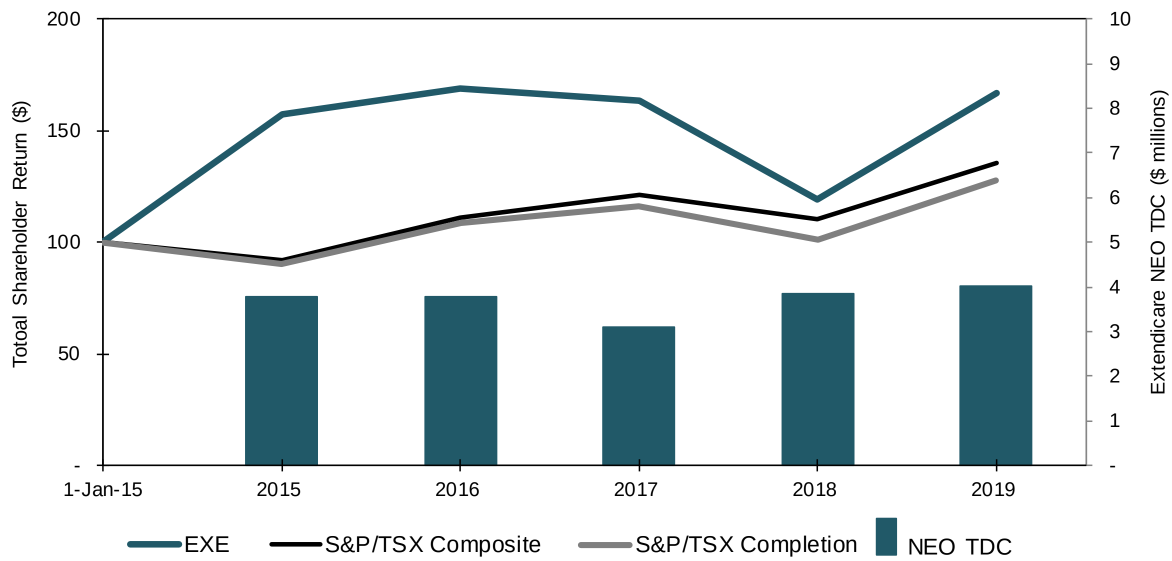
In 2020, the HR Committee determined that the 2017 PSU Award vested based on a Combined Payout Percentage of 52.62% of target, as set out above. The 2017 PSU Award vested on March 15, 2020, and was redeemed on March 17, 2020, based on the LTIP FMV of $6.42 on the redemption date. The table below sets forth the 2017 PSU Awards of Ms. Everson and Ms. Fountain that settled with Common Shares issued from treasury (a portion of which was settled in cash to cover applicable withholding taxes). The other NEOs were not employed with the Company at the time the 2017 PSUs were granted.

NEO	Title	2017 PSUs Credited (#)	2017 PSUs Vested (#)	2017 PSU Settlement Value ($)
Elaine Everson	VP, Corporate Development	12,233	6,438	41,330
Jillian Fountain	VP, Investor Relations	8,081	4,253	27,303

Performance Graph

The following graph illustrates Extendicare's total cumulative Shareholder return over the last five years on its Common Shares, assuming a $100 investment was made on January 1, 2015, compared to the total cumulative return of the S&P/TSX Composite Index and the S&P/TSX Completion Index (assuming all dividends are reinvested). The graph also shows the Company's total direct compensation ("**TDC**") of the NEOs as reported in each of the last five years.

Total Shareholder Return and NEO Total Direct Compensation



For the Year	1-Jan-15	2015	2016	2017	2018	2019
Extendicare	$100.00	$ 157.12	$ 169.11	$ 163.49	$ 119.49	$ 166.54
S&P/TSX Composite Index	$100.00	$ 91.68	$ 111.01	$ 121.11	$ 110.34	$ 135.59
S&P/TSX Completion Index	$100.00	$ 89.99	$ 108.44	$ 116.07	$ 101.15	$ 127.58
NEO TDC (000's)		$ 3,786	$ 3,776	$ 3,098	$ 3,834	$ 4,015
NEO TDC as a % of revenue (1)		0.4%	0.4%	0.3%	0.3%	0.4%

Note:

(1) Represents NEO TDC as a percentage of consolidated revenue from continuing operations for each of the respective periods.

For the five-year period ended December 31, 2019, the Company's total shareholder return has substantially out-performed the S&P/TSX Composite Index and S&P/TSX Completion Index. Although with some fluctuation, TSR has trended upwards. NEO total direct compensation during that same period has trended marginally higher, with year-over-year fluctuations attributable for the most part to changes in the former CEO's compensation.

NEO compensation is not strongly correlated to Shareholder returns in the short to medium term, in part because equity-based incentives are calculated at the time of grant, which do not reflect the actual value of compensation paid when such incentives vest. In the long-term NEO compensation is directly affected by the Company's share performance as a result of awards that vest at the end of three years in the form of PSUs, thus providing an alignment of management and Shareholder interests.

Commencing in 2016, PSUs under the LTIP are awarded annually to the NEOs based on a percentage of his or her base salary, ranging from 35% to 100%. In addition, the Company's STIP awards provide an "at-risk" component of compensation based on successful performance of key financial objectives. These "at-risk" components (the LTIP and STIP awards) ranged from 34% to 71% of the TDC earned in 2019.

SUMMARY COMPENSATION TABLE OF NAMED EXECUTIVE OFFICERS

The following table sets forth all annual and long-term compensation for services in all capacities to the Company and its subsidiaries for the individuals who were, as at December 31, 2019, the CEO, CFO, and the next three most highly compensated executive officers of the Company and its subsidiaries.

Name and Principal Position	Year	Salary ($)	Share-based Awards [5] ($)	Option-based Awards ($)	Annual Non-equity Incentive Plans ($)	Pension Value ($)	All Other Compensation [6] ($)	Total Compensation ($)
Michael Guerriere [1]	2019	600,000	1,116,712	–	329,721	–	44,706	2,091,139
President and CEO	2018	118,461	–	–	118,113	–	14,208	250,782
	2017	–	–	–	–	–	–	–
David Bacon [2]	2019	300,000	400,000	–	100,000	–	30,732	830,732
SVP and CFO	2018	–	–	–	–	–	–	–
	2017	–	–	–	–	–	–	–
Elaine Everson [3]	2019	275,914	110,366	–	43,784	(22,877)	41,358	448,545
VP, Corporate Development	2018	275,914	110,366	–	27,522	–	48,132	461,934
(former CFO)	2017	270,504	108,202	–	14,201	137,077	37,494	567,478
Ali Mir [4]	2019	155,952	235,750	–	31,112	–	17,858	440,672
VP, ParaMed Operations	2018	–	–	–	–	–	–	–
	2017	–	–	–	–	–	–	–
Jillian Fountain	2019	208,303	72,906	–	34,547	–	48,672	364,428
VP, Investor Relations	2018	208,303	72,906	–	12,498	–	48,883	342,590
	2017	204,219	71,477	–	6,892	–	47,736	330,324

Notes:

(1) Dr. Guerriere joined the Company in October 2018 as President and CEO with an annual base salary of $600,000. The compensation reported for Dr. Guerriere does not include fees earned during 2018 as an independent Director prior to his appointment as CEO, totalling $78,456 that were paid in the form of DSUs.

(2) Mr. Bacon joined the Company in April 2019 as Senior Vice President and CFO with an annual base salary of $400,000.

(3) Ms. Everson was the Company's CFO until April 2019, following the appointment of David Bacon.

(4) Mr. Mir joined the Company in May 2019 as Vice President, ParaMed Operations with an annual base salary of $245,000.

(5) These amounts reflect PSU awards based on the LTIP FMV at the date of grant (assuming vesting at 100% of target), as summarized in the table below. These differ from that used for accounting purposes, which determines the grant date fair values based on the underlying performance metrics, applying equal weighting to each. The AFFO components are measured using the TSX closing price of the Common Share on the day prior to the date of grant. The TSR components are measured using the Monte Carlo simulation method, applying the assumptions summarized in the table below.

PSU Award / Grant Date	**May 31, 2019**	**March 15, 2018**	**March 15, 2017**
Vesting date	May 31, 2022	March 15, 2021	March 15, 2020
LTIP FMV (based on 5-day VWAP)	$ 8.16	$ 8.81	$10.52
Grant date fair value for accounting purposes:			
Fair value of AFFO component	$ 4.04	$ 4.36	$ 5.24
Fair value of TSR component	5.58	4.97	6.42
Grant date fair value used for accounting	$ 9.62	$ 9.33	$11.66
Expected volatility of Common Shares	20.49%	23.66%	23.09%
Expected volatility of the S&P/TSX Completion Index	9.42%	12.20%	13.41%
Risk-free interest rate	1.40%	1.84%	0.92%
Dividend yield	nil	nil	nil

(6) All other compensation includes employer contributions to RRSP programs, life insurance premiums, long-term disability ("**LTD**") premiums, group accidental death and dismemberment ("**ADD**") premiums, health benefits, and "other" which consists of automobile allowances. The components of "all other compensation" for the NEOs are as follows:

NEO	Year	Employer Contribution to Group RRSP ($)	Life/LTD/ ADD/ Health ($)	Other ($)	Total ($)
Michael Guerriere	2019	26,500	18,206	−	44,706
	2018	11,846	2,362	−	14,208
David Bacon	2019	26,500	4,232	−	30,732
Elaine Everson	2019	−	21,934	19,424	41,358
	2018	−	26,490	21,642	48,132
	2017	−	20,835	16,659	37,494
Ali Mir	2019	15,595	2,263	−	17,858
Jillian Fountain	2019	20,832	15,033	12,807	48,672
	2018	20,832	15,106	12,945	48,883
	2017	20,424	14,939	12,373	47,736

INCENTIVE PLAN AWARDS

Outstanding Share-based Awards

The following table sets forth the number and value of all share-based awards issued and outstanding as at December 31, 2019, for each NEO made under the LTIP in the form of PSUs. For a description of the LTIP, refer to the discussion above in the CD&A under "Overview of Executive Compensation Programs – Long-term Incentive Plan".

		Share-based Awards	
NEO	**Title**	**PSUs That Have Not Vested (#)**	**Payout Value of PSUs Awards That Have Not Vested ($)**
Michael Guerriere	President and CEO	141,379	1,193,239
David Bacon	SVP and CFO	50,641	427,410
Elaine Everson	VP, Corporate Development	39,964	337,296
Ali Mir	VP, ParaMed Operations	29,847	251,909
Jillian Fountain	VP, Investor Relations	26,400	222,816

The PSUs vest on the third anniversary of the date of grant, conditional on specified performance criteria and continued employment of the participant. The number of outstanding PSUs includes dividend equivalents credited to the account. The payout value of the outstanding PSUs has been calculated based on the closing price for the Common Shares on the TSX on December 31, 2019, which was $8.44, multiplied by the number of outstanding PSUs on account, and assumes vesting at 100% of target. The 2017 PSUs vested on March 15, 2020, based on a Combined Payout Percentage of 52.62%, and were redeemed on March 17, 2020. See "Compensation Discussion and Analysis – Compensation for 2019 – Performance of 2017 PSUs" for more information.

Value Vested During 2019

The following table sets forth the value of share-based awards of the NEOs that vested during 2019 and were redeemed on May 30, 2019, based on the LTIP FMV of $8.18 on the redemption date. The other NEOs were not employed with the Company at the time the 2016 PSUs were granted.

NEO	Title	Share-based Awards Value Vested During the Year ($)
Elaine Everson	VP, Corporate Development	42,898
Jillian Fountain	VP, Investor Relations	28,338

PENSION PLAN BENEFITS

Defined Benefit Plans Table

Ms. Everson is a participant in Extendicare's RPP and SERP. See "Pension Plan Benefits – Defined Benefit Plans" for more information. The RPP and SERP allow for normal retirement at the age of 60 or 55 with the Company's consent. Ms. Everson is currently 63.

The following table provides information with respect to Extendicare's obligations to Ms. Everson under the respective plans, using the same assumptions and methods used for financial reporting purposes in preparing Extendicare's audited consolidated financial statements for the year ended December 31, 2019.

NEO	Number of Years Credited Service (#)	Annual Benefits Payable ($) At Year End	Annual Benefits Payable ($) At Age 65	Accrued Obligation at Start of Year ($)	Compensatory Change ($)	Non-compensatory Change ($)	Accrued Obligation at Year End ($)
Elaine Everson							
RPP	27	81,690	88,340	1,390,715	57,229	96,954	1,544,898
SERP	27	110,187	104,800	1,925,321	(80,106)	80,288	1,925,503
Total		**191,877**	**193,140**	**3,316,036**	**(22,877)**	**177,242**	**3,470,401**

TERMINATION AND CHANGE OF CONTROL BENEFITS

Employment Agreements

Each of the NEOs is party to an employment agreement with the Company providing for, among other things, share ownership requirements, confidentiality covenants, and certain restrictive covenants, including non-competition and non-solicitation covenants in favour of the Company. All incentive compensation is subject to the Company's clawback and reimbursement policy. The following is a summary only and is qualified in its entirety by reference to the terms and conditions of the NEOs' employment agreements and the applicable terms and conditions of the LTIP,

The employment agreements for each of the NEOs provide for an indefinite term until terminated by either party in accordance with the provisions of their respective agreements. In addition to termination of employment due to death, their employment may be terminated at any time by the Company for "cause" or "without cause", or if they become disabled.

Dr. Guerriere, Mr. Bacon and Mr. Mir are entitled to terminate their employment with the Company for "good reason", subject to providing written notification within a specified period, in the event of: (a) a material failure by the Company to comply with any provisions of their respective agreements; (b) a material diminution of their titles, duties, responsibilities or authority; (c) a reduction in their compensation or benefits, other than a uniform reduction applicable to all senior officers of the Company; or (d) an increase in the vesting period of any PSUs granted to them without prior written consent.

Ms. Everson and Ms. Fountain are entitled to terminate their employment with the Company for "good reason", subject to providing written notification within a specified period, in the event of: (a) a relocation of their office by more than 50 kilometers, or (ii) a material diminution of their assigned duties and responsibilities, or (iii) a material reduction in their compensation or benefits.

In the event of termination of employment due to death, or by the Company due to a disability, the NEOs are entitled to any unpaid base salary and benefits provided under employee benefit plans in which they participate through to their date of termination and a prorated portion of their target annual bonus. In addition, in the event of termination of employment due to death, the NEOs are entitled to a specified percentage of any unvested PSUs that have been granted to them after applying a Combined Payout Percentage that reflects the level of achievement of PSU Performance Goals that can be determined as at the date of termination and an achievement at target for PSU Performance Goals that are still in progress or that otherwise cannot be determined. For each of Dr. Guerriere and Mr. Bacon, the proportion of unvested PSUs is 50%. For each of Ms. Everson and Ms. Fountain, the proportion of unvested PSUs is 100% prorated based on the number of days between the date of grant to the date of termination. Mr. Mir is entitled to 100% of any unvested PSUs in respect of his 2019 one-time employment award and 50% of all other unvested PSUs. In the event of termination of employment by the Company due to a disability, the same provisions for unvested PSUs apply, with the exception of Ms. Everson and Ms. Fountain, whose unvested PSUs in this instance are forfeited.

If employment is terminated by the Company for “cause” or if the NEOs voluntarily terminate their employment (and not for “good reason”), they will be entitled to any unpaid base salary and benefits provided under employee benefit plans in which they participate through to their date of termination. All of their unvested PSUs will be terminated and forfeited without payment.

If employment is terminated by the Company “without cause” (including, after a Change of Control) or by the employee for “good reason” (including, after a Change of Control), the NEOs, in accordance with their respective agreements, will be entitled to a payment equal to any unpaid base salary and benefits provided under employee benefit plans in which they participate through to the date of termination and a prorated portion of their target annual bonus. In addition, upon termination by the Company “without cause” or by the employee for “good reason”, the NEOs, in accordance with their respective agreements, will be entitled to the following:

<table>
<tr><th>NEO</th><th>Base Salary</th><th>Bonus</th><th>Benefits</th><th>Unvested PSUs [1]</th></tr>
<tr><td colspan="5">Michael Guerriere</td></tr>
<tr><td>With or without a Change of Control</td><td>24 months</td><td>24 months at target
(100% of base salary)</td><td>24 months up to a maximum of $100,000</td><td>100%</td></tr>
<tr><td colspan="5">David Bacon</td></tr>
<tr><td>With a Change of Control</td><td>24 months</td><td>24 months at target
(50% of base salary)</td><td rowspan="2">12 months plus 1 month for each year of service, to a maximum of $100,000</td><td rowspan="2">100%</td></tr>
<tr><td>No Change of Control</td><td>12 months plus 1 month for each year of service</td><td>12 months plus 1 month for each year of service, up to a maximum of 24 months [2]
(50% of base salary)</td></tr>
<tr><td colspan="5">Elaine Everson</td></tr>
<tr><td>With or without a Change of Control</td><td>24 months</td><td>24 months [3]
(35% of base salary)</td><td>24 months</td><td>0%</td></tr>
<tr><td colspan="5">Ali Mir</td></tr>
<tr><td>With a Change of Control</td><td>12 months</td><td>12 months at target
(35% of base salary)</td><td rowspan="2">9 months plus 1 month for each year of service, to a maximum of $100,000</td><td rowspan="2">100% of the 2019 one-time employment award; all others are forfeited</td></tr>
<tr><td>No Change of Control</td><td>9 months plus 1 month for each year of service</td><td>9 months plus 1 month for each year of service, up to a maximum of 24 months [2]
(35% of base salary)</td></tr>
<tr><td colspan="5">Jillian Fountain</td></tr>
<tr><td>With or without a Change of Control</td><td>24 months</td><td>24 months [3]
(25% of base salary)</td><td>24 months</td><td>0%</td></tr>
</table>

Notes:

(1) PSUs will be paid out in accordance with the LTIP applying a Combined Payout Percentage that reflects the level of achievement of PSU Performance Goals that can be determined at the date of termination and an achievement at target for PSU Performance Goals that are still in progress or that otherwise cannot be so determined.

(2) At December 31, 2019, Mr. Bacon’s severance period was 12 months and Mr. Mir’s severance period was nine months.

(3) The bonus for Ms. Everson and Ms. Fountain is determined using the results for the most recently completed four quarters.

Quantification of Potential Payments upon Termination or Change of Control

The following table provides an estimate of the incremental amounts of compensation that would be paid to the NEOs in the event of their termination without cause or resulting from their resignation for good reason, and either with or without a change of control, assuming such termination was effective as of December 31, 2019, pursuant to the employment agreements outlined in greater detail above. No incremental amounts of compensation would be paid in the event of termination for cause. The actual amounts to be paid to an NEO in the event of his or her termination of employment can only be determined at the time of such termination.

NEO	Triggering Event [(1)]	Salary ($)	Payment in Lieu of Bonus ($)	Employee Benefits [(2)] ($)	PSUs [(3)] ($)	Total ($)
Michael Guerriere	Termination without cause or for good reason (with or without a Change of Control)	1,200,000	1,200,000	89,411	1,193,239	3,682,650
David Bacon	Termination without cause or for good reason:					
	With a Change of Control	800,000	400,000	30,732	427,410	1,658,142
	No Change of Control	400,000	200,000	30,732	427,410	1,058,142
Elaine Everson	Termination without cause or for good reason (with or without a Change of Control)	551,828	87,568	53,867	–	693,263
Ali Mir	Termination without cause or for good reason:					
	With a Change of Control	245,000	85,750	17,858	160,279	508,887
	No Change of Control	183,750	64,313	17,858	160,279	426,199
Jillian Fountain	Termination without cause or for good reason (with or without a Change of Control)	416,606	69,093	83,219	–	568,919

Notes:

(1) Refer to the discussion under "Employment Agreements" for a description of what constitutes termination for good reason.

(2) Other is comprised of automobile allowance, health benefits and employer contributions to benefit plans.

(3) The estimated aggregate value for the PSUs at December 31, 2019, represents the market value of the outstanding PSUs, as described under "Incentive Plan Awards – Outstanding Share-based Awards". For Mr. Mir, his entitlement is solely in respect of his 2019 one-time employment award of PSUs.

COMPENSATION OF DIRECTORS OF EXTENDICARE

Components of Directors' Fees

Directors who are also employees of Extendicare or any of its subsidiaries, are not compensated for their services as Directors or as members of any committee of the Board. Non-employee Directors receive at least 50% of their annual Board retainer in the form of DSUs, and have the option to receive all or a portion of the balance of their retainers and fees in the form of DSUs instead of cash. Directors may change their DSU election annually in advance of the upcoming year. For a description of DSUs pursuant to the LTIP, see "Compensation Discussion and Analysis – Overview of Executive Compensation Programs – Long-term Incentive Plan" for more information.

The following table summarizes the elements of the compensation paid to non-employee Directors for the year ended December 31, 2019.

2019 Components of Non-employee Directors' Fees [(1)]	Cash or DSUs ($)	DSUs ($)	Total ($)
Board annual retainer (non-Chairman)	25,000	25,000	50,000
Chairman annual retainer	75,000	75,000	150,000
Committee annual retainers:			
Audit Committee Chair	25,000	–	25,000
Audit Committee members (including Chair)	5,000	–	5,000
GN Committee Chair	10,000	–	10,000
HR Committee Chair	10,000	–	10,000
INV Committee Chair	10,000	–	10,000
QR Committee Chair	10,000	–	10,000
Other committee chairs	5,000	–	5,000
Per meeting fees (Board & Committee)	2,000	–	2,000

Note:

(1) In addition to the fees set out above, non-employee Directors are entitled to a travel allowance with respect to Board and Committee meetings held outside of their vicinity of residence equal to 50% of the meeting fee, plus a further 50% of the meeting fee for each required overnight stay. As well, they are entitled to reimbursement of meeting related travel and out-of-pocket expenses, which is not considered compensation.

Director Compensation Table

The following table outlines the compensation paid to each of the Company's non-employee Directors in 2019. Share-based awards represent the portion of the annual retainer, meeting and other fees received as DSUs in accordance with the terms of the LTIP.

Name	Cash Fees Earned ($)	Share-based Awards (1) ($)	Total ($)
Norma Beauchamp	25,355	40,065	65,420
Margery Cunningham	128,000	25,000	153,000
Sandra Hanington	65,000	60,000	125,000
Alan Hibben	–	121,000	121,000
Donna Kingelin	77,000	50,000	127,000
Samir Manji	–	72,420	72,420
Al Mawani	75,000	50,000	125,000
Gail Paech	–	46,742	46,742
Alan Torrie (Chair)	–	218,000	218,000
Total	**370,355**	**683,227**	**1,053,582**

Notes:

(1) These amounts reflect the grant date values of DSUs based on the LTIP FMV, and exclude any additional DSUs credited as a result of dividend equivalents paid on Common Shares.

(2) Ms. Paech did not stand for re-election to the Board in May 2019.

Outstanding Share-based Awards

The Directors receive a portion of their Directors' fees in the form of DSUs, as described above. The following table sets forth the number and value of all share-based awards issued and outstanding as at December 31, 2019, made under the LTIP in the form of DSUs for each non-employee Director, including Dr. Guerriere who received compensation as a non-employee Director prior to his appointment as CEO in October 2018.

	Share-based Awards	
Name	Vested DSUs (#)	Payout Value of Vested DSUs ($)
Norma Beauchamp	4,721	39,845
Margery Cunningham	28,087	237,054
Sandra Hanington	24,741	208,814
Alan Hibben	64,805	546,954
Michael Guerriere	11,290	95,288
Donna Kingelin	43,895	370,474
Samir Manji	8,543	72,103
Al Mawani	14,061	118,675
Alan Torrie (Chair)	88,652	748,223

The number of outstanding DSUs includes dividend equivalents credited to the account. The value of the outstanding DSUs awarded to the Directors is calculated based on the closing price for the Common Shares on the TSX on December 31, 2019, which was $8.44, multiplied by the number of outstanding DSUs on account.

Anti-hedging and Anti-monetization

The Board has adopted a policy prohibiting the Company's insiders, which include the Directors, from directly or indirectly entering into financial instruments designed to hedge or offset a decrease in the market value of any of the Company's securities.

Director Share Ownership Policy

Directors, who are not also executive officers of Extendicare, are subject to share ownership policy, under which Directors are expected to own Common Shares and/or DSUs equal in value to three times their annual Board retainer, valued at the higher of original acquisition cost/grant date value or market value, to be achieved within five years from the date of appointment to the Board. As of the date hereof, all of the Directors that will be continuing in office have met the share ownership requirements except Ms. Beauchamp, who joined the Board in May 2019. See “Security Ownership and Total Value” section of each of the current Director’s biographical information located under the “Business of the Meeting – Election of Directors” for more information.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth, as at December 31, 2019, certain information with respect to the Company’s LTIP.

Plan Category	(a) Number of Common Shares to be Issued Pursuant to Outstanding PSUs and DSUs [(1)] (#)	(b) Weighted Average Purchase Price of Common Shares ($)	(c) Number of Common Shares Remaining Available for Future Issuance Under LTIP (excluding those reflected in column (a)) [(1)] (#)
Equity compensation plans approved by Shareholders	736,550	n/a	3,602,362
Equity compensation plans not approved by Shareholders	n/a	n/a	n/a
Total	**736,550**	**n/a**	**3,602,362**

Note:

(1) Number of Common Shares assumes vesting of PSUs at 100% of target.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Company or any of its subsidiaries is indebted to the Company or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

To the knowledge of the Board of Directors no director or executive officer of the Company, or any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of the Directors or the appointment of auditors. The directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 9.0 million Common Shares, representing approximately 10.0% of the outstanding Common Shares.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The Company and its subsidiaries carry claims-made insurance coverage with an annual aggregate policy limit of $55.0 million (includes Side A coverage of $15.0 million for non-indemnifiable losses). The primary policy has a deductible of $100,000 applicable to the Company; no deductible applies to the individual directors or officers. Under this insurance coverage, each entity has reimbursement coverage to the extent that it has indemnified any such directors and officers. The total liability is shared among the Company and its respective subsidiaries, and their respective directors and officers. The annual premium for the directors’ and officers’ liability policy that expires on October 1, 2020, was $155,225.

NON-GAAP MEASURES

Certain financial measures discussed in this Information Circular, such as “Adjusted EBITDA”, “net operating income”, or “NOI”, and “Adjusted Funds from Operations”, or “AFFO”, are non-GAAP financial measures. For more information on the Company’s use of non-GAAP financial measures, please see “Non-GAAP Measures”, included in the MD&A of the Company’s 2019 Annual Report.

These measures are not recognized under GAAP and do not have standardized meanings prescribed by GAAP. 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.

AUDIT COMMITTEE INFORMATION

The Audit Committee operates within a written mandate, approved by the Board of Directors. Information on the Audit Committee, required by National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, is disclosed in the 2019 Annual Information Form under "Audit Committee Information", and in Schedule A to this Information Circular.

GOVERNANCE DISCLOSURE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") of the Canadian Securities Administrators requires the Company to disclose, on an annual basis, its approach to governance with reference to the guidelines provided in NI 58-101. The disclosure of the Company in this regard is set out in Schedule A to this Information Circular.

OTHER BUSINESS

The Board of Directors does not currently intend to present, and does not have any reason to believe that others will present, at the Meeting, any item of business other than those set forth in this Information Circular. However, if any other business is properly presented at the Meeting and may properly be considered and acted upon, proxies will be voted by those named in the form of proxy in their discretion. Proxies may also be voted in the discretion of those named with respect to any amendments or variations to the matters identified in the Notice of Meeting.

SHAREHOLDER PROPOSALS

Shareholders who meet the eligibility requirements under the CBCA are entitled to submit a Shareholder proposal as an item of business at the next annual Shareholder's meeting. Shareholder proposals must be submitted to the Corporate Secretary of Extendicare by January 15, 2021 (at least 90 days prior to the anniversary date of the notice of the prior annual meeting). Only Shareholder proposals that comply with the CBCA requirements received by that date, and the responses of the Company, will be included in the Management Information and Proxy Circular of the Company for the annual meeting of Shareholders to be held in 2021.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com under Extendicare's issuer profile and on the Company's website at www.extendicare.com. Additional financial information is provided in the Company's consolidated financial statements and MD&A for the financial year ended December 31, 2019, as contained in the Company's 2019 Annual Report. A copy of this document and other public documents of the Company are available upon request to:

Extendicare Inc.
Attention: Vice President, Investor Relations
3000 Steeles Avenue East, Suite 103
Markham, Ontario L3R 4T9
Phone: 905-470-5534
Fax: 905-470-4003

APPROVAL OF DIRECTORS

The contents and the sending of this Information Circular have been approved by the Board of Directors.

DATED at Markham, Ontario on April 16, 2020.

Michael Guerriere

Dr. Michael Guerriere
President and
Chief Executive Officer

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, but not including the Schedules. Words importing the singular include the plural and vice versa and words importing any gender include all genders. References to Extendicare or the Company in this Information Circular mean Extendicare Inc., either alone or together with its subsidiaries, as the context requires.

"**2019 Annual Information Form**" means the annual information form of Extendicare dated March 29, 2019, for the year ended December 31, 2019;

"**2019 Annual Report**" means the Annual Report of Extendicare for the year ended December 31, 2019;

"**Advisory (Non-binding) Resolution**" means the advisory (non-binding) ordinary resolution to accept the Company's approach to executive compensation, as set forth under "Business of the Meeting – Shareholder Advisory Vote on the Approach to Executive Compensation";

"**AFFO**" means adjusted funds from operations, a non-GAAP measure;

"**Audit Committee**" means the audit committee of the Board of Directors;

"**Board**", "**Board of Directors**" or "Directors" means, at any time, the individuals who are the directors of Extendicare;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, including the regulations promulgated thereunder, in either case as amended;

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

"**Change of Control**" means:

(1) the acceptance of an offer, whether made by way of take-over bid or otherwise, by a sufficient number of holders of voting securities of the Company to constitute the offeror, together with persons or companies acting jointly or in concert with the offeror, a securityholder being entitled to exercise 50% or more of the aggregate number of voting rights attaching to the outstanding voting securities of the Company;

(2) the completion of an arrangement, consolidation, merger, amalgamation, recapitalization or other form of reorganization of the Company with or into any other person or company and the holders of Common Shares and any other voting securities of the Company immediately prior to the completion of the reorganization will hold 50% or less of the aggregate number of voting rights attaching to the outstanding voting securities of the continuing entity upon completion of the reorganization;

(3) the completion of a sale whereby all or substantially all of the undertakings and assets of the Company on a consolidated basis become the property of any other person or company and the holders of Common Shares and any other voting securities of the Company immediately prior to that sale hold 50% or less of the aggregate number of voting rights attaching to the outstanding voting securities of the other person or company immediately following the sale; or

(4) any other event which in the opinion of the Board constitutes a change of control of the Company;

"**Common Shares**" means the common shares in the capital of Extendicare Inc.;

"**Computershare**" means Computershare Trust Company of Canada, the registrar and transfer agent of the Company;

"**DSU**" means a deferred share unit granted under the LTIP, representing the right to receive a cash payment equal to the LTIP FMV of a Common Share (determined in accordance with the LTIP), or its equivalent in fully paid Common Shares;

"**ECI**" means Extendicare (Canada) Inc., a corporation amalgamated under the laws of Canada and a subsidiary of Extendicare; and references to ECI in this Information Circular mean ECI alone or together with its subsidiaries, as the context requires;

"**Extendicare**" or the "**Company**" means the corporation known as "Extendicare Inc.", which continued as one corporation as a result of the amalgamation of 8067929 Canada Inc., Extendicare Holding General Partner Inc., 8120404 Canada Inc. and Extendicare Inc. effective July 1, 2012, and which is the successor to Extendicare Real Estate Investment Trust;

"**GAAP**" means generally accepted accounting principles as recommended in the Chartered Professional Accountants of Canada Handbook at the relevant time;

"**GN Committee**" means the governance and nominating committee of the Board of Directors;

"**HR Committee**" means the human resources committee of the Board of Directors;

"**Hugessen Consulting**" means Hugessen Consulting Inc.;

"**Information Circular**" means the management information and proxy circular of Extendicare Inc. dated April 16, 2020, together with all schedules thereto, distributed to Shareholders in connection with the Meeting;

"**INV Committee**" means the investment committee of the Board of Directors;

"**LTC**" means long-term care;

"**LTIP**" means the long-term incentive plan adopted and approved by Shareholders in 2016, as amended;

"**LTIP FMV**" means, on any particular date, the VWAP of a Common Share on the TSX during the last five (5) trading days prior to that particular date;

"**MD&A**" means management's discussion and analysis of financial condition and results of operations;

"**Meeting**" means the annual meeting of Shareholders to be held on May 28, 2020, commencing at 10:30 a.m. (Toronto time) and all postponements or adjournments thereof, to consider and vote on the matters set out in the Notice of Meeting;

"**Named Proxyholder**" has the meaning set forth under "General Proxy Matters – Voting Instructions for Registered Shareholders – Voting by Proxy";

"**NEO**" means a named executive officer under National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators;

"**Non-registered Shareholder**" means a Shareholder who holds their Common Shares in the name of a "nominee", such as a bank, trust company, securities broker or other financial institution;

"**Notice of Meeting**" means the notice of the Meeting that accompanies this Information Circular;

"**ParaMed**" means ParaMed Inc., a corporation incorporated under the laws of Canada and a subsidiary of the Company, which provides home health care services in Canada under the business name ParaMed Home Health Care;

"**PSU**" means a performance share unit granted under the LTIP representing the right to receive a cash payment equal to the LTIP FMV of a Common Share (determined in accordance with the LTIP), or its equivalent in fully paid Common Shares;

"**QR Committee**" means the quality and risk committee of the Board of Directors;

“**Record Date**” has the meaning set forth under “General Proxy Matters — Record Date and Voting Rights”;

“**Registered Shareholder**” means a Shareholder who holds Common Shares in such Shareholder’s own name;

“**RPP**” means the executive registered pension plan of Extendicare and ECI;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**SERP**” means the supplemental executive retirement plan of Extendicare and ECI;

“**Shareholders**” means the holders of Common Shares from time to time;

“**STIP**” means the Company’s short-term incentive program;

“**Transfer Agent**” means Computershare Investor Services Inc., the registrar and transfer agent of the Company;

“**TSR**” means total shareholder return, which refers to the total return of a stock to an investor (the capital gain plus dividends);

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange; and

“**VWAP**” means the volume-weighted average trading price.

SCHEDULE A

EXTENDICARE INC.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

This statement of corporate governance practices sets out Extendicare Inc.'s ("**Extendicare**" or the "**Company**") overview of its corporate governance practices, as assessed in the context of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58-201 – *Corporate Governance Guidelines* of the Canadian Securities Administrators. This overview has been prepared by the Governance and Nominating Committee (the "**GN Committee**") and has been approved by the board of directors (the "**Board of Directors**", the "**Board**" or "**Directors**") of the Company.

Overall Responsibilities of the Board

The Board of Directors is responsible for the overall stewardship of the business and affairs of the Company, including overseeing the Company's financial and strategic planning and direction, as well as management's implementation of the Company's plans. In fulfilling its responsibilities, the Board delegates the day-to-day authority to management of the Company, while reserving the ability to review management decisions and exercise final judgement on any matter. The Board reviews and approves on an annual basis the corporate objectives developed and adopted by the senior management team. The Board discharges its responsibilities directly and through committees. The Board and committee members operate under charters that clearly define their roles and responsibilities.

Independence of Directors

Independence of the Board of Directors is essential to fulfilling its role in overseeing the Company's business and affairs. Pursuant to a resolution of the Board of Directors, the number of directors of Extendicare to be elected at the May 28, 2020 annual meeting of holders of common shares ("**Common Shares**") of the Company (the "**Shareholders**") has been fixed at nine. Information relating to each of the nine nominees proposed for election as directors of Extendicare is set out in the "Business of the Meeting – Election of Directors" section of the management information circular (the "**Information Circular**") relating to such meeting. The Board of Directors have determined that eight of these nine individuals are "independent", as determined in accordance with NI 58-101. By virtue of Dr. Guerriere's current role as President and Chief Executive Officer, he is a non-independent Director. All committees of the Board are composed entirely of independent Directors.

Details of other reporting issuers on which Directors also sit as board members are disclosed under "Business of the Meeting – Election of Directors" in this Information Circular. At present six of the nine nominees are both independent board members of another publicly listed company, none of which exceed three such boards.

The roles of Extendicare's Chief Executive Officer (the "**CEO**") and Board Chairman are separate. The Board has implemented the practice of holding *in camera* non-management director meetings at each meeting of the Board to enable open and frank discussion.

Director Attendance

Board members are expected to attend all Board meetings and meetings of committees on which they serve. The Board met on 13 occasions during 2019, at which attendance averaged 100%. Each Director's attendance record at Board meetings held during the 2019 financial year is described under the "Business of the Meeting – Election of Directors" section of this Information Circular.

Board Mandate

The mandate of the Board of Directors is attached as Schedule B to this Information Circular.

Position Descriptions

The Board of Directors has developed a written position description for its Chairman. It has not developed such descriptions for the chair of any of its committees. The chair of each committee is expected to supervise the activities of such committee and to ensure that the committee is taking all steps necessary to fulfill its mandate.

The Board of Directors has developed a written position description for the CEO that outlines the basic functions and responsibilities of the CEO. The CEO's responsibilities include, among other things: directing the business with the objective of providing quality care and service excellence to clients and customers; providing maximum profit and return on invested capital; establishing current and long-range objectives, plans and policies; representing Extendicare with its major clients, and the public, and providing leadership to the management team.

Orientation and Continuing Education

A handbook has been developed that contains Board of Directors and committee mandates, codes of conduct, policies and other relevant information. Materials are updated annually, or more frequently as necessary. To ensure that the members of the Boards remain fully informed about Extendicare's operations on a continuing basis, management reports on Extendicare's and its subsidiaries' activities and on various aspects relevant to the business on an on-going basis, during regularly scheduled Board meetings and through periodic mailings. Management from the main operating divisions are invited to Board of Directors meetings to provide the Directors with an overview of the current issues and business strategies. In addition, meetings are periodically combined with tours of the senior care centers of Extendicare so that the Directors can gain greater insight into the business operations.

Ethical Business Conduct

Extendicare maintains an approved Business Conduct Policy for its directors, officers and employees, for which no waivers have currently been sought or granted. The Business Conduct Policy addresses conflicts of interest, confidentiality, protection of the assets, fair dealing, and compliance with laws, rules and regulations, and it encourages reporting of any illegal or unethical business practices. Anyone may obtain a copy of the Business Conduct Policy on SEDAR at www.sedar.com under Extendicare's issuer profile or on Extendicare's website at www.extendicare.com.

In circumstances in which the Board of Directors must consider transactions and agreements in respect of which a Director or executive officer has a material interest, the nature of such interest is declared, and the affected individual does not participate in the vote on the matter.

Sandpiper Agreement

As previously announced in April 2019, the Company entered into a representation and standstill agreement dated April 22, 2019 (the "**Sandpiper Agreement**"), by and between Sandpiper Real Estate Fund 2 Limited Partnership, Sandpiper Real Estate Fund 3 Limited Partnership, Sandpiper GP 2 Inc., and Sandpiper GP 3 Inc., (collectively, the "**Sandpiper Group**") and the Company, a copy of which is available on SEDAR's website at www.sedar.com under the Company's issuer profile. The Sandpiper Group collectively owns or controls approximately 9.7% of the Common Shares. Pursuant to the terms of the Sandpiper Agreement:

- At any meetings of the Company to be held during the term of the Sandpiper Agreement at which directors are to be elected, the Company has agreed to include Mr. Samir Manji and Ms. Norma Beauchamp (the "**Sandpiper Nominees**") (or in certain circumstances alternate persons nominated by the Sandpiper Group) for election as Directors and has agreed to solicit proxies in support of the Sandpiper Nominees;
- The Sandpiper Group will vote in favour of the Company's nominees to the Board (including the Sandpiper Nominees) in connection with any meetings of the Company to be held in 2020 at which directors are to be elected;
- The Acquisitions Committee was renamed the Investment Committee to have four members, two of whom are the Sandpiper Nominees. The advisory mandate of the Investment Committee was amended to include the consideration, investigation, review and recommendation to the Board of initiatives to improve the value of the Company in respect of: (i) operational and cost improvement initiatives, and (ii) potential business segment and/or asset acquisitions and/or dispositions.;
- Subject to certain exceptions, the Sandpiper Group will not, and will cause its affiliates not to: (i) requisition a meeting of Shareholders, solicit proxies or propose, or support any take-over bid, plan of arrangement, amalgamation or other business combination involving a change of control of the Company or a substantial assets sale or otherwise increase its share ownership or control or direction to more than 14.99% of the Common Shares; or (ii) initiate discussions with respect to any of the foregoing, or advise, assist or encourage any person in connection with the foregoing; and
- The Sandpiper Agreement will terminate on the earlier of (i) October 1, 2020 and (ii) the date upon which the Sandpiper Group ceases to own at least 5% of the issued and outstanding Common Shares.

Nomination and Compensation of Directors

Extendicare's **GN Committee** is composed of three members who are all independent Directors. On issues relating to the nomination of directors to the Board, the GN Committee makes recommendations as to the size and composition of the Board; reviews qualifications of potential candidates for election to the Board; recommends for the approval of the Board the nominees for the Board of Directors for presentation to each annual meeting of Shareholders; and makes recommendations with respect to the membership of committees. The GN Committee assesses the effectiveness of the Board, the committees and the contributions of individual Directors. These assessments include the use of formal surveys (see "Assessment of Directors"). The GN Committee identifies individuals who it believes bring the attributes necessary to ensure the Board consists of individuals with strengths in a number of different areas required to meet Extendicare's needs.

The GN Committee also oversees issues of governance as it applies to Extendicare and recommends amendments to governance procedures where appropriate. Any Director who wishes to engage outside advisors with respect to the affairs of Extendicare, at the expense of the Company, may do so by submitting a request through the GN Committee.

The GN Committee is also responsible for annually revising and recommending to the Board the compensation of the Board and committee members. In arriving at its recommendations, the GN Committee reviews external and internally prepared surveys to compare the compensation paid by the Company with compensation paid to directors in other organizations.

The GN Committee met six times during 2019, with full attendance at each meeting.

Assessment of Directors

The GN Committee is responsible for and has established a formal process for assessing the effectiveness of the Board and its committees and the contributions of individual directors.

The process for the assessment of board effectiveness as well as the contributions of individual directors, which includes peer review, is conducted over a three-year period and then repeated. In the first year of the process, as was the case in 2019, each director is interviewed by an external consultant and asked to assess (i) the performance of every other board member and (ii) the overall performance of the Board as a whole and identify areas of improvement. The goal of the peer assessment is to provide candid feedback to individual Directors and to stimulate insight and motivate developmental action and enable Directors to enhance their individual contributions to Board and committee work. Directors are also asked to complete a short questionnaire on key dimensions of board effectiveness. The consultant consolidates the feedback and develops a report for each director. The Chair then meets with each director to review results and develop an action plan specific to each director. The process concludes with the Board having a facilitated working session to review the results of the assessment and finalize a Board action plan. Both individual director plans and the board action plan are then tracked and augmented in each of the subsequent two years through surveys and one-on-one interviews with the Chair.

Diversity Among the Board and Executives

Extendicare believes that a Board and senior management team comprised of highly qualified individuals that reflect the diverse populations of the communities in which Extendicare operates results in effective decision making and supports Extendicare's commitment to strong corporate governance. The Board has adopted a written diversity policy (the "**Diversity Policy**") by which Extendicare will promote diversity on the Board and senior management team. In support of the Diversity Policy, the GN Committee, in recommending future nominees for election to the Board and the President and CEO, in recruiting and hiring senior management, considers diversity criteria such as gender, race, religion, ethnicity, sexual orientation, physical ability, geographic representation, age and other characteristics of the communities in which Extendicare operates.

Board Diversity

The Board strongly believes in the benefits of a diverse Board, which include accessing a broader pool of qualified candidates and different perspectives, experiences and ideas which enhance decision making and provide the opportunity for innovation. Accordingly, consideration of the number of women who are directors, along with consideration of other diversity criteria, are important components of the selection process for nominees. In support of the Diversity Policy, when recommending nominees to the Board, the GN Committee develops and recommends strategies for identifying and attracting diverse candidates. The Board is committed to diversity; however, it has not established targets for diversity among directors as the Board believes that its criteria for recommending future nominees takes into account Extendicare's overall objectives of increasing diversity while also ensuring that the Board possesses the necessary skills and experience to fulfill its responsibilities. Nonetheless, the Company aspires to have at least 30% of its board members be women.

As of the date hereof, four of the Company's nine Directors (44%) are women. Three of these four are standing for re-election, representing approximately 33% of the nominees. Two of the Company's nine Directors (22%) self-identify as a visible minority, and none self-identify as a person with disabilities or as an Aboriginal person.

Adherence to the Diversity Policy will be assessed by the Board and the GN Committee on an annual basis. As part of the GN Committee's assessment, it will consider the level of representation on the Board of the various diversity criteria outlined in the Diversity Policy, including the representation of women. The Board will also have the opportunity to evaluate the Board's effectiveness, including effectiveness of the Diversity Policy, through the Board's self-assessment process, see "Statement of Corporate Governance Practices – Assessments of Directors", for more information. The GN Committee will review the Diversity Policy at least annually and may recommend changes in order to achieve the goals outlined in the Diversity Policy.

Executive Diversity

Extendicare employs a mix of formal and informal policies and practices, including the Diversity Policy and Business Conduct Policy, aimed at promoting a diverse workforce. The Company also focuses on the development and advancement of women, along with consideration of other diverse individuals, as an integral part of the senior management team, which includes both executive officers and senior positions reporting directly to executive officers. Extendicare considers many factors, including necessary skills and experience required when recruiting and hiring senior management. Diversity criteria, including level of representation of women in senior management, is also considered during recruitment and hiring. While there are currently no targets with respect to diversity in executive officer positions, Extendicare recognizes that in order to achieve a representative balance in senior management it must develop strategies for identifying and attracting candidates with diversities for recruitment. Such strategies include engaging the services of external advisors where necessary to help identify future candidates who possess the necessary skills and experience as well as developing its internal talent to ensure that where possible, there will be highly qualified persons within Extendicare available to fill vacancies. To that end, Extendicare has made it an organizational goal to identify and address obstacles that may hinder the progression of individuals with diversities into senior management.

As of the date hereof, four out of thirteen executive officers (31%), including Extendicare's Senior Vice President and Chief Human Resources Officer, are women. Two out of thirteen executive officers (15%) self-identify as a visible minority, and none self-identify as a person with disabilities or as an Aboriginal person.

As part of the GN Committee's assessment of the Diversity Policy, it will consider the level of diversity, including gender diversity, visible minorities, persons with disabilities and Aboriginal persons, in the senior management team. The GN Committee will also review the Diversity Policy at least annually and may recommend changes to achieve Extendicare's diversity goals for senior management.

The commitment to diversity, as well as its promotion, expressed in the Diversity Policy also applies to Extendicare's recruitment, hiring and advancement practices in respect of all of its employees.

Majority Voting Policy

The Board's majority voting policy is summarized in this Statement of Corporate Governance Practices, a full copy of which is posted on the Company's website at www.extendicare.com. The policy stipulates that in an uncontested election of Directors held at a meeting of Shareholders, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (an "**Affected Director**") shall promptly tender his or her resignation to the Chairman of the Board following certification of the Shareholder vote, to take effect upon acceptance of the Board.

The GN Committee will promptly consider the Affected Director's resignation and will recommend to the Board whether to accept or reject the Affected Director's resignation. The GN Committee shall be expected to recommend to the Board that it accept the Affected Director's resignation absent exceptional circumstances. In making its recommendation to the Board, the GN Committee will consider factors determined to be relevant by its members, including the reasons, if ascertainable, why Shareholders "withheld" votes for election from the Affected Director. The GN Committee may adopt such procedures as it sees fit to assist it in making decisions under the policy.

The Board shall act on the GN Committee's recommendation to accept or reject the Affected Director's resignation within 90 days following the date of the applicable Shareholders' meeting. In considering the GN Committee's recommendation, the Board will consider the factors considered by the GN Committee and such additional information and other factors which the Board determines to be relevant, and, absent exceptional circumstances, shall accept the Affected Director's resignation. Promptly following the Board's decision to accept or reject the Affected Director's resignation the Company shall disclose the decision in a press release, which will include an explanation of the process by which the decision was reached and, if applicable, the Board's reasons for rejecting the Affected Director's resignation. The Company shall provide a copy of the press release to the Toronto Stock Exchange.

The Affected Director will not participate in the GN Committee's recommendation or the determination made by the Board. However, the Affected Director shall remain active and engaged in all other committee and Board activities, deliberations and decisions during the GN Committee and Board process.

Board Renewal

The Board has not adopted director term limits or a mandatory retirement policy as it believes that its robust Board evaluation and peer review process described above is effective in achieving the appropriate level of renewal of the Board's membership. As part of that process, the Board periodically reviews its composition to ensure that it continues to have the ideal mix of skills, perspectives, experience and expertise to effectively oversee management, and provide fresh ideas and viewpoints while not losing the insight and experience of longer serving directors and in particular their in-depth knowledge of the Company. The Company believes that it is important to achieve an appropriate balance of both to ensure the effectiveness of the Board. In addition, the Board assessment and peer review process encompasses an assessment of the independence of directors, including any impacts on a directors' independence as a result of his or her tenure on the board.

Compensation of Senior Management

Extendicare's HR Committee is composed of three members who are all independent Directors. The HR Committee reviews the compensation of senior management with a view to ensuring that the level of compensation reflects performance. The HR Committee recommends to the Board of Directors for its approval the compensation to be given to the CEO and other senior executives of Extendicare and its subsidiaries. The HR Committee is responsible for planning succession to the position of the CEO and for reviewing the performance of the CEO on an annual basis, and for monitoring the development of senior management. Further information on how the HR Committee determines the compensation of the CEO and senior officers can be found under "Compensation Discussion and Analysis" in this Information Circular.

Executive Succession Planning

Extendicare has established an ongoing review of, and succession plans for, members of its senior leadership team, including the President and CEO. The results culminate in an executive management succession plan and talent management plan which is reported to and discussed at least annually with the HR Committee. The Board monitors the development and performance of the President and CEO and other senior management against such plans and determines hiring, internal moves and development in support of the plans.

Extendicare recognizes that successful succession planning requires adequate talent management, including strategies for both identifying and attracting future candidates who possess the necessary skills and experience, as well as developing its internal talent to ensure that, where possible, there will be highly qualified candidates within Extendicare to fill vacancies.

Extendicare also regularly conducts employee surveys to assess employee engagement levels and consider employee feedback, as well as benchmark Extendicare's performance. The results of such annual surveys are reviewed by Extendicare's senior leadership team, including the President and CEO, and are considered when setting the objectives or key areas of focus for Extendicare for the following year.

Say on Pay

Since 2010, Shareholders have participated in an annual non-binding advisory vote on Extendicare's approach to executive compensation, commonly known as "Say on Pay", which gives Shareholders the opportunity to endorse or not endorse Extendicare's approach to its executive compensation program.

At the annual meeting of Extendicare held in May 2019, 96.93% of the Shareholders voted in favour of Extendicare's approach to executive compensation.

The Board of Directors' policy on "Say on Pay", as adopted in 2010, is summarized in this Statement of Corporate Governance Practices, a full copy of which is posted on the Company's website at www.extendicare.com, and on SEDAR at www.sedar.com under Extendicare's issuer profile. The Board of Directors believes that this policy is meaningful to its Shareholders and is substantially consistent with that proposed by the Canadian Coalition for Good Governance and with other issuers.

The Board of Directors believes that Shareholders should have the opportunity to fully understand the objectives, philosophy and principles the Board of Directors has used in its approach to executive compensation decisions and to have an advisory vote on the Board's approach to executive compensation.

The result of the advisory vote will be disclosed as part of the Company's report on voting results for its annual meeting. The HR Committee and the Board will take the results of the vote into account, as appropriate, together with feedback received from Shareholders, when considering future compensation policies, procedures and decisions. In the event that a significant number of Shareholders oppose the resolution, the Board will consult with its Shareholders (particularly those who are known to have voted against it) to understand their concerns and will review the Company's approach to compensation in the context of those concerns. Shareholders are encouraged to contact the Board of Directors to discuss their specific concerns.

Shareholder Engagement

The Board of Directors believes that active engagement with Shareholders and other stakeholders is important to assisting the Company with sharing its story and facilitating open and informed dialogue. In addition to the Company's annual Shareholder meeting and quarterly results presentations, all of which are webcast and broadly available, senior management also meet with Shareholders through investor conferences and individual meetings.

The Board appreciates that active communication and engagement with Shareholders is an important part of its oversight of the Company. Shareholders may contact the Board, the Chair or an individual Director at the following addresses:

In writing: Chairman of the Board
c/o The Corporate Secretary of Extendicare
3000 Steeles Ave. East, Suite 103
Markham, Ontario L3R 4T9

By email: governance_matters@extendicare.com

The Company will answer correspondence received and will disclose to its Shareholders as soon as is practicable, and no later than in the management information and proxy circular for its next annual meeting, a summary of the significant comments received from Shareholders and the changes to the compensation plans made or to be made by the Board (or why no changes will be made).

Other Board Committees

In addition to the HR Committee and the GN Committee described above, Extendicare's other standing committees are the Audit Committee, the Quality and Risk Committee (the "**QR Committee**") and the Investment Committee (the **"INV Committee"**). From time to time, the Board may also establish special committees to review and make recommendations on specific matters. Copies of each of the committee's mandates may be found on the Company's website at www.extendicare.com.

Information on the Audit Committee, required by National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, is disclosed in the Company's 2019 Annual Information Form under "Audit Committee Information", which is available on SEDAR at www.sedar.com under Extendicare's issuer profile.

Quality and Risk Committee

Extendicare's QR Committee is composed of three independent Directors. The primary objective of the QR Committee is to assure that Extendicare and its operations have in place the programs, policies and procedures, including an enterprise-wide risk management framework and action plan, to support and enhance the quality of care provided and compliance with applicable health care laws and regulations. The QR Committee's responsibilities include providing oversight of Extendicare's clinical, compliance and quality programs; monitoring Extendicare's clinical performance and outcomes against internal and external benchmarks; reviewing policies, procedures and standards of conduct designed to provide the appropriate quality of care, client safety and compliance with applicable laws and regulations; and overseeing and monitoring the Company's enterprise risk management framework, overall risk profile and risk management policies, procedures and programs. The QR Committee met four times during 2019, with full attendance at each meeting.

Investment Committee

Extendicare's INV Committee is composed of three independent Directors. The primary objective of the INV Committee is to review and, if deemed advisable, recommend to the Board acquisition, investment and divesture transaction proposed by senior management of the Company. The INV Committee's responsibilities include reviewing such transactions with management and periodically reviewing the execution, financial results and integration of completed acquisition and investment transactions.

SCHEDULE B

EXTENDICARE INC.

MANDATE OF THE BOARD OF DIRECTORS

The board of directors (the "**Board**") of Extendicare Inc. ("**Extendicare**" or the "**Company**") is responsible for the stewardship of the business and affairs of the Company, including the strategic planning process, approval of the strategic plan, the identification of principal risks and implementation of systems to manage these risks.

The Board has the responsibility to oversee the conduct of the business of the Company and to supervise management, which is responsible for the day-to-day conduct of the business. The Board's fundamental objectives are to enhance and preserve the business of the Company and its underlying value. In performing its functions, the Board should consider the legitimate interests of its stakeholders such as employees, customers and communities may have in the Company. In supervising the conduct of the business, the Board, through the Chief Executive Officer of the Company (the "**CEO**"), shall set the standards of conduct for the enterprise.

The following points outline the key principles or guidelines governing how the Board will operate to carry out its overall stewardship responsibility.

Number of Directors

The articles of the Company provide that the Board may have a minimum of one director and a maximum of twenty directors, with the number of directors from time to time within such range being fixed by resolution of the Board. The ideal size of the Board will provide a diversity of expertise and opinion, as well as efficient operation and decision-making. At least 25% of the directors of the Company shall be resident Canadians.

The governance and nominating committee of the Board (the "**GN Committee**") will review the size of the Board annually and make a recommendation to the Board if it believes a change in the size of the Board would be in the best interests of the Company. The Board should have an appropriate mix of skills, knowledge and experience in the business and an understanding of the industry in which the Company operates. Directors are required to commit the requisite time for all of the business of the Board and to demonstrate integrity, accountability and informed judgement. At least a majority of the Board will be comprised of directors who are determined to be "independent", as defined in applicable securities laws and the rules or guidelines of any stock exchange upon which the securities of the Company are listed for trading.

Director Nomination

The GN Committee shall be responsible for recommending to the Board suitable candidates for nominees for election as directors.

Election and Term

Directors shall be elected by the shareholders at each annual meeting of shareholders to hold office for a term expiring at the close of the next annual meeting. The directors may, between annual meetings of shareholders, appoint one or more additional directors for a term to expire (subject to further appointment) at the close of the next annual meeting of shareholders, but the number of additional directors so appointed shall not at any time exceed one-third of the number of directors who held office immediately after the expiration of the immediately preceding annual meeting of shareholders.

Vacancy

A quorum of directors may fill a vacancy among the directors, except a vacancy resulting from an increase in the minimum and maximum number of directors or from a failure to elect the minimum number of directors provided for in the articles. If there is not a quorum of directors, or if there has been a failure to elect the minimum number of directors provided for in the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder. A director appointed or elected to fill a vacancy shall hold office for the unexpired term of his or her predecessor.

Review of Independence of Outside Directors

The GN Committee will review on an annual basis any relationship between outside directors and the Company which might be construed in any way to compromise the designation of any director as being independent or unrelated to the Company. The objective of such review will be to determine the existence of any relationships, to ensure that the composition of the Board remains such that at least a majority of the directors are independent and unrelated and that where relationships exist, the director is acting appropriately. A director should bring to the attention of the Chairman and the GN Committee any potential conflicts of interest as they arise.

Directors shall disclose all actual or potential conflicts of interest and refrain from voting on matters in which the director has a conflict of interest. In addition, a director should excuse himself or herself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

Board Meetings

Meetings of the directors shall be called and held in accordance with By-Law No. 1 of the Company. The Board may invite any of Extendicare's officers, employees, advisors or consultants or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board. Attendees will be excused for any agenda items that are reserved for discussion among directors only.

Committees

The directors may appoint from their number one or more committees of directors and, subject to By-Law No. 1 of the Company, may grant or delegate to the committees such authority and such powers as the directors may in their sole discretion deem necessary or desirable. Unless otherwise determined by the directors, a quorum for meetings of any committee shall be a majority of its members and each committee shall have the power to appoint its chairman. Each member of a committee shall serve during the pleasure of the directors and, in any event, only so long as he or she shall be a director.

The Board shall appoint from among the directors an audit committee of the Board (the "**Audit Committee**") to consist of not less than three members. The composition of the Audit Committee shall comply with applicable securities laws, including National Instrument 52-110 – Audit Committees.

Board and Committee Meeting Agendas and Information

The Chairman and the CEO, in consultation with the Secretary, will develop the agenda for each Board and committee meeting. Agendas will be distributed to the Board or committee members before each meeting, and all members shall be free to suggest additions to the agenda in advance of the meeting.

Whenever practicable, information and reports that are important to the Board's or committee's understanding of meeting agenda items will be circulated to the directors and committee members in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it may not be prudent or appropriate to distribute written materials in advance.

External Advisors

Each director shall have the authority to retain outside counsel and any other external advisors as appropriate with the approval of the GN Committee.

As well, the Board or any of its committees may conduct or authorize investigations into any matters within their respective scope or responsibilities. As such, the Board or any of its committees are authorized to retain and determine funding for independent professionals to assist in the conduct of any such investigation.

Contacts with Senior Management

All of the directors shall have open access to senior management of Extendicare. It is expected that directors will exercise judgement to ensure that such contact is not disruptive to the operations of Extendicare. Written communications from directors to members of management shall be copied to the Chairman and CEO of the Company.

Board/Committee Assessment

The Board, through the GN Committee, shall establish and conduct orientation and education programs for new directors through which the performance expectations for members of the Board shall be communicated. The GN Committee shall implement a process for assessing the effectiveness of the Board as a whole, the committees and the contributions of individual directors, which may include the use of periodic formal surveys.

Senior Management Succession Planning

The Board shall have responsibility for the appointment and evaluation of the performance of the CEO and senior officers of the Company and its subsidiaries and shall require the human resources committee of the Board (the "**HR Committee**") to make recommendations with respect to such matters. The HR Committee shall monitor, review and provide guidance in respect of executive management training, development and succession planning.

Directors' and Senior Management Compensation

The GN Committee shall be responsible for making recommendations to the Board concerning the compensation of directors, and the HR Committee shall be responsible for making recommendations concerning the CEO and senior officers of the Company and its subsidiaries. The recommendations of the HR Committee shall include the adequacy and form of compensation, including the use of incentive programs and awards made pursuant thereto. The HR Committee shall review senior management's performance against the objective of maximizing shareholder value, measuring their contribution to that objective, and overseeing compensation policies.

Strategic Planning

The Board will adopt a strategic planning process to establish the objectives and goals for Extendicare's business, approve the strategic plans and monitor corporate performance against those plans.

Managing Risk

The Board shall have overall responsibility for assessing the principal risks facing the Company, ensuring the implementation of the appropriate strategies and systems to manage such risks, and reviewing any material legal matters relating to the Company as a whole or its investment in any major operating business.

Communications Policy

The Board shall approve Extendicare's core public disclosure documents disseminated to shareholders and the investing public, including the annual report, management information and proxy circular, annual information form, interim quarterly reports and any prospectuses. The Audit Committee shall review and recommend for approval to the Board the quarterly and annual financial statements, including the related management's discussion and analysis, press releases relating to financial matters and any other financial information contained in core public disclosure documents. The Board requires that Extendicare make accurate, timely and effective communication to shareholders and the investment community.

The Board shall have responsibility for reviewing the Company's policies and practices with respect to disclosure of financial and other information, including insider reporting and trading. The Board shall approve and monitor the disclosure policies designed to assist the Company in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the Company's policies relating to communication and disclosure on an annual basis.

Generally, communications from shareholders and the investment community will be directed to either of the Chief Executive Officer, Chief Financial Officer, Director of Investor Relations, or Corporate Secretary of Extendicare to provide an appropriate response depending on the nature of the communication. It is expected that, if communications from stakeholders are made to the Chairman or to other individual directors, management will be informed and consulted to determine any appropriate response.

Internal Control and Management Information Systems

The Board shall review the reports of management of Extendicare and the Audit Committee concerning the integrity of the Company's internal control and management information systems. Where appropriate, the Board shall require management of Extendicare and the Audit Committee to implement changes to such systems with a view to ensuring integrity of such systems.

Corporate Governance Policy

The Company shall make full and complete disclosure of its system of corporate governance on an annual basis in its annual shareholder documents and/or securities commission filings where required, and on its website. The Board, through the GN Committee, shall have the responsibility for developing the Company's approach to governance issues, including the responsibility for this disclosure.

EXTENDICARE®
... helping people live better

ParaMed™
Redefining Care

Esprit
Lifestyle
Communities

EXTENDICARE® assist

SGP PURCHASING PARTNER NETWORK
Better all together