

EXTENDICARE REAL ESTATE INVESTMENT TRUST

Offering Of Trust Units

Press Release

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UNITED STATES WIRE SERVICES

EXTENDICARE REIT ANNOUNCES PUBLIC OFFERING OF \$75 MILLION OF TRUST UNITS

Toronto (Ontario), January 14, 2010 - Extencicare REIT (the "REIT")(TSX:EXE.UN) announced today that it has reached an agreement with a syndicate of underwriters led by RBC Capital Markets to issue to the public, subject to regulatory approval, on a bought deal basis, 8,025,000 trust units at a price of \$9.35 per unit representing gross proceeds of \$75,033,750. Extencicare REIT has granted an over-allotment option exercisable at any time up to 30 days after Closing, to acquire up to 1,203,750 additional units.

The net proceeds from the offering (after deducting the Underwriters' fee and estimated offering expenses) will be used to repay indebtedness, to fund redevelopment of the REIT's existing properties and for general trust purposes.

Extencicare REIT will, by January 20, 2010, file with the securities commissions and other similar regulatory authorities in each of the provinces of Canada, except Quebec, a preliminary short form prospectus relating to the issuance of the units. Closing of the offering is expected to take place on or about February 4, 2010.

"We are confident in our ability to refinance our debt as it matures commencing in 2011 and thereafter. We also believe it is prudent for the REIT to increase its flexibility to prepay some of the existing debt, when it is advantageous to do so, such that Extencicare REIT can achieve its objective of de-levering its balance sheet to a degree and staggering future debt maturities. We recognize that the offering is slightly dilutive to AFFO per unit in the near term; however, we expect that having greater balance sheet flexibility, while maintaining the REIT's AFFO payout ratio at a conservative level, is in the best interest of Extencicare REIT's unitholders over time" said Mr. Tim Lukenda, President and Chief Executive Officer of the REIT.

This press release shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities being offered have not been and will not be registered under the U.S. Securities Act of 1933 as amended and may not be offered or sold in the United States absent registration or pursuant to applicable exemption from registration.

About Us

Extencicare 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 37,900 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 28,700 residents.

Forward-Looking Information

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 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”, “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 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 REIT’s website at www.extendicare.com.

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