

BLACKSTONE ACQUIRES SOUTHERN CROSS HEALTHCARE

New York/London, September 16, 2004: The Blackstone Group today announced the acquisition of Southern Cross Healthcare Ltd. from West Private Equity for £162 million in cash by Blackstone Capital Partners IV, an affiliate of The Blackstone Group, and Southern Cross management.

Southern Cross is the fourth largest provider in the U.K. residential and nursing long-term care market for both the elderly and enduring mental health patients. The business also provides specialist healthcare services to patients suffering from acute psychiatric problems, brain injuries and learning disabilities. Southern Cross operates 160 care homes with approximately 8,200 beds.

Joseph Baratta, a Principal of The Blackstone Group, said “The privately operated healthcare services market in the UK is undergoing significant change. We believe that there is scope to build a large, professionally managed healthcare services company across key market segments of elderly and specialist care, with a focus on high-quality care delivery. Southern Cross intends to bolster its position in the private pay elderly care market and in specialist healthcare services through both organic development and acquisitions.

“We believe we have partnered with one of the best management teams in the sector lead by CEO Philip Scott. We look forward to supporting Philip and his team in leading Southern Cross through its next stage of development.”

Philip Scott, Chief Executive of Southern Cross Healthcare Ltd., commented “Over the last two years, with West Private Equity as our partner, we have significantly developed our core elderly portfolio and built our specialist care company, Active Care Partnerships. Both portfolios are well positioned to take advantage of emerging growth opportunities.” He added “We are very excited about growth prospects with Blackstone as our new institutional shareholder. Clearly they have the financial firepower to participate in the consolidation process that will surely occur within this sector. In addition, Blackstone is committed to further organic growth and has made significant development funds available to the group for our expansion program. We look forward to working with the Blackstone team over the coming years.”

Philip Buscombe, Chief Executive of West Private Equity, commented “We have enjoyed working with the management team at Southern Cross and our co-investment partners, Strand Partners, in substantially growing the business since 2002. Although we have only owned our interest in Southern Cross for two years, the sale to Blackstone, with its substantial funds under management, will provide Southern Cross with access to additional capital so that it can participate fully in the likely consolidation of the elderly healthcare sector. Southern Cross is one of the best companies in this market and we wish the management team every success. The sale of Southern Cross will allow us to return substantial sums to our investors.”

About The Blackstone Group:

The Blackstone Group, a private investment and advisory firm with offices in New York, Atlanta, Boston, London and Hamburg, was founded in 1985. The firm has raised a total of approximately \$32 billion for alternative asset investing since its formation. Over \$14 billion of that has been for private equity investing, including Blackstone Capital Partners IV, the largest institutional private equity fund ever raised at \$6.45 billion. In addition to Private Equity Investing, The Blackstone Group's core businesses are Private Real Estate Investing, Corporate Debt Investing, Marketable Alternative Asset Management, Corporate Advisory, and Restructuring and Reorganization Advisory. www.blackstone.com

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