

### Extencicare REIT Declares May 2011 Distribution

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 May 2011, which is payable to unitholders of record at the close of business on May 31, 2011, and will be paid on June 15, 2011.

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 May 2011, which is payable to unitholders of record at the close of business on May 31, 2011, and will be paid on June 15, 2011.

The current annualized distribution rate of the REIT and Extencicare LP is C\$0.84 per unit, payable in monthly distributions of C\$0.07 per unit. In accordance with the distribution policy of both the REIT and Extencicare LP, 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 and Extencicare LP 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 and Extencicare LP 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.

As previously announced, for U.S. tax purposes, a portion of the May distribution will be treated as U.S. source interest income in the hands of the unitholders of Extencicare LP. The Canadian dollar amount of the U.S. source interest income in the May 2011 distribution is estimated to be \$0.00519 per unit. This U.S. source interest income is subject to U.S. withholding tax for non-U.S. residents, and U.S. backup withholding tax for U.S. unitholders. Unitholders of Extencicare LP may be eligible for the portfolio interest exemption under Sections 871 and 881 of the *United States Internal Revenue Code of 1986*, as amended, by submitting a valid Form W-8BEN or Form W-9, as applicable to their broker or administrator. This distribution of U.S. source interest income is only applicable to unitholders of Extencicare LP. Effective January 2011, distributions of the REIT are no longer recharacterized as U.S. source interest income for U.S. tax purposes.

Unitholders who are non-residents will be subject to Canadian withholding taxes. The Canadian withholding tax applied to the REIT’s distributions should only be incurred on the portion of the distributions that is characterized as Canadian taxable income (currently approximately 30% of the distributions) and not on the portion of the distributions that is characterized as a Canadian tax-deferred return of capital (currently approximately 70% of the distributions). Contact your tax or investment advisor should you need clarification on the appropriate tax treatment of our distributions.

The REIT has a Distribution Reinvestment Plan, which provides Canadian resident holders of REIT Units and Exchangeable LP 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 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.

## **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 37,700 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 259 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](http://www.sedar.com) and on the REIT's website at [www.extendicare.com](http://www.extendicare.com).*

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