

Extendicare Completes Acquisition of Three Retirement Communities

MARKHAM, ONTARIO – December 1, 2015 – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) today announced that it has closed on the previously announced acquisition of three private-pay retirement communities, with 284 suites in total, for approximately \$78.7 million, inclusive of up to \$1.0 million of income support, representing an average per-suite value of approximately \$277,200, and a stabilized NOI yield estimated at 7.0%.

“We are pleased to complete these additional disciplined acquisitions which contribute to the diversification of our portfolio, both by geography and care type, and are immediately accretive to our AFFO per share,” stated Tim Lukenda, President and CEO of Extendicare. “These acquisitions are consistent with our acquisitions criteria and reaffirm our ability to execute our stated strategy of acquiring quality properties, along the full continuum of care, at competitive capitalization rates that are accretive to our key operating and financial metrics.”

Acquisition of Harvest Retirement Community

Extendicare has acquired Harvest Retirement Community (Harvest) for approximately \$28.4 million from a partnership owned by Baybridge Seniors Housing and Nautical Lands Group. Harvest, located in Tillsonburg, ON, is a newly built 64-suite independent/enhanced living community that opened in September 2012, with current occupancy of 98%, and a recently completed addition of a further 36 suites with deposits on hand for 9 suites.

The vendor has provided Extendicare with income support over 24 months of up to \$1.0 million. This amount will be held back from the \$28.4 million purchase price on closing, and released back to Extendicare during the lease-up period based on an agreed-upon formula. The purchase price represents a per-suite value of \$284,500 and a stabilized NOI yield estimated at 6.74%.

Acquisition of Stonebridge and Riverbend Retirement Communities

Extendicare has acquired a further two senior living homes in Saskatchewan from Brightwater Senior Living Group (Brightwater) for an aggregate purchase price of approximately \$50.3 million. Stonebridge Crossing Retirement Community, located in Saskatoon, is a newly built 116-suite independent/enhanced living community that opened in December 2012, with current occupancy of 90%. Riverbend Crossing Retirement Community, located in Regina, is a newly built 68-suite senior care facility specializing in memory care that opened in August 2013, with current occupancy of 81%. The gross purchase price of these two homes represents a per-suite value of approximately \$273,300 and a stabilized NOI yield estimated at 7.08%.

In addition, we have signed agreements with Brightwater to acquire two additional properties, with 158 suites in total, that are currently under construction in Moose Jaw and Yorkton, Saskatchewan, and anticipated to close in the first quarter of 2016. The aggregate purchase price for these two retirement communities is \$36.0 million, including income support over 27 months of up to \$2.25 million on each community, for a total of up to \$4.5 million in income support. The purchase price represents a per-suite value of approximately \$227,850 and a stabilized NOI yield estimated at 8.16%.

The purchase price for these acquisitions will initially be paid in cash with an intention to finance up to 65% once stabilized.

About Us

Extendicare is a leading provider of care and services for seniors throughout Canada. Through our network of 116 operated senior care centres (62 owned/54 managed), as well as our home health care operations, we are committed to delivering care throughout the health care continuum to meet the needs of a growing seniors' population in Canada. Our qualified and highly trained workforce of 22,800 individuals is dedicated to helping people live better through a commitment to quality service and a passion for what we do.

Forward-looking Statements

Information provided by Extendicare 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 and its subsidiaries, including, without limitation, statements regarding 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 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 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's forward-looking statements. Further information can be found in the disclosure documents filed by Extendicare with the securities regulatory authorities, available at www.sedar.com and on Extendicare's website at www.extendicare.com.

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