

### **Extencicare REIT Declares October 2011 Distribution and Announces Redemption of Exchangeable LP Units**

MARKHAM, ONTARIO – Extencicare Real Estate Investment Trust (“Extencicare REIT” or the “REIT”) (TSX: EXE.UN) today announced that it has declared a cash distribution of C\$0.07 per unit of the REIT (the “REIT Units”) for the month of October 2011, which is payable to unitholders of record at the close of business on October 31, 2011, and will be paid on November 15, 2011.

The current annualized distribution rate of the REIT is C\$0.84 per unit, payable in monthly distributions of C\$0.07 per unit. In accordance with the distribution policy of the REIT, unitholders of record at the close of business on the last business day of each calendar month will be paid a distribution on or about the 15<sup>th</sup> day of the following month.

Management estimates that approximately 70% of the 2011 distributions of the REIT will be characterized as tax-deferred returns of capital for Canadian residents. To the extent that the remaining 30% of the distributions of the REIT made in 2011 are taxed as dividends, those paid to Canadian residents are eligible dividends under the *Income Tax Act* (Canada). The REIT is not required to, and does not, calculate its “earnings and profits” pursuant to the *United States Internal Revenue Code of 1986*, as amended, and therefore no portion of its distributions represent qualified dividend income for U.S. tax purposes.

The REIT has a Distribution Reinvestment Plan (the “DRIP”), which provides Canadian resident holders of REIT Units with the opportunity to increase their respective investments at a 3% discount to the volume weighted average trading price of the REIT Units on the Toronto Stock Exchange (the “TSX”) for the five trading days immediately preceding the distribution payment date. A copy of the Plan package is available under the investors section of the REIT’s website.

#### **Extencicare LP – Declaration of October Distribution and Redemption of Exchangeable LP Units**

Extencicare Limited Partnership (“Extencicare LP”) also announced that it has declared a cash distribution of C\$0.07 per Class B limited partnership unit (the “Exchangeable LP Units”) for the month of October 2011. The October distribution will be paid to registered unitholders on presentation and surrender of their certificates representing their Exchangeable LP Units to be redeemed by Extencicare LP on November 10, 2011, which redemption is described in more detail below.

In accordance with Extencicare LP’s Limited Partnership Agreement dated September 11, 2006, on November 10, 2011, Extencicare LP will redeem all but not less than all its then outstanding Exchangeable LP Units. The redemption price for each Exchangeable LP Unit (the “Redemption Price”) will be an amount equal to the sum of: (a) the closing price of a REIT Unit on the TSX on November 9, 2011; and (b) the amount of all declared and unpaid distributions on such Exchangeable LP Unit as of November 10, 2011 (being, the October distribution of C\$0.07). The Redemption Price will be satisfied by Extencicare LP causing to be delivered to each registered holder of Exchangeable LP Units a certificate or certificates representing one REIT Unit for each Exchangeable LP Unit held by such holder together with a cheque in respect of the remaining portion of the Redemption Price for each Exchangeable LP Unit held by such holder, less any applicable withholding taxes.

A Notice of Redemption, accompanied by a Letter of Transmittal providing instructions relating to the redemption of the Exchangeable LP Units, will be sent to all registered holders. The aggregate Redemption Price to which a registered holder of Exchangeable LP Units is entitled shall be delivered to such registered holder on or after November 10, 2011, only upon presentation and surrender to Computershare Investor Services Inc. (“Computershare”), Extencicare LP's redemption agent, of certificate(s) representing such holder's redeemed Exchangeable LP Units, together with a properly completed and duly executed Letter of Transmittal and any other required documents.

Registered holders are encouraged to complete the Letter of Transmittal as soon as possible and forward it, together with the certificate(s) representing their Exchangeable LP Units, to the offices of Computershare indicated on the Letter of Transmittal.

Non-registered unitholders that hold their Exchangeable LP Units through a “nominee”, such as a bank, trust company, securities broker or other financial institution, need not take any action in connection with the redemption of their Exchangeable LP Units on November 10, 2011. The redemption of these Exchangeable LP Units will be effected through the facilities of CDS Clearing and Depository Services Inc.

In connection with the redemption of the Exchangeable LP Units, Canadian resident holders of Exchangeable LP Units that are participants in the DRIP will have their DRIP accounts credited with the appropriate number of REIT Units and will automatically continue to participate in the DRIP until such time as they terminate their participation in the DRIP in accordance with the terms thereof.

#### **About Us**

Extencicare 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 37,900 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 258 senior care centers in North America have capacity to care for approximately 28,000 residents. Extencicare 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 Extencicare 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 Extencicare REIT with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com) and on the REIT’s website at [www.extencicare.com](http://www.extencicare.com).*

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