

Extendicare REIT Comments on CMS Final Rule for SNF Medicare Payment Rates for 2012

MARKHAM, ONTARIO – Extendicare Real Estate Investment Trust (“Extendicare REIT” or “Extendicare”) (TSX: EXE.UN) today commented on the final rule issued on July 29, 2012, by the Centers for Medicare & Medicaid Services (CMS) regarding Medicare skilled nursing facility (SNF) Prospective Payment System (PPS) payments for fiscal year 2012, which reduces payments by approximately 11.1%, implements certain changes relating to the payment of group therapy services and introduces new resident assessment policies.

“These reductions to Medicare funding, which threaten to destabilize the post-acute care sector, are disappointing to say the least” stated Tim Lukenda, President and CEO of Extendicare. “The SNF sector has contributed significantly to advancing health care reform and deficit reduction in the face of state Medicaid funding pressures and other budgetary challenges. The ill-considered nature of the final rule and its implications for seniors and jobs are significant and immediate, particularly in light of the fragile state of the overall economy.”

“We believe that Extendicare is a financially stable company with a conservative capital structure and payout ratio. The ownership of our real estate assets coupled with our geographic diversity position us favourably to address these challenges. While these funding reductions will have real consequences for the way we operate our business, we are confident that we will weather this financial storm. We are in the process of analyzing the various impacts of the changes inherent in the final rule and determining how much of the funding reductions we may be able to mitigate through the implementation of specific operating plan changes,” he 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 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. 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 Extendicare 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 Extendicare 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 Extendicare 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 Extendicare 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 Extendicare’s website at www.extendicare.com.

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