Extendicare Inc.

Offering Of Convertible Unsecured Subordinated Debentures
March 26, 2018

A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in all of the provinces of Canada. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

Issuer:	Extendicare Inc. (the "Company").
Offering:	Convertible Unsecured Subordinated Debentures (the "Debentures").
Base Amount:	$110 million aggregate principal amount (the "Base Amount").
Over-Allotment Option:	The Company has granted the Underwriters an over-allotment option (the "Over-Allotment Option") to purchase additional Debentures of up to the lesser of 15% of the Base Amount and the Underwriters' "Over-Allocation Position" as at the Closing, such option to be exercised in whole or in part at the sole discretion of the Underwriters, at any time up to 30 days after Closing.
Reference Price:	$8.73 per share.
Offering Price:	$1,000 per Debenture.
Use of Proceeds:	The net proceeds from the offering (after deducting the Underwriters' fee and the expenses of the Offering) will be used by the Company to partially fund the redemption of the Company's outstanding Series 2012 6.00% Convertible Unsecured Subordinated Debentures.
Coupon:	The Debentures will bear interest at a rate of 5.00% per annum payable semi-annually in arrears on April 30 and October 31 in each year commencing October 31, 2018. The October 31, 2018 interest payment will represent accrued interest for the period from, and including, closing to, but excluding, October 31, 2018.
Maturity:	The Debentures will mature on April 30, 2025.
Conversion:	Each Debenture will be convertible into freely tradeable common shares of the Company (the "Shares") at the option of the holder at any time prior to the earlier of maturity and the last business day immediately preceding the date specified by the Company for redemption at a conversion price of $12.25 per Share (the "Conversion Price"), being a conversion rate of approximately 81.6327 Shares per $1,000 principal amount of Debentures, and representing a premium of approximately 40% to the Reference Price. The conversion right shall be subject to standard anti-dilution provisions. Debentureholders converting their Debentures will, in addition to the applicable number of Shares to be received on conversion, receive accrued and unpaid interest, if any, for the period from the last interest payment date on their Debentures to and including the last record date set by the Company occurring prior to the date of conversion for determining the Shareholders entitled to receive a dividend on the Shares. In the event the Company has suspended regular dividends, then a holder, in addition to the applicable number of Shares to be received on conversion, will be entitled to receive accrued and unpaid interest for the period from the last interest payment date prior to the date of conversion.
Redemption:	The Debentures will not be redeemable on or prior to April 30, 2021. From May 1, 2021 to April 30, 2023, the Debentures will be redeemable at the option of the Company, in whole or in part, on not less than 30 days prior notice at a redemption price equal to par plus accrued and unpaid interest, provided that the Current Market Price on the date on which the notice of redemption is given is not less than 125% of the Conversion Price. On and after May 1, 2023, the Debentures will be redeemable at the option of the Company, in whole or in part, at a redemption price equal to par plus accrued and unpaid interest.

Payment of Principal Amount in Shares:	The Company has the option to satisfy its obligation to repay the principal amount of the Debentures, in whole or in part, due at redemption or maturity upon at least 30 days and not more than 60 days prior notice, by delivering that number of freely tradeable Shares obtained by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable.
Interest Payment Election:	The Company may elect, from time to time, to satisfy its obligation to pay interest on any interest payment date by delivering freely tradeable Shares to the Trustee in accordance with the Trust Indenture (the "Interest Payment Election") in which event holders of Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Shares by the Trustee. The Trust Indenture will provide that, upon such election, the Trustee shall (i) accept delivery of Shares from the Company, (ii) accept bids with respect to, and consummate sales of, such Shares, each as the Company shall direct in its absolute discretion, (iii) invest the proceeds of such sales in short-term Canadian Government Obligations (as defined in the Trust Indenture), which mature prior to the applicable Interest Payment Date; (iv) deliver proceeds to holders of Debentures sufficient to satisfy the Company's interest payment obligations; and (v) perform any other action necessarily incidental thereto.
Restriction on Common Share Redemption Right or Maturity Right:	The Company shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the common shares, dividend or other distribution on the common shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which: (a) the number of securities to be issued; (b) the price at which securities are to be issued, converted or exchanged; or (c) any property or cash that is to be distributed or allocated, is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Payment of Principal Amount in Common Shares, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Payment of Principal Amount in Common Shares.
Purchase for Cancellation:	The Company may purchase Debentures for cancellation in the market or by tender or private contract at any time subject to regulatory requirements.
Change of Control:	Upon the occurrence of a Change in Control involving the acquisition of voting control or direction over 66 2/3% or more of the outstanding Shares by any person or group of persons acting jointly or in concert, holders of Debentures have the right to require the Company to repurchase their Debentures, in whole or in part, at a price equal to 101% of the principal amount of such Debentures plus accrued and unpaid interest.
Current Market Price:	Current Market Price is defined as the volume-weighted average trading price of the Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days prior to the applicable date.
Ranking:	The Debentures will be subordinated in right of payment of principal and interest to all senior obligations of the Company.
Eligibility:	The Debentures will be eligible under all usual statutes including RRSPs, RRIFs, DPSPs, TFSAs and RESPs.
Listing:	Application will be made to list the Debentures and the common shares issuable upon conversion of the Debentures on the Toronto Stock Exchange. The common shares are listed on the Toronto Stock Exchange under the symbol "EXE".
Offering Basis:	Offered publicly in all provinces of Canada by way of a short form prospectus and on a private placement basis in the U.S. pursuant to Rule 144A or such other exemption so as not to require registration.
Underwriting Basis:	"Bought deal" subject to conventional bought deal termination provisions to be included in a definitive underwriting agreement.
Bookrunner:	RBC Capital Markets.

Underwriting Fee: 3.75%.

Closing: On or about April 17, 2018.

The Debentures and Common Shares issuable upon conversion of Debentures have not been and will not be registered under the U.S. Securities Act or any state securities laws, and, subject to certain exemptions from registration, the Debentures may not be offered or sold in the United States. Pursuant to the terms of the underwriting agreement, the Underwriters may reoffer and resell the Debentures that they have acquired pursuant to the underwriting agreement to Qualified Institutional Buyers (as such term is defined in Rule 144A under the U.S. Securities Act ("Rule 144A")) in the United States provided such offers and sales are made in accordance with Rule 144A. In addition, until 40 days after the commencement of the offering, any offer or sale of Debentures and Common Shares issuable upon conversion of Debentures in the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.