



NEWS

For immediate release

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**ALTERRA EMERGES FROM BANKRUPTCY
Announces Closing of \$76 Million Equity Investment**

MILWAUKEE, WISCONSIN, December 5, 2003 – Alterra Healthcare Corporation (“Alterra” or the “Company”) announced today that it has emerged from bankruptcy and closed the \$76 million equity investment by FEBC-ALT Holdings Inc., a subsidiary of a joint venture formed by Fortress Investment Group LLC, Emeritus Corporation and NW Select LLC.

Alterra initially announced its restructuring efforts in February 2001. The Company’s restructuring plan was aimed at reducing Alterra’s financial leverage, simplifying its capital structure and improving the financial performance of the Company’s operations. The principal components of its restructuring plan were: (i) the disposition of a substantial number of residences through cooperative efforts with the Company’s lenders and lessors and through the sale of assets in an organized sale process; (ii) the restructuring of the Company’s debt and lease obligations to eliminate defaults; and (iii) the recapitalization of the Company through the conversion or elimination of unsecured debt obligations coupled with an investment of new capital. In 2004, the Company is expected to generate revenues in excess of \$400 million and employ approximately 9,000 employees.

In early 2001, Alterra operated more than 490 residences with a capacity for more than 22,800 residents in 28 states. The reorganized Alterra will ultimately operate 305 residences with a capacity for approximately 13,200 residents located in 21 states. Alterra will now operate as a private company with no publicly registered or traded securities.

The Company’s restructuring advisors included financial advisor Cohen & Steers Capital Advisors (New York, NY), restructuring advisor Silverman Consulting (Chicago, IL), corporate counsel Rogers & Hardin (Atlanta, GA) and bankruptcy counsel Young Conaway Stargatt & Taylor (Wilmington, DE).

Mark Ohlendorf, President of Alterra said, “We are thrilled to have the restructuring behind us and are looking forward to a prosperous future. Our primary focus is, and has always been, providing the highest possible quality of care to our residents. We look forward to continuing that mission.”