

Extendicare REIT Announces Sale of its U.S. Group Purchasing Division for US\$56 million

MARKHAM, ONTARIO – Extendicare Real Estate Investment Trust (“Extendicare REIT” or the “REIT”) (TSX: EXE.UN) today announced its wholly owned U.S. subsidiary, Extendicare Health Services, Inc. (EHSI), has reached an agreement in principal to sell its group purchasing organization, or GPO, to Navigator Group Purchasing (Navigator), a subsidiary of Managed Health Care Associates, Inc. (MHA).

The transaction, valued at approximately US\$56 million, is expected to be finalized and closed in early 2012 and result in an after-tax gain of approximately US\$32 million that will be recognized by the REIT in the first quarter of 2012.

“UHF Purchasing Services and Star Purchasing Services, LLC have been valued members of the Extendicare family of companies for many years and have grown to be leading GPOs in their markets. The sale by the REIT of this non-strategic business is both timely and opportunistic, and will further strengthen our organization,” said Tim Lukenda, Extendicare REIT’s President and CEO. “This sale to Navigator results in the formation of the country’s largest long-term care GPO and is expected to ensure the continuation of highly competitive pricing of goods supplied to EHSI’s core health center operations. We look forward to a strong working relationship with MHA well into the future,” Lukenda added.

About Us

Extendicare REIT is a leading North American provider of post-acute and long-term senior care services. Through our network of owned and operated health care centers, our qualified and experienced workforce of 38,100 individuals is dedicated to helping people live better through a commitment to quality service that includes skilled nursing care, rehabilitative therapies and home health care services. Our 262 senior care centers in North America have capacity to care for approximately 28,200 residents. Extendicare REIT is a specified investment flow-through trust (SIFT) that has been subject to the SIFT tax since January 1, 2007.

Forward-looking Statements

Information provided by Extendicare REIT from time to time, including this release, contains or may contain forward-looking statements concerning anticipated financial events, results, circumstances, economic performance or expectations with respect to the REIT and its subsidiaries, including its business operations, business strategy, and financial condition. Forward-looking statements can be identified because they generally contain the words “expect”, “intend”, “anticipate”, “believe”, “estimate”, “project”, “plan” or “objective” or other similar expressions or the negative thereof. Forward-looking statements reflect management’s beliefs and assumptions and are based on information currently available, and the REIT assumes no obligation to update or revise any forward-looking statement, except as required by applicable securities laws. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the REIT to differ materially from those expressed or implied in the statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on the REIT’s forward-looking statements. Further information can be found in the disclosure documents filed by Extendicare REIT with the securities regulatory authorities, available at www.sedar.com and on the REIT’s website at www.extendicare.com.

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