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**SUNWEST CLOSES \$1.2 BILLION SALES TRANSACTION**

*Blackstone / Emeritus Joint Venture Acquires 132 Facilities, Capping  
Reorganization Effort Spanning Nearly Two Years*

**Portland, Ore. (August 6, 2010)** – Stayton SW Assisted Living (“Stayton”), an Oregon-based senior living provider formerly known as Sunwest Management, yesterday completed the sale of 132 senior living facilities to a joint venture formed by Blackstone Real Estate Advisors VI L.P., Emeritus Senior Living and Columbia Pacific Advisors (the “Blackstone / Emeritus joint venture”). The transaction, valued at \$1.2 billion, involves the acquisition of the properties in exchange for cash, securities and assumption of debt. Twelve additional properties are expected to close in the near future as part of the same overall transaction.

The sale of Stayton’s assets took place as part of the company’s chapter 11 plan of reorganization, which U.S. District Court Judge Michael Hogan approved in July. The court held that the plan would maximize value for Stayton’s creditors and investors. Existing Stayton investors will receive either cash or securities in the joint venture, with a choice between Class A preferred interests paying six percent annually, or common interests in the joint venture. Based on their elections for cash or securities, former Sunwest investors will end up with approximately 15% of the joint venture.

“After nearly two years of discussions, negotiations, and hard work, we are pleased to bring resolution to investors and creditors impacted by the previous mishandling of Sunwest’s assets,” said Clyde Hamstreet, chief restructuring officer (CRO) for Stayton. “This transaction was the result of a large collaborative effort and provides Sunwest investors and creditors their best opportunity to recoup losses.”

“This transaction will provide a distribution to creditors that did not appear possible at the beginning and is a very positive resolution,” said Michael Grassmueck, receiver in the Securities and

Exchange Commission action. “The results are in large part possible due to the unusual opportunities presented by the combination of the Receivership and the Bankruptcy case, along with the extraordinary efforts of the parties and U.S. District Court Judge Hogan.”

The reorganization plan also creates a Trustco entity to manage and eventually sell certain non-senior living assets, such as apartments, office buildings and bare land. Receiver Michael Grassmueck will oversee Trustco and liquidate its assets over time as markets improve for the benefit of the estate’s investors and creditors. Properties without equity that are not sold to the Blackstone/Emeritus joint venture or transferred into Trustco were returned to lenders on the effective date of the plan, which coincided with closing of the Blackstone/Emeritus transaction.

### **A Resolution Nearly Two Years in the Making**

The close of the acquisition transaction involving Stayton assets marks the end of a long and often contentious debate about the best scenario for compensating as fully as possible investors and creditors in the former Sunwest enterprise. Key milestones in Stayton’s restructuring process include:

November 2008	Clyde Hamstreet is engaged by Sunwest Management as CRO.
December 2008	Twenty-five Sunwest affiliated entities, including Stayton, file Chapter 11 bankruptcy cases.
March 2, 2009	SEC files a lawsuit against Sunwest Management and Jon M. Harder.
March 10, 2009	U.S. District Court in Eugene, Ore., appoints Michael Grassmueck as federal receiver and Clyde Hamstreet as CRO of Sunwest and affiliated entities.
August 2009	The Receiver and CRO submit a joint distribution plan to the Court. Negotiations and diligence by the Blackstone/Emeritus Joint Venture begins.
September 15, 2009	Stayton and the Blackstone/Emeritus joint venture reach agreement in principle on terms of acquisition.
October 2, 2009	U.S. District Court Judge Michael Hogan approves distribution plan. All Sunwest-affiliated entities are consolidated into the Stayton Chapter 11 case.
January 19, 2010	The definitive purchase agreement and motion to approve auction procedures are filed with the Court.
March 25, 2010	U.S. District Court Judge Hogan approves purchase agreement and auction procedures.

May 17, 2010            Bankruptcy auction is held with Blackstone/Emeritus Joint Venture as the successful bidder.

July 13, 2010            Judge Hogan confirms reorganization plan.

August 5, 2010           Acquisition of Stayton assets by Blackstone/Emeritus Joint Venture closes.

### **About Stayton SW Assisted Living**

Formerly known as Sunwest Management, Stayton SW Assisted Living was founded in Oregon in 1991. One of the largest private senior living providers in the country and a significant Oregon employer, the company engaged Clyde Hamstreet of Hamstreet & Associates in late November 2008 to serve as chief restructuring officer. After the SEC filed suit against the company, the U. S. District Court in Eugene, Ore., entered an order on March 10, 2009, establishing a federal receivership and appointing Michael Grassmueck of The Grassmueck Group as receiver. Subsequently Stayton SW Assisted Living has been reorganizing in Chapter 11 under the supervision of the court, the receiver and the CRO. For more information, please visit: [www.sunwestmanagement.com](http://www.sunwestmanagement.com). To learn more about Hamstreet & Associates please visit [www.hamstreetandassociates.com](http://www.hamstreetandassociates.com), and visit [www.grassmueckgroup.com](http://www.grassmueckgroup.com) for additional information about The Grassmueck Group.

### **About The Blackstone Group**

Blackstone is one of the world's leading investment and advisory firms. Its alternative asset management businesses include the management of private equity funds, real estate funds, hedge funds, credit-oriented funds, collateralized loan obligation vehicles and closed-end mutual funds. The Blackstone Group also provides various financial advisory services, including mergers and acquisitions advisory, restructuring and reorganization advisory, and fund placement services. Further information is available at [www.blackstone.com](http://www.blackstone.com).

### **About Emeritus Senior Living**

Emeritus Corporation (NYSE:ESC) is a national provider of assisted living as well as Alzheimer's and related dementia care services to seniors. Emeritus is a publicly traded company that currently operates 460 communities in 44 states representing capacity for approximately 39,000 units and approximately 45,000 residents. For more information, visit [www.emeritus.com](http://www.emeritus.com).

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