

LifeHouse Retirement Properties, Inc. Enters into Purchase and Sale Agreement for Sale of the Corporation's Facilities

LOS ANGELES, Sep 17, 2008 (BUSINESS WIRE) -- LifeHouse Retirement Properties, Inc. (Pink Sheets:LHRP, the "Corporation" or "LifeHouse") said today that on September 12, 2008, its Board of Directors authorized the sale of substantially all of its assets to a newly formed entity, LifeHouse Holdings, LLC ("Buyer"), an affiliate of Westport Capital Partners LLC. The directors have also recommended that LifeHouse's shareholders approve the transaction and other related matters by written consent. The sale is expected to close in mid-October.

The operations of all of the LifeHouse facilities are expected to continue after the transfer to the new owner with substantially all of the employees of the various operating facilities in place. Rowan Farber, Chief Executive Officer of LifeHouse states, "The Board believes this transaction is necessary for LifeHouse to continue its community-based healthcare services to its many valued residents, especially given the current capital market environment."

As provided in the definitive agreements, subject to the satisfaction of certain closing conditions, the Corporation is to sell, and the Buyer is to purchase, substantially all of LifeHouse's equity ownership in, or all of the assets of, its direct and indirect subsidiaries, for a purchase price which shall be subject to adjustment as provided in the definitive agreements. The definitive agreements shall also give effect to the assumption or payment of liabilities of the Corporation, including those of the subsidiaries being acquired, which will remain in effect following the closing.

The liabilities referred to above are expected to include the majority of short and long-term indebtedness of the Corporation as of closing, which shall either be paid-off or assumed by Buyer or will otherwise remain outstanding.

After giving effect to any purchase price adjustments (including possible reduction on account of possible unknown liabilities and expenses, other adjustments and indemnification obligations), expenses on account of closing, accrued liabilities and wind-down costs, and preference distributions to the issued and outstanding shares of Preferred Stock (the Series A and Series B), any remaining funds may not be sufficient to satisfy (in full) such preference to holders of Preferred Stock and are not expected to be sufficient to allow for any distribution to the holders of the Common Stock.

LifeHouse Retirement Properties, Inc. is focused on strategic acquisitions of senior assisted & independent living and skilled nursing communities in the U.S. The Corporation's platform provides a strong acquisition and operating team with significant experience in healthcare, mergers & acquisitions, hospitality, real estate and construction, particularly effective in turnaround operations of under performing properties or entire business units. The Corporation has approximately 2,386 beds (1,580 skilled nursing beds and 806 assisted and independent living units) and over 2,000 full-time equivalent employees. Visit our website: www.lifehouseproperties.com.

Westport Capital Partners LLC ("Westport") is a real estate investment firm providing domestic and international investment opportunities to institutional and private clients. Headquartered in Westport, CT, the firm also has offices in Los Angeles and Mumbai, India. Westport invests in real estate through direct and indirect property ownership, and through public and private real estate securities and financial instruments. In the healthcare space, Westport seeks to invest in markets with strong operating dynamics and where value can be created through asset recapitalization, active management and asset repositioning.

Forward-Looking Statements: The information contained herein should not be construed as a recommendation to purchase any securities. Statements in this news release concerning the Corporation's business outlook or future economic performance, anticipated profitability, revenues, expenses, or other financial items; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matters, may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those contained in such statements. Such risks, uncertainties, and factors include, but are not limited to, future capital needs, changes and delays in development plans and schedules, acquisition risks, licensing risks, business conditions, competition, changes in interest rates, our ability to manage our expenses, market factors that could affect the value of our properties, the risks of downturns in general economic conditions, availability of financing for development and acquisitions. The Corporation assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events. Investments in small cap companies are generally deemed to be highly speculative and to involve substantial risk, making it appropriate for readers to consult with professional investment advisors and to make independent investigations before acting on the information. Any investment in small cap companies could prove to be high risk investments with the result in the loss of part, or the total principal investment.

SOURCE: LifeHouse Retirement Properties, Inc.