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BLACKSTONE REAL ESTATE AND SUNWEST MANAGEMENT REACH AGREEMENT ON SALE OF SENIOR LIVING PROPERTIES

Acquisition of Sunwest Properties Will Require Court Approval

Portland, Ore. (Sept. 15, 2009) – Sunwest Management (Sunwest), an Oregon-based senior living provider, and Blackstone Real Estate Advisors (Blackstone), a real estate private equity firm, have reached agreement on the terms of sale of up to 148 senior living properties controlled and managed by Sunwest.

Under the preliminary agreement between Blackstone and Sunwest, Sunwest would proceed with the plan of distribution currently pending before the U.S. District Court in Eugene, Ore., in the lawsuit filed last March by the Securities and Exchange Commission (SEC). The court will consider the receivership plan at the end of this month. If it approves that plan, the court would subsequently consider the Blackstone transaction in conjunction with Sunwest's reorganization in Chapter 11 towards the end of this year.

In making its offer, Blackstone is partnering with Emeritus Senior Living, one of the nation's largest senior living providers managing 309 communities in 36 states, and Columbia Pacific Management, Inc., an entity controlled by Dan Baty, Chairman and Co-CEO of Emeritus. Under the terms of the proposal, Emeritus would be appointed as manager of the newly-acquired facilities once the transaction is complete. Emeritus will also have the option to invest up to 10% of the equity in the joint venture entity along with Blackstone and Columbia Pacific.

The offer depends on the continuation of the restructuring that is currently in progress under the leadership of Clyde Hamstreet, chief restructuring officer (CRO), and federal receiver Michael Grassmueck, who was appointed last March after the SEC filed its lawsuit. If approved by the court, the transaction would close at the time the Sunwest Chapter 11 plan becomes effective.

The distribution and draft reorganization plans filed with the court in August will be revised to allow for a transaction of this nature to occur. At the same time, Sunwest's receiver and CRO are proceeding with the "stand-alone" restructuring in the event a sale transaction does not occur. Both the distribution plan and the sale transaction must be approved by the U.S. District Court in Eugene, Ore., where the SEC case is being heard.

"This purchase offer by Blackstone, one of the world's premier private equity firms, validates the hard work of a lot of people," said CRO Clyde Hamstreet. "It recognizes the effort and dedication of our employees and the quality care and services they provide to our residents. And it recognizes the major

strides we have taken in the past ten months to preserve and build value for Sunwest’s investors and creditors.”

“This is a very positive development and I am pleased that the investors may have a chance to obtain cash fairly quickly,” said Receiver Michael Grassmueck. “This transaction, if concluded, combined with other sources of recovery, will make a very meaningful distribution to investors and creditors in this case.”

“On March 1, most of us were facing the complete loss of our investments,” said Bill Bryan, a Sunwest investor and chairman of the court-appointed Management Committee. “Today, we all have a good shot at getting a significant part of our money back, soon and in cash. Judge Hogan made it possible with his sense of fairness and tremendous resolve. We investors owe him, Clyde Hamstreet, and all the people who helped get us here a huge debt of gratitude.”

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 Clyde Hamstreet in late November 2008 to serve as chief restructuring officer, an appointment approved in March by the U.S. District Court. For more information on the restructuring of Sunwest Management, Inc., please visit: www.sunwestmanagement.com.

About Hamstreet & Associates:

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 to senior residents, preserve and build value, and help Sunwest meet its obligations to creditors and investors.

About Grassmueck Group

Michael Grassmueck is the founder and principal of Grassmueck Group, a national firm that specializes in fiduciary and insolvency services, 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.

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 (CLOs) 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.

About Emeritus Senior Living

Emeritus Corporation is a national provider of assisted living and Alzheimer's and related dementia care services to seniors. Emeritus is one of the largest and most experienced operators of freestanding assisted living communities located throughout the United States. These communities provide a residential housing alternative for senior citizens who need assistance with the activities of daily living, with an emphasis on personal care services, which provides support to the residents in the aging process. Emeritus currently operates 309 communities in 36 states representing capacity for approximately 27,200 units and approximately 32,400 residents. Our common stock is traded on the New York Stock Exchange under the symbol ESC, and our home page can be found on the Internet at www.emeritus.com.