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**SUNWEST RECEIVER AND CHIEF RESTRUCTURING OFFICER FILE PLAN
WITH COURT**

Mediated Plan Expected to Win Wide Support

Portland, Ore. (Aug. 26, 2009) – The court-appointed receiver and chief restructuring officer (CRO) overseeing the reorganization of senior living provider Sunwest Management (“Sunwest”) yesterday filed a distribution plan with the U.S. District Court in Eugene, Ore. A product of intensive financial, legal and business analysis and summer-long mediations involving numerous stakeholders – including investors, creditors, Sunwest insiders and secured lenders – the proposed plan consists of two key elements: 1) a process for enhancing the value of Sunwest assets, and 2) a methodology for equitably distributing that value to stakeholders owed as much as \$2 billion. The plan does not affect the company’s senior living operations or quality of care, which will continue uninterrupted during the reorganization.

In March, U.S. District Judge Michael Hogan appointed Michael Grassmueck as receiver after the Securities and Exchange Commission (“SEC”) filed suit against Sunwest and former CEO Jon Harder, alleging securities fraud. CRO Clyde Hamstreet has been working at Sunwest since November 2008, leading efforts to restructure the company, ensure quality care and services to residents, improve accountability and fiscal management, and create value for investors and creditors. Sunwest’s recent financial results and operational performance are showing improvements over the previous year.

Overview of the Proposed Plan

To increase the value of existing assets and create a viable business and investment vehicle, the receiver and CRO have proposed to unite core Sunwest assets under the umbrella of a single real estate investment trust (REIT) with an affiliated master limited partnership (MLP). Over time, the new structure – with future operations under professional leadership to be selected by a new board of directors – should maximize the value of the reorganized company through economies of scale, favorable financing, and significantly greater business flexibility. The enterprise will issue securities to provide returns and liquidity to creditors and investors. At some point in the future, a merger, public offering, or other transaction is expected to provide additional value.

To implement the reorganization, the plan filed yesterday proposes to utilize a brief Chapter 11 process as a tool to modify loan terms and issue securities. The receivership plan and the bankruptcy case will have no impact on the continued delivery of quality care to residents at Sunwest communities, nor on employees or vendors. Together, the receivership and Chapter 11 plans seek to place Sunwest on sound financial footing and position it to provide top-notch care and service to its residents well into the future.

Key Elements of the Proposed Plan

- Approximately 150 core senior living and certain other revenue-generating properties conveyed into a REIT structure with an affiliated MLP.
 - The REIT/MLP combination greatly simplifies Sunwest's existing ownership structure, bringing hundreds of separate legal entities under a single corporate umbrella.
 - The new enterprise is expected to maximize value to stakeholders through restructured, stable financing on favorable terms; economies of scale; significantly improved business flexibility; and a likelihood of future merger, public offering, or other transaction to provide additional liquidity.

- The new structure offers several options to investors for holding and cashing out on their investments, including continued tax deferral options for tenant-in-common investors.
- A brief, carefully planned pre-packaged Chapter 11 process will be utilized to implement the plan. The bankruptcy will not disrupt service to residents or payments to employees and vendors.
- An independent board of prominent professionals with expertise in finance, audits, healthcare, management and REITs will govern the REIT/MLP.
- Sunwest as a management company will be reorganized and will contract to manage the senior living properties held by the REIT/MLP.
 - The reorganized management company will have an independent board of qualified industry professionals, which will hire a new CEO.
- Former CEO Jon Harder, COO Darryl Fisher and general counsel Wally Gutzler will contribute all of their Sunwest-affiliated assets to effect the reorganization. Collectively the three principals may participate in 5% to 25% ownership of the new enterprise, but only after investors and creditors have received \$500 million to \$1 billion in distributions of cash or marketable shares.
- Approximately 100 senior living, commercial and land properties that will not be retained in the core business structure will be sold or turned back to lenders. Cash from sales will be distributed to creditors and investors.
- The receiver will pursue third parties who received ill-gotten gains or were complicit in the losses suffered by investors and creditors and distribute any recoveries or settlements to creditors and investors.

By its terms, the plan does not and as a matter of law cannot have any impact on the SEC and its enforcement action against certain Sunwest insiders or on any other government authority investigating the Sunwest matters.

Plan Expected to Win General Support

The newly proposed plan is the culmination of several months of mediation sessions supervised by Judge Hogan and conducted largely by retired Lane County Circuit Court

Judge Lyle Velure. The mediation schedule led to the rapid resolution of several highly complex and disputed issues, paving the way for general support for the plan. “There are certain to be objections,” said attorney Al Kennedy of Tonkon Torp, who has led the CRO’s legal team. “But there will be substantially fewer than there would have been otherwise. The mediations have moved the case along much faster and more smoothly, with less litigation, than we thought possible. It’s probably saved the estate hundreds of thousands of dollars.”

Through the mediations, stakeholders have had considerable input in plan development and their general support is expected. “None of the parties is getting everything they started out asking for,” Hamstreet said. “That includes the CRO and the receiver, creditors, investors, and former principals. But under the circumstances, given the range of opinions in this case, the complexity, the high administrative costs, and the need to get the job done, the mediated plan is the best result we could hope for.”

“It would be impossible to reach 100 percent backing given the disparity of interests in the Sunwest proceedings,” said the receiver, Michael Grassmueck. “However, the level of cooperation and agreement among the various stakeholders is remarkable considering the emotions this case has spurred and the potential for conflict. Generally, the plan is fair and equitable given this disparity of interests.”

About Sunwest Management

Founded in Oregon in 1991, Sunwest Management is one of the largest private senior living providers in the country and is a significant Oregon employer. The company engaged Hamstreet in late November 2008 to serve as CRO, an appointment continued in March by the U.S. District Court after the SEC lawsuit was filed. Clyde Hamstreet is founder and principal of Hamstreet & Associates, a Portland-based, nationally recognized turnaround firm that is leading the effort to provide quality care, preserve value, and help Sunwest meet its obligations to creditors and investors. Michael Grassmueck is the founder and principal of Grassmueck Group, a national firm that specializes in fiduciary and insolvency services, which is based in Portland, Ore. He has served as a trustee in bankruptcy and as

fiduciary in the state and federal courts in thousands of cases for more than 25 years. For more information on the restructuring of Sunwest Management, Inc., please visit: www.sunwestmanagement.com.