

Extendicare REIT Declares July 2010 Distribution

MARKHAM, ONTARIO – Extendicare Real Estate Investment Trust (“Extendicare 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 July 2010, which is payable to unitholders of record at the close of business on July 30, 2010, and will be paid on August 16, 2010.

Extendicare Limited Partnership (the “Partnership”) 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 July 2010, which is payable to unitholders of record at the close of business on July 30, 2010, and will be paid on August 16, 2010.

The current annualized distribution rate of the REIT and Partnership 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 the Partnership, 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 15th day of the following month.

Management estimates that approximately 70% of the 2010 distributions of the REIT and Partnership will be characterized as tax-deferred returns of capital for Canadian residents. To the extent the remaining 30% of distributions of the REIT and Extendicare LP to be made in 2010 are taxed as dividends, those paid to Canadian residents are eligible dividends as per 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, 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 long-term and short-term senior care services through its network of owned and operated health care centers. We employ 37,700 qualified and experienced individuals dedicated to helping people live better through a commitment to quality service that includes post-acute care, rehabilitative therapies and home health care services. Our 258 senior care centers in North America have capacity for approximately 28,900 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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