

FOR IMMEDIATE RELEASE

January 5, 2010

Extendicare REIT Announces Commencement of Renewed Normal Course Issuer Bid

MARKHAM, ONTARIO – Extendicare Real Estate Investment Trust (“Extendicare REIT” or the “REIT”) (TSX: EXE.UN; EXE.DB; EXE.DB.A) announced today that it has received the approval of the Toronto Stock Exchange (the “TSX”) to commence a normal course issuer bid (the “Bid”) to purchase for cancellation, from time to time, as Extendicare REIT considers advisable, up to a maximum of:

- 6,850,000 of its trust units (the “REIT Units”);
- \$11,390,000 aggregate principal amount of its 5.70% convertible unsecured subordinated debentures due June 30, 2014 (the “5.70% Debentures”); and
- \$9,180,000 aggregate principal amount of its 7.25% convertible unsecured subordinated debentures due June 30, 2013 (the “7.25% Debentures”);

(collectively the “REIT Securities”), representing, in each case, approximately 10% of the public float of the outstanding securities on December 31, 2009, calculated in accordance with the rules of the TSX.

As of December 31, 2009, there were 69,896,968 REIT Units, \$113,930,000 principal amount of 5.70% Debentures and \$91,802,000 principal amount of 7.25% Debentures issued and outstanding.

Purchases under the Bid will commence on January 7, 2010 and will terminate on January 6, 2011, or on such earlier date as the Bid is complete. The actual number of REIT Securities purchased under the Bid and the timing of any such purchases will be at the discretion of the REIT.

Purchases of REIT Securities will be made through the facilities of the TSX in accordance with its rules. Subject to the TSX’s block purchase exception, on any trading day, purchases under the Bid will not exceed 47,243 REIT Units, \$36,700 aggregate principal amount of 5.70% Debentures and \$24,100 aggregate principal amount of 7.25% Debentures. The price that the REIT will pay for any REIT Securities purchased under the Bid will be the prevailing market price at the time of purchase and any REIT Securities purchased by the REIT will be cancelled. Extendicare REIT has made purchases of 880,500 REIT Units, \$1,070,000 of 5.70% Debentures, and \$198,000 of 7.25% Debentures at weighted average prices of: \$6.01 per REIT Unit; \$69.27 per \$100 of 5.70% Debentures; and \$80.04 per \$100 of 7.25% Debentures, respectively, under a previous normal course issuer bid, which expired on December 28, 2009.

The Board of Trustees of the REIT has authorized the Bid because it believes that it is an attractive and appropriate use of the REIT’s available funds to purchase REIT Securities when the market prices of such securities do not fully reflect their underlying value. Any REIT Securities purchased under the Bid will increase the proportionate interest of and may be advantageous to, all remaining securityholders.

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 37,900 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 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”, “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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