

The Awnings Healthcare Deptford LLC

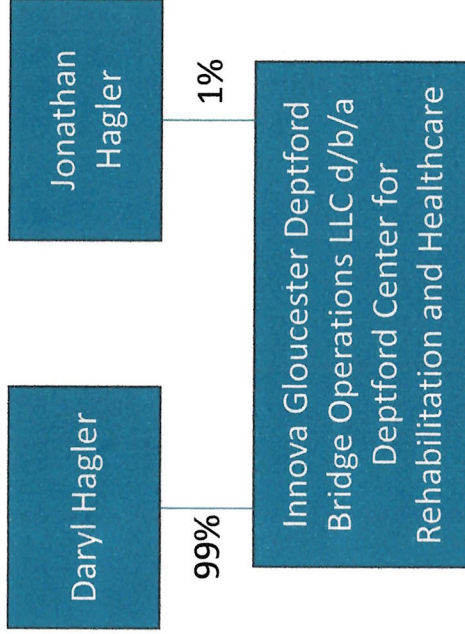
CHANGE OF OWNERSHIP APPLICATION WITH RESPECT TO DEPTFORD CENTER FOR REHABILITATION AND HEALTHCARE

SUMMARY FOR PUBLICATION

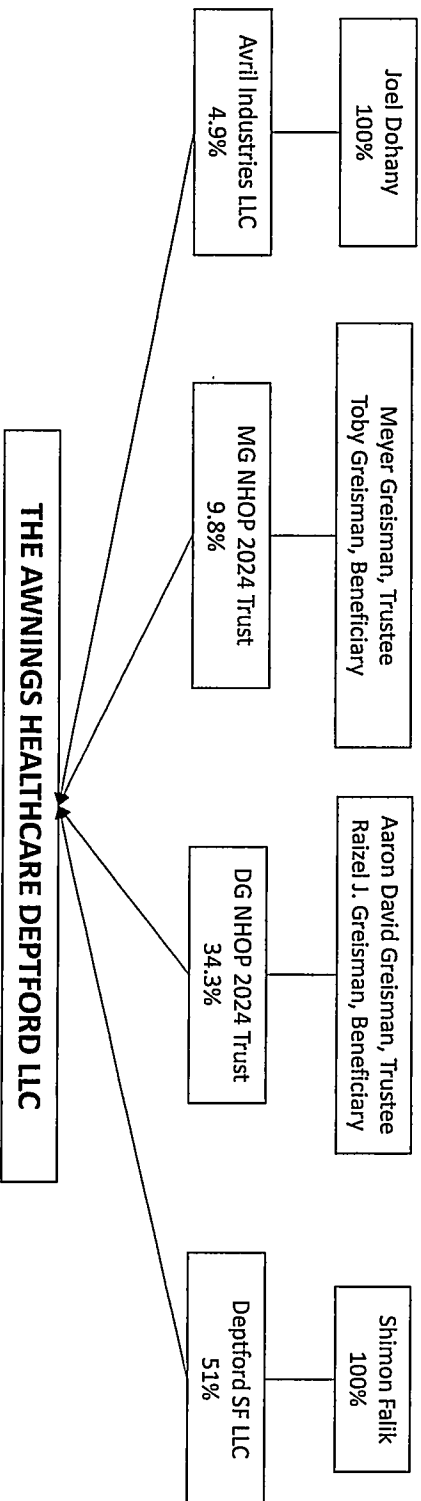
Date application filed:	May 2, 2024
Current Name of facility:	Innova Gloucester Deptford Bridge Operations LLC d/b/a Deptford Center for Rehabilitation and Healthcare
License number:	060804
Address:	1511 Clements Bridge Rd, Deptford, NJ 08096
County:	Gloucester
Project Description:	This Application involves the transfer of ownership of Deptford Center for Rehabilitation and Healthcare from the facility's current owner/operator, Innova Gloucester Deptford Bridge Operations LLC, to The Awnings Healthcare Deptford LLC. The proposed new owner/operator will enter into a new lease with the owner of the real property on which the facility is located.
Licensed capacity:	240 long-term care beds
Current Licensed Owner:	Innova Gloucester Deptford Bridge Operations LLC
Proposed Licensed Owner:	The Awnings Healthcare Deptford LLC
Proposed Name of Facility:	The Awnings Healthcare Deptford
Proposed Management Company:	N/A
Ownership of Management Company:	N/A
Owner of Real Estate:	Gloucester Land Holding Co., LLC
NJ Healthcare Facility Operational Experience	An indirect owner in the proposed new operator with a 51% controlling interest, Shimon Falik, has the following NJ health care facility ownership/operational experience: <ul style="list-style-type: none"> • Mr. Falik has an ownership interest in King Manor Care & Rehabilitation Center, 2303 West Bangs Ave, Neptune, NJ 07753, Facility License Number 061341. • Mr. Falik is also the current Administrator of Leisure Chateau Rehabilitation, 962 River Ave, Lakewood, NJ 08701, Facility License Number 061515.

Medical Records Storage and Contact Person:	The individual responsible for the safekeeping of medical records is Marc Horovitz, Administrator, 856-845-9400, MHorovitz@DeptfordCenter.net. Electronic medical records are stored on a Facility secured server, and minimal paper files are stored in the Facility.
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Deptford Center for Rehabilitation and Healthcare Current Ownership



DEPTFORD CENTER FOR
REHABILITATION AND HEALTHCARE
1511 Clements Bridge Road
Deptford, NJ 08096



AGREEMENT OF LEASE

AGREEMENT OF LEASE MADE as of the ____ day of _____, 2024, by and between **GLOUCESTER LAND HOLDING CO., LLC**, a limited liability company organized under the laws of the State of Delaware (hereinafter referred to as “Lessor”), and **THE AWNINGS HEALTHCARE DEPTFORD LLC**, a limited liability company organized under the laws of the State of New Jersey (hereinafter referred to as “Lessee”).

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, the premises hereinafter described upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the payment by Lessee to Lessor of the rents and the covenants and agreements hereinafter reserved, mentioned and contained on the part of Lessee, its successors and permitted assigns, to be paid, kept and performed, Lessor hereby leases, rents, lets and demises unto Lessee, and Lessee does hereby take and hire the premises hereinafter described, upon and subject to the terms, covenants and conditions hereinafter expressed.

ARTICLE I - DEMISED PREMISES

The premises forming the subject matter of this Lease are all of those lots or parcels of land more particularly described in Schedule “A” annexed hereto, also known as 1511 Clements Bridge Road, Deptford, New Jersey, together with (i) all buildings, nonmoveable equipment, fixtures, structures and the improvements thereon consisting of a residential health care facility and (ii) all appurtenances thereto, and all alterations, replacements, additions, improvements, betterments and substitutions thereof. Said premises shall also include the easements, if any, appurtenant to the ownership of said land and all rights, title and interest of Lessor in and to the land lying in the streets and roads in front of and adjoining said premises to the center line thereof. Said premises are leased subject to the following:

- (a) applicable zoning regulations and ordinances.
- (b) consents, if any, for the erection of any structure or structures on, under or above any street or streets on which said premises abut.
- (c) encroachments of stoops, areas, cellar steps, trim and cornices, if any, upon any street or highway.

(d) rights of governmental authorities to require the removal of any vaults, vault spaces, areas chutes or other spaces or projections beyond the building lines or any curb cut;

(e) rights, easements and licenses, if any, in favor of, and agreements, if any, with any public utility company, including but not limited to gas, electricity, telephone and telegraph service, and pipe lines and private sewer agreements, if any.

(f) except as otherwise expressly provided herein, such physical condition of said premises and of the appurtenances, fixtures and other personal property attached to the premises.

(g) party walls and party wall agreements, if any.

(h) covenants and restrictions of record, if any.

(i) any state of facts which an accurate survey of the Demised Premises may show.

ARTICLE II - DEFINITIONS

When used herein, and unless the context clearly requires otherwise:

(a) "Lessor" and "Lessee" shall mean not only the original parties hereto, but their successors in interest and assigns.

(b) "Demised Premises" shall mean the real property herein described, including all buildings, nonmoveable equipment, fixtures, structures and improvements placed thereon, all appurtenances thereto, and all alterations and substitutions thereof.

(c) "Facility" shall mean the residential health care facility operated on the Demised Premises.

ARTICLE III - TERM OF LEASE

The term of this Lease shall commence on the date hereof and shall expire 06/01/2052.

ARTICLE IV - RENT

(a) **Basic Rent:** The rent is set forth on Schedule B.

(b) **Monthly Payment:** The net annual basic rent shall be paid in equal monthly installments in advance of the first day of each and every month during the term hereof without any abatement, deduction or set-off whatsoever, except as otherwise provided in this Lease. Should the obligation to pay net annual basic rent commence on any day other than the first of the month, then net annual basic rent for such month shall be prorated on a per diem basis.

(c) **Late Charges:** If payment of any sums required to be paid or deposited by Lessee to Lessor under this Lease, and payments made by Lessor under any provision hereof for which Lessor is entitled to reimbursement by Lessee, shall become overdue for a period of twenty (20) days beyond the date on which they are due and payable as in this Lease provided, a late charge of two per cent (2%) on the sums so overdue shall become immediately due and payable to Lessor as liquidated damages for Lessee's failure to make prompt payment and said late charge shall be payable on the first day of the month next succeeding the month during which such late charges become payable. If non-payment of any late charges shall occur, Lessor shall have, in addition to all other rights and remedies, all the rights and remedies provided for herein and by law in the case of non-payment of rent. No failure by Lessor to insist upon the strict performance by Lessee of Lessee's obligations to pay late charges shall constitute a waiver by Lessor of its rights to enforce the provisions of this Article IV in any instance thereafter occurring.

(d) **Rental Absolute.** It is understood that the obligation of Lessee to pay the net basic rent, and any overage or additional rents as herein provided, shall not be conditioned upon any right of Lessee to seek or obtain reimbursement of such sums from any occupant of the Facility or of any third party or other governmental or non-governmental payor. Such obligations shall be the absolute and unconditional obligation of Lessee. If any such rent payment (net basic overage or additional rent) shall be delinquent by more than ten (10) days Lessor may, in addition to any other rights and remedies available hereunder, commence summary proceedings to dispossess Lessee, subject only to regulatory and statutory notice requirements.

ARTICLE V - PAYMENT OF TAXES, ASSESSMENTS, ETC.

(a) It is the purpose and intent of Lessor and Lessee that the net basic rent required to be paid under this Lease shall be fully net to Lessor over and above any and all taxes and other costs, expenses, charges and obligations of every kind and nature related to the Demised Premises. Lessee shall pay or cause to be paid, as additional rent before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, all taxes, assessments, water and sewer rents, rates and charges, charges for public utilities, excises, levies, license and permit fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen,

of any kind and nature whatsoever, which at any time during the term of this Lease may have been or may be assessed, levied, confirmed, imposed upon, or grow or become due and payable out of or in respect of, or become a lien on, the Demised Premises or any part thereof or any appurtenance thereto (referred to herein as "Imposition" or "Impositions").

(b) Despite the foregoing, if the provisions of any mortgage covering the Demised Premises shall require that Lessor make real estate tax or insurance premium escrow deposits, then Lessee shall pay such deposits.

(c) It is the intention of the parties that the provisions of Paragraph (b) and any other Lease requirements with respect to the prepayment of such Impositions and insurance premiums shall conform to the customary requirements of any mortgage covering the Demised Premises, and if any of the requirements set forth in this Lease are in conflict with those of the mortgage, the latter shall control.

(d) Nothing herein contained shall require Lessee to pay income taxes assessed against Lessor, capital levy, franchise, estate, succession, inheritance or transfer taxes of Lessor, or any other expense of Lessor which does not arise out of the ownership, operation and control of the Demised Premises; provided, however, that if, at any time during the term of this Lease, the present method of taxation or assessment shall be changed so that the whole or any part of the taxes, assessments, levies, Impositions or charges now levied, assessed or imposed on real estate and the improvements thereon shall be levied, assessed and imposed wholly or partially as (I) a capital levy or otherwise on the rents received therefrom, or as (ii) any tax, corporate franchise tax, assessment, levy, Imposition or charge, or any part thereof which shall be measured by or based, in whole or in part, upon the present buildings on or constituting a portion of the Demised Premises, and shall be imposed upon Lessor, then all such taxes, assessments levies, Impositions or charges or the part thereof so measured or based shall be deemed to be included with the term "Impositions" for the purposes hereof, to the extent that such tax would be payable, if the Demised Premises were the only property of the Lessor subject to such tax, and Lessee will pay and discharge the same as herein provided in respect of the payment of Impositions.

(e) Lessee, upon request of Lessor, will furnish to Lessor and, if requested by Lessor, to any fee mortgagee, within ten (10) days before the date when any Imposition would become delinquent, official receipts of the appropriate taxing authority, or other evidence satisfactory to Lessor or such mortgagee, evidencing the payment thereof.

(f) Lessee shall have the right to contest the amount, applicability or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, but only after payment of such Imposition, unless such payment would operate as a bar to such contest or interfere materially with the prosecution thereof, in which event, Lessee may postpone or defer payment of such Imposition if:

(1) neither the Demised Premises nor any part thereof would by reason of such postponement or deferment be in danger of being forfeited or lost, and

(2) Lessee shall have deposited with Lessor, to be held in trust by Lessor in an interest bearing savings account for the benefit of Lessee at a federally insured institution designated by Lessee but subject to this ARTICLE V, the amount so contested and unpaid, together with all interest and penalties in connection therewith and all charges that may or might be assessed against or become a charge on the Demised Premises or any part thereof in such proceedings. If the amount thus deposited with Lessor shall reasonably be deemed insufficient by Lessor during the prosecution of the proceedings, Lessee shall deposit additional amounts with Lessor, as herein provided, so as to fully protect Lessor and the Demised Premises from any lien arising from such disputed Imposition.

Upon the termination of any such proceedings, Lessee shall pay the amount of such Imposition, or part thereof as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of said proceedings, together with any costs, fees, interest, penalties or other liability in connection therewith and upon such payment. Lessor shall, provided Lessee is not in default hereunder for which Lessor has served a notice, return with earnings thereon, any amount deposited with Lessor with respect to such Imposition as aforesaid, or, at Lessee's request, payment shall be made directly by Lessor from the deposited amount to the extent that such amount, together with accumulated interest, is sufficient therefor, and the balance due, if any, shall be paid by Lessee.

(g) Lessor shall not be required to join in any proceedings referred to in Paragraph (f) of this ARTICLE V unless the provisions of any law, rule or regulation at the time in effect shall require that such proceedings be brought by and/or in the name of Lessor or any owner of the Demised Premises, in which event Lessor shall join in such proceedings or permit the same to be brought in its name. Lessor shall not ultimately be subjected to any liability for the payment of any costs or expenses in connection with any proceedings, and Lessee will indemnify and save harmless Lessor from any such costs and expenses. Lessee shall be entitled to a refund of any Imposition and penalties or interest thereon received by Lessor which have been previously paid by Lessee.

ARTICLE VI - OCCUPANCY

Lessee covenants and agrees that, during the term of this Lease, the Demised Premises shall only be used and occupied in connection with the operation of a residential health care facility or other health related program or facility, or any institution caring for or catering to the sick, aged, infirm, disabled or any other class of people unable fully to take care of themselves without some assistance or supervision, and for no other purpose. In the event, for reason unforeseen at this time and not caused by the acts of Lessee, the use of the Demised Premises for

the purposes stated herein shall become unlawful, not possible of performance or uneconomical, Lessor agrees that it will not unreasonably withhold its consent for the use of the premises for any other lawful purpose.

ARTICLE VII - INSURANCE

(a) Lessee, at its sole cost and expense, will, throughout the entire term of this Lease, keep the buildings erected upon the Demised Premises insured for the mutual benefit of Lessor and Lessee, during the term of this Lease, against loss or damage by fire and against loss or damage by other risks now embraced by "Extended Coverage", so-called, and such other risks or hazards as are customarily insured against at the time in connection with buildings of similar type in the locality, with due regard to the type of construction, use and occupancy, as Lessor from time to time reasonably may designate, in amounts sufficient to prevent Lessor from becoming a co-insurer under the terms of the applicable policies but in any event in an amount not less than eighty percent (80%) of the then full insurable value of such buildings. The term "full insurable value" shall mean the actual replacement value, less physical depreciation. Such "full insurable value" shall be ascertained from time to time (but not more frequently than once in any twelve (12) calendar months) at the written request of Lessor by an appraiser, engineer, architect or contractor designated by Lessee and approved in writing by Lessor and, if required to obtain insurance required hereunder, paid by Lessee. If Lessee shall fail to designate such appraiser, engineer, architect or contractor within twenty (20) days of Lessor's written notice of Lessee's failure to do so, then Lessor shall have the right to make such designation with all costs and expenses incurred being borne by Lessee. If Lessor shall fail to approve the designee of Lessee, Lessor shall promptly notify Lessee of such disapproval and the name of its proposed designee. Lessee shall have ten (10) days from receipt of such notice within which to notify Lessor of its approval of Lessor's designee or to allow Lessee's and Lessor's designees together to name a third designee. The resulting determination by the appraiser, engineer, architect or contractor designated in accordance with the foregoing procedure shall bind the parties. No omission on the part of Lessor to request any such ascertainment shall relieve Lessee of any of its obligations under this Article.

(b) Lessee, at its sole cost and expense, but for the mutual benefit of Lessor and Lessee, will throughout the entire term of this Lease, maintain:

(1) General liability insurance against claims for bodily injury, death or property damage, occurring upon, in or about the Demised Premises or the elevators or any escalator thereon and on, in or about the vacant and parking spaces, if any, such insurance to afford immediate protection, at the time of the commencement of the term of this Lease, and continuing during the term of this Lease, to the limit of not less than One Million Dollars (\$1,000,000) in respect of bodily injury or death to any one person, and to the limit of not less than Two Million Dollars (\$2,000,000) in respect of any one accident, and to the limit of not less than Two Hundred Thousand Dollars (\$200,000) for property damage.

(2) Boiler and pressure vessel insurance, including pressure pipes, in such amount or amounts as Lessor may from time to time reasonably require but not less than Two Hundred Thousand Dollars (\$200,000) per occurrence.

(3) War risk insurance upon the Demised Premises as and when such is obtainable and a state of war or national or public emergency exists, and in the reasonable judgment of the Lessor, such state of war or national or public emergency threatens, in an amount not less than the full insurable value thereof.

(4) Rent insurance for an amount equal to the net basic rent and all additional rent payable by Lessee hereunder for the current lease year; in the event that the buildings upon the Demised Premises shall be destroyed or damaged, Lessee shall assign said insurance to Lessor and the amount thereof and all proceeds, when collected by the Lessor, shall be applied towards payment of such net basic rent and the additional rent hereunder as the same shall be due and payable by Lessee;

(5) During the whole period of making each and every construction, alteration and improvement, contingent or protective liability insurance covering any claim not covered by or under the terms and provisions of the general public liability insurance policy and covering Lessor and Lessee.

If any of the insurance provided for in this Paragraph (b) should be unobtainable through no act or omission on the part of Lessee and if Lessee shall obtain the maximum insurance obtainable and shall promptly give notice to Lessor of the extent of Lessee's inability to obtain any insurance required to be maintained hereunder, then the failure of Lessee to procure and maintain such insurance as is unobtainable as aforesaid shall be excused; provided, however, that Lessor shall have the right to procure such insurance up to the maximum limits provided for herein and to charge Lessee with the customary and prevailing cost and premiums therefor incurred by Lessor in the open market as additional rent payable by Lessee under this Lease.

(c) All insurance provided for in this Article shall be effected under valid and enforceable policies of insurers of recognized responsibility, in such forms and, in such cases not expressly provided for as aforesaid, in amounts, as may from time to time be reasonably satisfactory to Lessor.

Simultaneously with the commencement of the term of this Lease and thereafter not less than fifteen (15) days prior to the expiration dates of the expiring policies theretofore furnished pursuant to this Article, originals of the policies (or, in the case of general public liability insurance, certificates of the insurers satisfactory to Lessor) bearing notations evidencing the payment of premiums or accompanied by other evidence satisfactory to Lessor of such payment, shall be delivered by Lessee to Lessor.

(d) Lessee shall not take out separate insurance concurrent in form or contributing in the event of loss with that required in this Article to be furnished by or which may reasonably be required to be furnished by Lessee, unless Lessor is included therein as an insured party, with loss payable as in this Lease provided. Lessee shall immediately notify Lessor of the taking out of any such separate insurance and shall cause the same to be delivered as in this Article required.

(e) All policies of insurance provided for in Paragraphs (a) and (b) of this Article shall be carried in favor of Lessee, Lessor as additional insured, and, to the extent that the holder of any mortgage covering the Demised Premises shall require such insurance coverage, such policies shall also name the mortgagee, as its interests may appear.

(f) Each such policy or certificates therefor issued by the insurer shall, to the extent obtainable, provide that: (i) any loss shall be payable to Lessor and, if required by the holder of any mortgage covering the Demised Premises, such mortgagee, notwithstanding any act or negligence of Lessor or Lessee which might otherwise result in forfeiture of insurance, and (ii) each such policy shall not be cancelled without at least ten (10) days prior written notice to Lessor and to any mortgagee to whom loss thereunder may be payable. Subject to the rights of Lessor or any mortgagee to receive and retain insurance loss proceeds or to cause such proceeds to be deposited in escrow as herein otherwise provided, insurance company checks in payment of loss proceeds shall be endorsed without recourse to the order of Lessee upon request.

ARTICLE VIII - LESSOR'S RIGHT TO PERFORM LESSEE'S COVENANTS

(a) If Lessee shall at any time fail to pay an Imposition at the time and in the manner provided above, or to secure, pay for, maintain or deliver any of the insurance policies provided for in ARTICLE VII hereof, or shall fail to make any other payment or perform any other act on its part to be made or performed, then Lessor, after ten (10) days written notice to Lessee (and without notice in case of an emergency), and without waiving or releasing Lessee from any obligation contained in this Lease, may (but shall be under no obligation to)

(1) pay any Imposition payable by Lessee hereunder, or

(2) secure, pay for and maintain any of the insurance policies provided for in ARTICLE VII hereof, or

(3) make any other payment or perform any other act on Lessee's part to be made or performed as in this Lease provided,

and may enter upon the Demised Premises for any such purpose, and take all such action thereon, as may be necessary therefor.

(b) All sums so paid by Lessor and all reasonable costs and expenses incurred by Lessor in connection with the performance of any such act, together with interest thereon at the maximum rate permitted by the applicable laws of the State of New Jersey or by any superseding statute, from the respective dates of Lessor's making of each such payment or incurring of each such cost and expense, shall constitute additional rent payable by Lessee under this Lease and shall be paid by Lessee to Lessor on written demand, and Lessor shall not be limited in the proof of any damages which Lessor may claim against Lessee arising out of or by reason of Lessee's failure to provide and keep in force insurance as aforesaid, to the amount of the insurance premium or premiums not paid or incurred by Lessee and which would have been payable upon such insurance but Lessor shall also be entitled to recover as damages for such breach the uninsured amount of any loss, to the extent of any deficiency in the insurance required by the provisions of this Lease, reasonable damages, costs and expenses of suit suffered or incurred by reason of damage to, or destruction of, any building on the Demised Premises occurring during any period when Lessee shall have failed or neglected to provide insurance as aforesaid.

ARTICLE IX - REPAIRS AND MAINTENANCE

(a) Throughout the term of this Lease, Lessee, at its sole cost and expense, will take good care of the Demised Premises, all alleyways and passageways, parking areas and sidewalks, curb cuts, curbs and vaults adjoining the Demised Premises and will keep the same in good order and condition, and make all necessary repairs thereto, interior and exterior, structural and nonstructural, ordinary and extraordinary, and foreseen and unforeseen. When used in this Article, the term "repairs" shall include all necessary replacements and renewals. All repairs made by Lessee shall be equal in quality and class to the original construction. Lessee will do or cause others to do all necessary shoring of foundations and walls of the buildings and every other act or thing for the safety and preservation thereof which may be necessary by reason of any excavation or other building operation upon any adjoining property or street, alley or passageway. Lessee shall make all repairs necessary to avoid any structural damage or injury to the Demised Premises.

(b) The necessity for and adequacy of repairs to any building on the Demised Premises pursuant to Paragraph (a) of this ARTICLE shall be measured by the standard which is appropriate for buildings of similar construction, use and class.

(c) Lessor shall not be required to furnish any service or facilities or to make any repairs or alterations in or to the Demised Premises, Lessee hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Demised Premises.

ARTICLE X - CHANGES AND ALTERATIONS BY LESSEE

(a) In addition to those changes and alterations required to be made by Lessee as in ARTICLES IX and XI hereof, Lessee may make any other changes or alterations in or to the buildings upon the Demised Premises which it desires (expressly excluding therefrom any right to erect and build any addition to the buildings upon the Demised Premises or any new improvement upon the Demised Premises) if:

(1) At the time of commencement of such desired change or alteration Lessee shall not be in default in the payment of basic rent reserved herein or any item of additional rent and an "Event of Default" as defined in ARTICLE XXI shall not have occurred for which notice has been given Lessee; and

(2) No such change or alteration would change the character of the structure or unreasonably diminish the usable area of any building on the Demised Premises or affect its use for the purposes authorized by ARTICLE VI of this Lease.

(b) Lessee shall in no event make any change or alteration to the Demised Premises or improvements thereon, whether required or desired by Lessee, unless Lessee complies with all of the following conditions:

(1) Lessee shall have procured and paid for, so far as the same may be required from time to time, all permits and authorizations of all municipal departments and governmental subdivisions having jurisdiction;

(2) Any change or alteration involving an estimated cost of Five Hundred Thousand Dollars (\$500,000) or more, unless otherwise provided in any institutional mortgage to which this Lease is subject, shall be conducted under the supervision of a licensed professional architect or engineer selected by Lessee, and no such change or alteration shall be made except in accordance with detailed plans and specifications and cost estimates prepared and approved in writing by such architect or engineer and bearing the prior written approval of Lessor (such approval not to be unreasonably withheld);

(3) The change or alteration shall, when completed, be of such a character as not to reduce the value of the Demised Premises below its value immediately before such change or alteration;

(4) Lessee shall, at its sole cost and expense, obtain and maintain at all times when any work is in process in connection with any change or alteration general liability insurance for the mutual benefit of Lessee and Lessor against claims for bodily injury, death or property damage in the sums as specified by Lessor. All such insurance shall be in a company or companies satisfactory to Lessor, and all policies or certificates therefor

issued by the respective insurers, bearing notations evidencing the payment of premiums or accompanied by other evidence satisfactory to Lessor of such payment, shall be delivered to Lessor before any work is commenced.

(5) If the proposed change or alteration be in violation of provisions of any mortgage to which this Lease is subordinate, the consent thereto in writing shall be obtained by Lessee from said mortgagee(s), before the commencement of any such change or alteration.

(c) In making any change or alteration, as in this Article provided, Lessee agrees that:

(1) Lessee will at all times fully comply and continue to comply with the foregoing conditions;

(2) Any such change or alteration shall be made promptly and in good and workmanlike manner and in compliance with all applicable permits and authorizations and building and zoning laws and with all other laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments, departments, commissions, boards and officers, and in accordance with the orders, rules and regulations of any other body or bodies hereafter exercising similar functions; and

(3) The cost of any such change or alteration, including but not limited to all insurance premiums, labor and material, shall be paid by Lessee so that the Demised Premises shall at all times be free of liens for labor and materials supplied or claimed to have been supplied to the Demised Premises or for any other item or matter in connection with the making of said alteration and repair.

ARTICLE XI - COMPLIANCE WITH LAWS, ORDINANCES, ETC.

(a) Throughout the term of this Lease, Lessee, at its sole cost and expense, will promptly comply with all present and future laws, ordinances, orders, rules, regulations and requirements of federal, state and municipal governments, departments, commission boards and officers and all orders, rules and regulations of any other body or bodies exercising similar functions, foreseen or unforeseen, ordinary as well as extraordinary, which may be applicable to the Demised Premises including, but not limited to, the sidewalks, alleyways, passageways, vacant land, parking areas, curb cuts, curbs and vaults adjoining the Demised Premises whether or not such law, ordinance, order, rule, regulation or requirement shall necessitate structural changes or improvements or interfere with the use and enjoyment of the Demised Premises.

(b) Lessee shall likewise observe and comply with the requirements of all policies of public liability and fire insurance and all other policies of insurance at any time in force with respect to the Demised Premises.

ARTICLE XII - DISCHARGE OF LIENS

(a) Lessee will not create or permit to be created or to remain, and will discharge, any lien, encumbrance or charge levied on account of any Imposition or any mechanic's, laborer's or materialman's lien or any mortgage, conditional sale, title retention agreement or chattel mortgage, or otherwise, which might be or become a lien, encumbrance or charge upon the Demised Premises, or any part thereof, having any priority or preference over or ranking on a parity with the estate, rights and interest of Lessor in the Demised Premises or any part thereof or the income therefrom, and Lessee will not suffer any other matter or thing whereby the estate, rights and interest of Lessor in the Demised Premises might be impaired; provided that any Imposition may, after the same becomes a lien on the Demised Premises, be paid or contested in accordance with ARTICLE V hereof and any mechanic's, laborer's or materialman's lien may be discharged in accordance with Paragraph (b) hereof.

SATISFACTION OF LIENS BY LESSEE OR LESSOR

(b) If any mechanic's, laborer's or materialman's lien shall at any time be filed against the Demised Premises or any part thereof, Lessee, within thirty (30) days after notice of the filing thereof, shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If Lessee shall fail to cause such lien to be discharged within the period aforesaid then, in addition to any other right or remedy, Lessor may, but shall not be obligated to, discharge the same either by paying the amount claimed to be due or by procuring the discharge of such lien by deposit or by bonding proceedings, and in any such event Lessor shall be entitled, if Lessor so elects, to compel the prosecution of an action for the foreclosure of such lien by the lienor and to pay the amount of the judgment in favor of the lienor with interest, costs and allowances. Any amount so paid by Lessor and all customary and prevailing costs and expenses incurred by Lessor in connection therewith, together with interest thereon at the highest rate permitted by Law of the State of New Jersey or by any superseding statute from the respective date of Lessor's making of the payment or incurring of the cost and expenses shall constitute additional rent payable by Lessee under this Lease and shall be paid by Lessee to Lessor within ten (10) days after written demand.

NON-LIABILITY OF LESSOR

(c) Nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of Lessor, express or implied, by inference or otherwise, to any contractor, sub-contractor, laborer or materialman for the performance of any labor or the furnishing of any material for any specific improvement, alteration to or repair of the Demised Premises or any part thereof. Notice is hereby given that Lessor shall not be responsible for any labor or materials or personal property furnished or to be furnished to Lessee upon credit, and that no mechanic's or other lien for any such labor, materials or personal property shall attach to or affect the reversionary or other estate or interest of Lessor in and to the Demised Premises.

ARTICLE XIII - NO WASTE

Lessee will not do or suffer any waste or damage, disfigurement or injury to any portion of the Demised Premises.

ARTICLE XIV - USE OF PROPERTY

Lessee shall use the Demised Premises solely for the uses set forth in ARTICLE VI hereof, and Lessee will not use or allow the Demised Premises, or any part thereof, to be used or occupied for any unlawful purpose or in violation of any Certificate of Occupancy or certificate of compliance covering the use of the Demised Premises or any part thereof, or in violation of any permit or license connected with the use of the Demised Premises or any part thereof in connection with the operation of a residential health care facility or other health care facility, and will not suffer any act to be done or any condition to exist on the Demised Premises or any part thereof or any article to be brought thereon which may be dangerous (unless safeguarded as required by law), or which may, in law, constitute a nuisance, public or private, or which may make void or voidable any insurance then in force with respect thereto.

ARTICLE XV - ENTRY ON PROPERTY BY LESSOR, ETC.

(a) Lessee will permit Lessor and its authorized representative to enter the Demised Premises at all reasonable times and after reasonable notice for the purpose of:

- (1) inspecting the same; and
- (2) making any necessary repairs thereto, and performing any work therein that may be necessary by reason of Lessee's failure to make any such repairs or perform any such work or to commence the same after written notice from Lessor. Nothing herein shall imply any duty upon the part of Lessor to do any such work after Lessee's default in failing to perform the same.

(b) Lessor may, during the progress of any work at the Demised Premises, keep and store in the building or elsewhere upon the Demised Premises all necessary materials, tools, supplies and equipment. Lessor shall not be liable for reasonable inconvenience, annoyance, disturbance, loss of business or other damage to Lessee or any other person by reason of making such repairs or the performance of any such work, or on account of bringing materials, tools, supplies and equipment into or through the Demised Premises or the building thereon during the course thereof and the obligations of Lessee under this Lease shall not be affected thereby.

(c) Lessor shall have the right to enter the Demised Premises at all reasonable times and after reasonable notice during usual business hours for the purpose of showing the same to prospective purchasers or mortgagees of the Demised Premises and at any time within eighteen (18) months prior to the expiration of the term of this Lease for the purpose of showing the same to prospective tenants.

ARTICLE XVI - INDEMNIFICATION OF LESSOR

Lessee shall indemnify and save harmless Lessor against and from all liabilities, obligations, damages, penalties, claims, costs, charges and expenses ("Claims") including reasonable architects' and attorneys' fees, which may be imposed upon or incurred by or asserted against Lessor, or against Lessor's fee in the Demised Premises, by reason of any of the following occurring during the term of this Lease:

(a) Any work or thing done in, on or about the Demised Premises or any part thereof by Lessee, its agents, contractors, servants, employees, licensees or invitees;

(b) Any use, non-use, possession, occupation, condition, operation, maintenance or management by Lessee, its agents, contractors, servants, employees, licensees or invitees of the Demised Premises or any part thereof, or any street, alley, parking area, sidewalk, curb, vault, passageway or space adjacent thereto;

(c) Any negligence on the part of Lessee or any of its agents, contractors, servants, employees, licensees or invitees;

(d) Any accident, injury or damage to any person or property occurring in, on or about the Demised Premises or any part thereof, alley, parking area, sidewalk, curb, vault, passageway or space adjacent thereto; or

(e) Any failure on the part of Lessee to perform, observe or comply with any of the covenants, agreements, terms or conditions contained in this Lease on its part to be performed, observed or complied with.

In case any action or proceeding is brought against Lessor by reason of any such claim, Lessee upon written notice from Lessor shall at Lessee's expense resist or defend such action or proceeding. If the entire complaint or claim shall be covered under a policy(ies) of insurance provided by Lessee as otherwise required hereunder, then Lessee's insurer(s) shall have the right to designate counsel to undertake Lessor's defense. If any portion of the complaint or claim shall not be covered by such insurance, then Lessee shall nonetheless be responsible for all costs and expenses of defense incurred by Lessor with respect to such Claims and Lessee shall have the right to designate counsel for such defense provided that such counsel has the prior written approval of Lessor, such approval not to be unreasonably withheld.

ARTICLE XVII - DAMAGE OR DESTRUCTION
BY FIRE OR OTHER CASUALTY

(a) In case of damage or destruction of all or part of the Demised Premises, occurring during the term of this Lease, except as provided in the following Paragraph (b), by fire, explosion, windstorm or other casualty, Lessee shall promptly proceed, at its sole cost and expense (less insurance proceeds applicable thereto in accordance with the provisions of this Article) to repair, restore, replace or rebuild the Demised Premises, and every part thereof, as nearly as possible to the condition and quality immediately prior to such damage or destruction and in accordance with plans and specifications prepared by an architect or professional engineer selected by Lessee and approved by Lessor, such approval not to be unreasonably withheld, and will prosecute said repairs, restorations, replacement or rebuilding with due diligence until completion.

(b) If the estimated cost of repair exceeds \$500,000.00, all monies received by Lessor and by Lessee for fire or other insurance covering the damage to the Demised Premises and every part thereof shall be deposited in an interest bearing account with a bank or trust company designated by Lessee authorized to do business in the State of New Jersey (such account being insured under FSLIC or FDIC insurance) in the name of a person, company or institution mutually designated by the parties in writing (herein referred to as "Escrowee") and the funds in said account shall be held by the Escrowee as hereinafter provided. If the estimated cost of repair is \$500,000.00 or less, the proceeds of insurance realized as a result of any such damage or partial destruction payable to Lessor and/or Lessee, and provided the consent of any insured institutional mortgagee holding a mortgage to which this Lease is subordinate is obtained, the extent of the amount received from the insurance carriers but not in excess of \$500,000.00, shall be paid directly to Lessee and said proceeds, to that extent, are hereby assigned by Lessor to Lessee; upon receipt of said proceeds, Lessee shall hold the same as a trust fund to be used as provided in the following Paragraph (c)).

(c) The insurance proceeds held by the Escrowee or received by Lessee, as aforementioned, shall be paid out by it or him from time to time as such work progresses. Upon the written request of Lessee, which shall be accompanied by a certificate of the architect or engineer in charge and approved in writing by Lessor (which approval shall not be unreasonably withheld), stating that the sum requested either has been paid by Lessee or is justly due contractors, subcontractors, materialmen or laborers for unpaid services or materials performed or furnished, the Escrowee shall be directed to pay such properly presented draw request within ten (10) days of receipt.

(d) In no event shall more than 90% of the amount requested from the Escrowee, and approved as aforementioned, be paid, and Escrowee shall retain at least 10% of the funds deposited with Escrowee, until the work has been completed and final formal approval has been

received from all governmental agencies having jurisdiction over said work.

(e) To the extent that any insurance money which would otherwise be payable hereunder is paid to the holder of any mortgage on the fee and applied in payment or reduction of the sums secured by any such fee mortgage on the Demised Premises, Lessor shall cause to be made available for the use of Lessee, and shall cause all documents that may be required to remortgage the premises previously covered to be executed, and shall assist Lessee in obtaining financing in the amount received by the fee mortgagee and applied in reduction thereof, and upon the request of Lessee, shall execute and deliver a mortgage or mortgages covering the same premises theretofore covered by the previous fee mortgage provided that Lessee shall be responsible for all costs and expenses associated with such refinancing and no personal liability shall be required of Lessor or of any of the shareholders, directors, officers, members or partners of Lessor on the new mortgage.

(f) No destruction of or damage to the building or buildings hereafter erected upon the Demised Premises, or any part thereof, by fire or any other casualty whatsoever, whether such destruction or damage be partial or total or otherwise shall permit Lessee to surrender or terminate this Lease or shall relieve Lessee from its liability to pay the full basic rent, additional rent and other charges payable under this Lease or from any of its other obligations under this Lease. Except to the extent to which Lessor shall have received and retained a net sum in excess of rents due as proceeds of any rent insurance, Lessee waives any rights now or hereafter conferred upon it by statute or otherwise to quit or surrender this Lease or the Demised Premises or any part thereof, or to any suspension, diminution, abatement or reduction of rent on account of any such destruction or damage.

(g) In the event that Lessee erects any new building in accordance with the provisions of this ARTICLE XVII, all of the provisions of this Lease, with respect to the obligations of Lessee in connection with the existing buildings on the Demised Premises shall apply with equal force and effect to such new building.

(h) Upon certification by Lessor's counsel that a final order of dispossession from the Demised Premises has been made against Lessee, and the time to appeal from said order has expired without an appeal having been taken or that no appeal may be taken therefrom, or that this Lease has been otherwise finally terminated, all such insurance proceeds, or the balance thereof then in the possession of the Escrowee, shall be paid over to Lessor, but in such case the liability of Lessee to perform its obligations under this ARTICLE XVII shall survive and continue.

ARTICLE XVIII - EMINENT DOMAIN

(a) Forthwith, upon the receipt by either Lessor or Lessee of any notice of the institution of any proceeding for the taking of the Demised Premises or any part thereof by the exercise of any power of eminent domain or by the exercise by any public or quasi-public authority of any

right of purchase, hereinafter sometimes referred to as the "Proceeding", the party receiving such notice will promptly give written notice thereof to the other party. Lessee, in cooperation with Lessor, shall have the right to participate in the Proceeding for the purpose of protecting Lessee's interest hereunder.

(b) If the Demised Premises or any part thereof shall be taken for any public or quasi-public use under any statute or by right of eminent domain or purchase in lieu thereof the award or awards for any properties so taken under any statute or by right of eminent domain or the proceeds of any such purchase (such award or awards and/or proceeds being hereinafter sometimes referred to as "the award") shall be dealt with as provided in this ARTICLE XVIII.

(c) If at any time during the term of this Lease or any renewal or extension thereof any lesser portion of the premises than that described in the following Paragraph (d) of this ARTICLE, shall be taken in any eminent domain or condemnation proceeding, then this Lease shall continue and the rent shall be proportionately reduced in accordance with any diminution of the certified bed capacity of the Facility, if any, for the remainder of the term. The net proceeds of any condemnation award (after payment of the reasonable fees and expenses of collecting the same) shall be deposited in the name of the Escrowee as provided in ARTICLE XVII hereof, as a trust fund, and shall be applied to pay for the repair and restoration of the remaining portion of the premises as provided in ARTICLE XVII hereof. Any portion of the award remaining with the Escrowee after such repair and restoration shall belong to Lessor subject to the rights of the holder of any mortgage to which this Lease is subject and subordinate, and subject to the rights of Lessee to assert and recover for its own benefit a separate award for damage to its leasehold estate.

(d) If at any time during the term of this Lease all or materially all of the Demised Premises, or so much of the Demised Premises that the remaining area can no longer properly be used for the purpose for which the same was being used prior to such condemnation shall be taken by the exercise of the right of condemnation or eminent domain, this Lease shall terminate and expire on the date of such taking, and the net rent and additional rent provided to be paid by Lessee shall be apportioned and paid to the date of such taking. In such event, any award received or sum accepted by a compromise disposition on or as a result of such condemnation or taking, shall be distributed and allocated as follows:

(1) All reasonable fees and expenses incurred by Lessor in the processing, presentation and collection of such award shall first be paid.

(2) An amount equal to the principal amount originally owed by Lessor on any loan or loans obtained by Lessor as permanent financing for the Demised Premises as improved by buildings and appurtenances thereon less the amount of any portion of the award or awards which may be payable directly to Lessor's creditor mortgagees by the condemning authority with respect to such loan or loans, shall then be paid to Lessor.

(3) If the condemnation occurs during the first year after the date of this Lease, then from the balance of the award received by Lessor 20% thereof shall be paid to Lessee. The percentage of the total condemnation award to be received by Lessee shall be reduced by 1/25th at the beginning of each successive year of the Lease term.

(e) "Materially all of the Demised Premises" shall be deemed to have been taken if the portion of the premises not so taken cannot be so repaired or reconstructed as to constitute suitable space and facilities for the operation of the nursing home as was operated prior to the taking (or, if immediately prior to the taking the Demised Premises was not used for nursing home purposes, a complete operating structure similar in type to the structure then on the premises). If Lessor and Lessee cannot agree as to whether "materially all of the Demised Premises" has been taken, or whether the remaining area can be properly used, then the dispute shall be resolved as provided in ARTICLE XXVIII hereof.

(f) Lessee shall be given at least ten (10) days prior written notice before any settlement of the condemnation award is made by Lessor.

ARTICLE XIX - VAULT SPACE

(a) Vaults and areas, if any, now or hereafter built extending beyond the building line of the Demised Premises, are not included with the Demised Premises, but Lessee may occupy and use the same during the term of this Lease, subject to such laws, permits, orders, rules and regulations issued or promulgated by appropriate governmental authorities with respect thereto.

(b) No revocation on the part of any governmental department or authority of any license or permit to maintain and use any such vault and areas shall in any way affect this Lease or the amount of the rent or any other charge payable to Lessee hereunder. If any such license or permit shall be revoked, Lessee shall, at its sole cost and expense, do and perform all such work as may be necessary to comply with any order revoking the same.

ARTICLE XX - ASSIGNMENT, SUBLETTING

(a) Lessee shall not assign or sublet this Lease or any portion of the Demised Premises without in each case the prior written consent of Lessor.

(b) If a governmental approval or license is required, the underletting, assignment or subletting provided for in Paragraph (a) of this ARTICLE XX shall in no event become effective unless (1) at least two (2) days prior to the filing of any application or other papers seeking said governmental approval or license, true, executed copies of said application or other papers are forwarded to Lessor as provided in ARTICLE XXV of this Lease, and (2) said under-tenant,

sublessee or assignee shall have received the requisite approval and/or license from the governmental authorities having jurisdiction.

ARTICLE XXI - CONDITIONAL LIMITATIONS - EVENTS OF DEFAULT

(a) If any one or more of the following events (herein sometimes called "Event(s) of Default") shall happen:

(1) If default shall be made by Lessee in the performance of or compliance with any of the covenants, agreements, terms or conditions contained in this Lease (other than the covenants for the payment of basic rent or additional rent), or if the premises become vacant or deserted (except by reason of fire or other catastrophe beyond the control of Lessee), and such default shall continue for a period of twenty (20) days after written notice thereof from Lessor to Lessee stating the nature of said default or in the case of a default or a contingency which cannot with due diligence be cured within such period of twenty (20) days, Lessee fails to proceed with all due diligence to cure the same and thereafter to prosecute the curing of such default with all due diligence (it being intended that in connection with a default not susceptible of being cured with due diligence within twenty (20) days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the same with all due diligence); or

(2) If Lessee or any permitted sublessee in possession shall file a voluntary petition in bankruptcy, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future United States Bankruptcy Code or any other present or future applicable federal, state or other statute or law, or shall seek, or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or of all or any substantial part of its properties or of the operation of the Demised Premises as a nursing home or residential health care facility; or

(3) If within thirty (30) days after the commencement of any proceeding against Lessee or any permitted sublessee in possession seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the present or any future United States Bankruptcy Code or any other present or future applicable federal, state or other statute or law, such proceeding shall not have been dismissed, or if, within thirty (30) days after the appointment, without the consent or acquiescence of Lessee, of any trustee, involuntary receiver or liquidator of Lessee or any permitted sublessee in possession or of all or any substantial part of its properties or of the operation of the Demised Premises as a nursing home or residential health care facility, such appointment shall not have been vacated or stayed on appeal or otherwise, or if, within thirty (30) days after the expiration of any such stay, such appointment shall not have been vacated; or

(4) If at any time after Lessee or any permitted successor or sublessee shall have any establishment or operating licensure approval or any provider agreement issued to Lessee (or such permitted successor) under Title XVIII or Title XIX of the Federal Social Security Act shall be, withdrawn, revoked, suspended, surrendered, annulled, cancelled or not renewed, or any of the certified beds existing at the Facility shall be decertified without the prior written approval of Lessor; or

(5) If Lessee shall default in the payment when due of basic rent reserved herein or any item of additional rent herein mentioned or any part of either or in making any other payment herein required;

then, and in any one or more of such events, Lessor may serve a written ten (10) day notice of cancellation of this Lease upon Lessee, and upon the expiration of said ten (10) days, this Lease and the term hereby demised and all rights of Lessee under this Lease shall end and expire as fully and completely as if the expiration of such ten (10) day period were the day herein definitely fixed for the end and expiration of this Lease and the term thereof and Lessee shall then quit and surrender the Demised Premises to Lessor, but Lessee shall remain liable as hereinafter provided.

(b) Upon any such expiration or termination of this Lease pursuant to Paragraph (a) of this Article, then and in any of such events, Lessee shall quit and peacefully surrender the Demised Premises and the then buildings thereon to Lessor, without any payment therefor by Lessor, and Lessor, upon or at any time after any such events may, without further notice, enter upon and reenter the Demised Premises and possess and repossess itself thereof by force, summary proceedings, ejectment or otherwise, and may dispossess Lessee and remove Lessee and all other persons and property from the Demised Premises and may have, hold and enjoy the Demised Premises and the buildings thereon and the right to receive all rental income of and from the same.

(c) At any time or from time to time after any such expiration or termination pursuant to Paragraph (a) of this Article, or any termination by summary proceedings or otherwise, Lessor may relet the Demised Premises, or any part thereof, in the name of Lessor or otherwise for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the term of this Lease) and on such conditions (which may include concession or free rent) as Lessor, in its uncontrolled discretion may determine and Lessor may collect and receive the rents therefor. Lessor shall in no way be responsible or liable for any failure to relet the Demised Premises or any part thereof, or for any failure to collect any rent due upon any such reletting.

(d) Subject to the provisions of Article XLI of this Lease, no expiration or termination of this Lease pursuant to Paragraph (a) of this Article, or any termination by summary proceedings or otherwise, shall relieve Lessee of its liability and obligations under this Lease and such liability

and obligations shall survive any such expiration or termination. In the event of any such expiration or termination, whether or not the Demised Premises or any part thereof have been relet, Lessee shall pay to Lessor the net rent and all additional rent and other charges required to be paid by Lessee up to the time of such expiration or termination of this Lease, and thereafter Lessee, until the end of what would have been the term of this Lease in the absence of such expiration or termination, shall be liable to Lessor for, and shall pay to Lessor, as and for liquidated and agreed current damages for Lessee's default, the equivalent of the amount of the basic rent and additional rent and charges which would be payable under this Lease by Lessee if this Lease were still in effect, less the net proceeds of any reletting effected pursuant to the provisions of Paragraph (c) hereof, after deducting all Lessor's expenses in connection with such reletting, including, without limitation, all reasonable repossession costs, brokerage and management commissions, operating expenses, reasonable attorneys' fees, alteration costs and expenses of preparation for such reletting.

Lessee shall pay such current damages (herein called "deficiency") to Lessor monthly on the first day of each month as the same would have been payable under this Lease if this Lease were still in effect, and Lessor shall be entitled to recover from Lessee each monthly deficiency as the same shall arise. At any time after any such expiration or termination, whether or not Lessor shall have collected any monthly deficiencies as aforesaid, Lessor at its option shall be entitled to recover from Lessee, and Lessee shall pay to Lessor on demand, as and for liquidated and agreed final damages for Lessee's default, an amount equal to the then present worth of the excess of the basic rent reserved under this Lease from the date of such expiration and termination for what would be the then unexpired term of this Lease if the same had remained in effect, and the then fair rental value of the Demised Premises for the same period.

(e) Except where a third party demands trial by jury and the court does not permit a bifurcation of the trial as to the complaint, cross claims and counterclaims presented, Lessor and Lessee hereby waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Lessor and Lessee, Lessee's use or occupancy of the Demised Premises and/or any claim of injury or damage and any emergency statutory or any other statutory remedy. The terms "enter", "re-enter", "entry" or "reentry", as used in this Lease are not restricted to their technical legal meaning.

(f) No failure by Lessor to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with by either party, and no breach thereof, shall be waived, altered or modified, except by a written instrument executed by the other party. No waiver of any breach shall affect or alter this Lease but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect

with respect to any other existing or subsequent breach thereof.

(g) In the event of any breach or threatened breach by Lessee of any of the covenants, agreements, terms or conditions contained in this Lease, Lessor shall be entitled to enjoin such breach or threatened breach and shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as though re-entry, summary proceedings, and other remedies were not provided for in this Lease.

(h) Each right and remedy of Lessor provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Lessor of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, shall be in addition to and shall not preclude the exercise by Lessor of any other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

ARTICLE XXII - SUBORDINATION

(a) This Lease shall be subject and subordinate to any mortgages which may affect the Demised Premises on the date hereof and/or thereafter, and to all renewals, modifications, consolidations and extensions, or replacements thereof ("Mortgages"). Lessor shall extend its best efforts to have any such Mortgages contain:

(1) a covenant on the part of the holder thereof substantially to the effect that Lessee shall be permitted to quietly enjoy the Demised Premises and be entitled to Lessee's rights, privileges and options hereunder so long as Lessee is not in default under the provisions of this Lease during the Lease term and any extensions or renewals thereof; and

(2) a provision (A) that the holder thereof shall give Lessee at least ten (10) days written notice prior to declaring any Mortgages in default, during which time Lessee may cure such default by making any payments or performing any act required to cure such default, and (B) that the holders thereof shall not at any time join Lessee as a party defendant to any action which may be brought to foreclose said Mortgages or disturb Lessee's possession of the Demised Premises so long as Lessee is not in default under this Lease.

Despite the foregoing provisions requiring Lessor's best efforts, the procurement of the terms described in Paragraphs (a)(1) and (a) (2) above shall not be a condition precedent to the placement of any new Mortgages upon the Demised Premises nor to any renewal, modification, consolidation or extension thereof.

(b) The provisions of this entire ARTICLE XXII shall be self-operative and no further

instrument of subordination need be required by any mortgagee. In confirmation of such subordination, Lessee shall promptly, upon Lessor's demand, and without expense to Lessor, execute, acknowledge and deliver any certificate or other written instrument to the foregoing effect, and Lessee hereby constitutes and appoints Lessor Lessee's attorney-in-fact to execute any such certificate or certificates for and on behalf of Lessee in the event that Lessee shall fail to deliver an executed certificate or other instrument so demanded by Lessor within ten (10) days of receipt of such demand.

ARTICLE XXIII - LESSEE'S RIGHT TO CURE DEFAULT

If there shall be a default by Lessor in the payment of either the principal or interest of any mortgage or mortgages now or hereafter affecting the Demised Premises, Lessee shall have the right and privilege to pay the amount so in default, and the cost and expense, if any, of any foreclosure action or other suit or proceeding instituted by the mortgagee upon such default, and upon making such payment Lessee shall, in addition to other remedies, be entitled to deduct the amount so paid, with interest thereon at the maximum rate permitted by the General Obligation laws of the State of New Jersey or by any superseding statute, from any installment or installments of annual rent then due, or thereafter falling due, until the amount of such payment, with said interest, shall have been repaid therefrom to Lessee.

ARTICLE XXIV - INVALIDITY OF PARTICULAR PROVISIONS

If any term or provisions of this Lease, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provisions to the persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE XXV - NOTICES

(a) All notices, demands and requests which may or are required to be given hereunder, shall be in writing and shall be sent by United States certified mail, return receipt requested, postage prepaid, or by nationally recognized overnight delivery service, as provided in this Article under Paragraph (b) hereof.

(b) All notices, demands and requests by Lessor to Lessee shall be deemed to have been properly given if sent addressed to Lessee at the Premises, or to such other address in the State of New Jersey as Lessee may from time to time designate by written notice to Lessor. All notices, demands and requests by Lessee to Lessor shall be deemed to have been properly given if sent addressed to Lessor c/o 3 Hunters Run, Suffern, New York 10901 or to such other address(es) as Lessor may from time to time designate by written notice to Lessee.

ARTICLE XXVI - QUIET ENJOYMENT

Lessee, upon paying the basic rent and all additional rent and other charges herein provided for and observing and keeping all covenants, agreements and conditions of this Lease on its part to be kept, shall peaceably and quietly have and enjoy the Demised Premises during the term of this Lease, subject, however, to the exceptions, reservations and conditions of this Lease, including, but not limited to, ARTICLE XXII hereof. Upon the expiration of the Lease term, Lessee shall quit and peacefully surrender the Demised Premises, and the then buildings thereon, to Lessor without any payment therefor by Lessor. At the time of surrender of possession, Lessee shall deliver possession of the Demised Premises as the same shall have been improved by any improvements made in good working order and condition (reasonable wear and tear excepted) and in full compliance with the minimum standards and requirements of governmental agencies having jurisdiction for the continued conduct of the operation of the Facility on the Demised Premises.

ARTICLE XXVII - EXCAVATION, SHORING

If any excavation shall be made or contemplated to be made for building or other purposes upon property or streets adjacent to or nearby the Demised Premises, Lessee either:

(a) shall afford to the person or persons causing or authorized to cause such excavation the right to enter upon the Demised Premises for the purpose of doing such work as such person or persons shall consider to be necessary to preserve any of the walls or structures of any building on the Demised Premises from injury or damage and to support the same by proper foundation; or

(b) shall, at Lessee's expense, do or cause to be done such work as may be necessary to preserve any of the walls or structures of any building on the Demised Premises from injury or damages and to support the same by proper foundation.

ARTICLE XXVIII - DISPUTES

In the event of any dispute between Lessor and Lessee with regard to any provision or issue contained in this Lease (the manner of resolution of which dispute is not otherwise herein provided), either party, Lessor or Lessee, may make application to the Courts of the State of New Jersey, for a determination of any and all issues involved. The substantive and procedural law of the State of New Jersey shall apply and the parties may seek any and all statutory, procedural or equitable remedies available to them under the laws of the State of New Jersey. The prevailing party in any such litigation shall be entitled to include in any such favorable final award, judgment, order or decree all costs and disbursements incurred in maintaining the litigation including reasonable counsel fees. For purpose of settling any dispute under the terms of this Article, the parties hereto hereby expressly waive trial by jury.

ARTICLE XXIX - LESSOR'S RIGHT TO ASSIGN

Lessor shall have the right, without selling its interest in the Demised Premises or assigning its interest in this Lease, to assign from time to time the whole or any portion of the basic rent at any time payable hereunder to persons, firms, corporations, trusts or other entities designated by Lessor in a written notice to Lessee and in any such case, Lessee shall pay the basic rent, or the portion thereof so assigned, subject to the terms of this Lease, to Lessor's said designee or designees at the address or addresses set forth in any such notice.

ARTICLE XXX - FINANCIAL STATEMENTS AND REPORTS

Not later than one hundred fifty (150) days after the end of each calendar year during the Lease term, Lessee shall deliver to Lessor a copy of the certified financial statements issued by the certified public accountants then servicing the operation of the Facility with respect to the preceding calendar year. Simultaneously with the filing by the Facility of an annual report with the applicable New Jersey State agencies having jurisdiction over Lessee's operations of the Facility, a copy of such report shall be delivered by Lessee to Lessor. Not more than ten (10) days after the Facility's receipt of any rate notification schedule or audit report from governing New Jersey State agencies concerning Medicaid rates applicable to the Facility, Lessee shall deliver to Lessor a copy thereof. Not more than ten (10) days after the Facility's receipt of a written report of any governing agency covering an annual or other survey of the operation of the Facility, a statement of deficiencies, or delivery by the Facility of a plan of correction for deficiencies, Lessee shall deliver a copy of each such receipt or submission to Lessor.

ARTICLE XXXI - MEMORANDUM OF LEASE TO BE EXECUTED

Upon demand by either party, Lessor and Lessee agree to execute and deliver a short-form Memorandum of Lease in recordable form so that the same may be recorded by either party.

ARTICLE XXXII - LEASE STATUS CERTIFICATE TO BE GIVEN

Each party agrees at any time, and from time to time, upon not less than twenty (20) days prior written request from the other party, to execute, acknowledge and deliver to the other party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), the dates to which the basic rent has been paid and the amount of the additional rent held by Lessor, if any, it being intended that any such statement delivered pursuant to this Article may be relied upon by any prospective assignee, mortgagee or purchaser of the fee interest in the premises or of this Lease.

ARTICLE XXXIII - PROVISIONS DEEMED CONDITIONS AND COVENANTS

All of the provisions of this Lease shall be deemed and construed to be “conditions” and “covenants” as though the words specifically expressing or importing covenants and conditions were used in each separate provisions hereof.

ARTICLE XXXIV - REFERENCES TO TERMINATION

Any reference herein to the termination of this Lease shall be deemed to include any termination hereof by expiration or pursuant to Articles referring to earlier termination.

ARTICLE XXXV - HEADINGS AND TITLES

The headings and titles in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

ARTICLE XXXVI - ORAL CHANGE OR TERMINATION

This Lease contains the entire agreement between the parties and any executory agreement hereafter made shall be ineffective to change, modify or discharge it in whole or in part unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification or discharge is sought. This Lease cannot be changed orally or terminated orally.

ARTICLE XXXVII - SUCCESSORS AND ASSIGNS

The covenants, conditions and agreements in this Lease shall bind and inure to the benefit of Lessor and Lessee and their respective heirs, successors and permitted assigns.

ARTICLE XXXVIII - VARIATIONS IN PRONOUNS

All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, company or companies may require.

ARTICLE XXXIX - RESERVED

ARTICLE XL - ENVIRONMENTAL MATTERS

(a) For purposes of this Article, the following terms shall have the following meaning:

(1) "Environmental Activity" means any storage, presence, existence, release, threatened release, use, generation, abatement, removal, disposal, handling or transportation of any Hazardous Material in, to, on, under, from or about the Demised Premises.

(2) "Environmental Laws" means any Laws which govern Environmental Activities on the Demised Premises, Hazardous Materials thereon, or any other matter pertaining to the physical environmental condition of the Demised Premises.

(3) "Environmental Reports" means studies, reports, analyses, information, data or written records in Lessee's possession, or available to Lessee or prepared at the request of Lessee, regarding any Hazardous Materials in, at, on, under or near the Demised Premises, including, without limitation, any analytical results and interpretative conclusions based upon an investigation of the Demised Premises.

(4) "Governmental Agency" means any federal, state or local authority having jurisdiction over the Demised Premises with respect to Environmental Activities conducted, or alleged to be conducted, thereon or Hazardous Materials located, or alleged to be located thereon.

(5) "Hazardous Material" means any substance whose nature and/or quantity or existence, use, manufacture or effect render it subject to federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare.

(6) "Laws" means, collectively, all federal, state and local laws, rules, regulations, ordinances and codes now or hereafter applicable to the Demised Premises or the Use of the Demised Premises, including, without limitation, the requirements of all permits, licenses, authorizations, judgments, decrees, agreements and other governmental restrictions and requirements relating to the Demised Premises or the Use of the Demised Premises.

(7) "Demised Premises", in addition to meaning the premises referred to in Article I hereof, shall include all structures, fixtures, transformers, underground storage tanks, soil, groundwater, surface water and airspace at, in, on or under the Demised Premises and improvements.

(8) "Underground Storage Tank" has the meaning set forth for such term in Subtitle I of the Hazardous and Solid Waste Act Amendments of 1984, as amended from time to time (42 U.S.C. 6991) and the regulations promulgated pursuant thereto from time to time.

(9) "Use" means use, ownership, development, construction, maintenance, management, operation or occupancy.

(b) Lessor makes no covenant, representation or warranty as to the suitability of the Demised Premises for any purpose whatsoever or as to the physical condition thereof. Lessee acknowledges that it has inspected the Demised Premises, observed its physical characteristics and existing conditions, and has had the opportunity to conduct such investigation and study on and of said Demised Premises as it deems necessary for its intended use and occupancy under this Lease, and hereby waives any and all objections to or complaints about physical characteristics and existing conditions of the Demised Premises, including, without limitation, subsurface conditions and Hazardous Materials in, at, on or under the Demised Premises. Lessee further acknowledges and agrees that the Demised Premises is to be leased to, and accepted by, Lessee in its present condition, "AS IS" and with all faults, and hereby assumes the risk that adverse physical characteristics and existing conditions may not have been revealed by its inspection or investigation.

(c) Lessee, on behalf of itself and its heirs, successors and assigns, hereby waives, releases, acquits and forever discharges Lessor, its principals, officers, directors, partners, members, shareholders, employees, agents, representatives and any other person acting on behalf of Lessor, and the successors and assigns of any of the preceding, of and from any and all claims, actions, causes of action, demands, rights, damages, costs, expenses or compensation whatsoever, direct or indirect, known or unknown, foreseen or unforeseen, which Lessee or any of its heirs, successors or assigns now has or which may arise in the future on account of or in any way related to or in connection with any past, present or future physical characteristic or condition of the Demised Premises, including, without limitation, any Hazardous Materials, in, at, on, under or related to the Demised Premises, or any violation or potential violation of any Laws applicable thereto.

(d) Lessee shall, at Lessee's sole cost and expense, comply with any and all Environmental Laws affecting Lessee's occupancy or use of the Demised Premises or otherwise arising in connection with the lease, sublease, surrender or other transfer of the Demised Premises by or to Lessee and shall maintain the Demised Premises in compliance with any Environmental Laws, whether such law is enacted prior or subsequent to the date of commencement of this Lease. Without limiting the foregoing, Lessee's obligations under this paragraph shall include (1) promptly providing Lessor with true, accurate and complete copies of all required or requested permits, variances, approvals, notices, submissions, reports and other information to and from any and all Governmental Agencies having authority over the Demised Premises and environmental matters with respect thereto, (2) preparing all reports and providing all information requested by any applicable governmental authority having jurisdiction over the Demised Premises, (3) preparing appropriate plans for the approval of such authorities and Lessor with respect to the cleanup of any Hazardous Materials on the Demised Premises, (4) conducting the cleanup of such Hazardous Materials in accordance with all applicable Laws, and (5) otherwise fully cooperating with such authorities and with Lessor in bringing the Demised Premises and Lessee's occupancy and use thereof into compliance with all Environmental Laws. Lessee authorizes Lessor to

communicate with any Governmental Agency regarding the Demised Premises or Lessee's activities or processes thereon.

(e) Lessee shall not cause, permit or suffer any Hazardous Material to be brought upon, treated, stored, disposed of, discharged, released, produced, manufactured, generated, refined or used upon, about or beneath the Demised Premises or any portion thereof by Lessee, its agents, employees, contractors, subtenants or invitees other than Hazardous Materials, if any, of a nature and in amounts which are incidental to and customarily present at similar health care facilities. Such Hazardous Materials may only be brought upon, kept and used in or about the Demised Premises by such parties in strict compliance with all applicable Laws.

(f) Should Lessee fail to perform or observe any of its obligations or agreements pertaining to Hazardous Materials or Environmental Activities under this Lease or under applicable Laws, then Lessor shall have the right, but not the duty, without limitation upon any of the rights of Lessor under this Lease, to enter the Demised Premises personally or through its agents, consultants or contractors and perform the same. Lessee agrees to indemnify, reimburse, protect, defend and hold harmless Lessor for the costs thereof and liabilities arising or resulting therefrom or in connection therewith.

(g) Lessor shall have the right in its sole and absolute discretion, but not the duty, to enter and inspect the Demised Premises at any time to determine whether Lessee is complying with the terms of this Lease, including, but not limited to, the compliance of the Demised Premises and the activities thereon with applicable Laws. Lessee hereby grants to Lessor, its agents, employees, consultants and contractors the right to enter the Demised Premises and to perform such tests on the Demised Premises, the cost of which shall be payable solely by Lessee, as are reasonably necessary to conduct such reviews and investigation. Lessor shall use reasonable efforts to minimize interference with the business of Lessee but Lessor shall not be liable for any interference caused thereby.

(h) In the event Lessor discovers any breaches under this Lease or any violations of applicable Laws pursuant to the foregoing inspections or otherwise, including, without limitation: (1) any contamination of the Demised Premises from Hazardous Materials caused or permitted to be on the Demised Premises by Lessee, its agents, employees, contractors, licensees or invitees (such parties being collectively referred to as "Lessee" for purposes of this ARTICLE XL); (2) a violation of any Laws with respect to any Hazardous Materials or any Environmental Activity conducted or permitted by Lessee at the Demised Premises; or (3) a breach by Lessee of its covenants and obligations under this Lease, then Lessee shall immediately cease all operations on the Demised Premises involving the use of Hazardous Materials found not to be in compliance with applicable Laws until such operations are brought into compliance therewith. To the extent of any Hazardous Material contamination of the Demised Premises or other properties caused or permitted by Lessee, Lessee shall promptly commence and pursue to completion, at Lessee's sole cost and expense, a remediation program with respect to such Hazardous Materials; provided,

however, Lessor may at its option (but in no event shall be obligated to) elect to conduct the remediation program at Lessee's sole cost and expense, the design and scope of which shall be determined solely by Lessor and Lessor's environmental consultants.

(i) If any Environmental Laws or any permits, variances, licenses or similar entitlements, authorizations or approvals involve or contain closure or post-closure requirements or conditions, Lessee shall comply with and satisfy all such requirements and conditions prior to the expiration or earlier termination of this lease, and in no event later than Lessee's vacating the Demised Premises. Lessee shall, upon Lessor's request, provide Lessor with security reasonably acceptable to Lessor to secure Lessee's obligations to comply with and satisfy such closure and post-closure requirements and conditions. If Lessor reasonably determines that Lessee will not or will be unable to comply with and satisfy such requirements and conditions prior to the expiration or earlier termination of this Lease or prior to Lessee's vacating the Demised Premises, Lessor may, but shall not be obligated to, comply with or satisfy such requirements and conditions on Lessee's behalf and may apply the security provided by Lessee for such purposes. Any such action by Lessor shall not be deemed a waiver or excuse of any default by Lessee in the performance of its obligations under this ARTICLE XL, but shall be in addition to and not in lieu of any other rights or remedies available to Lessor at law or in equity with respect to Lessee's default in such obligations.

(j) If Lessee fails to comply with the provisions of this ARTICLE XL prior to the expiration or earlier termination of the Lease term, or prior to Lessee's vacating the Demised Premises, then, upon the expiration or earlier termination of the Lease term or Lessee's vacation of the Demised Premises, Lessor shall have the option either to consider the Lease as having ended or to treat Lessee as a holdover tenant in possession of the Demised Premises. If Lessor considers the Lease as having ended, then Lessee shall not be released from its obligations set forth in this ARTICLE XL. If Lessor treats Lessee as a holdover tenant in possession of the Demised Premises, then Lessee shall pay monthly to Lessor double the net annual basic rent and additional payments which Lessee would otherwise have paid, until such time as Lessee fulfills its obligations under this ARTICLE XL, and during such holdover period all of the terms of this Lease and Lessee's obligations hereunder shall remain in full force and effect.

(k) Lessee shall promptly notify Lessor as to any liens threatened or attached against the Demised Premises pursuant to any Environmental Law. In the event that such a lien is filed against the Demised Premises, then Lessee shall, within thirty (30) days from the date that the lien is filed against the Demised Premises, and at any rate prior to the date any Governmental Agency or other party commences proceedings to foreclose on such lien, either: (1) pay the claim and remove the lien from the Demised Premises; or (2) furnish either (i) a bond satisfactory to Lessor in the amount of the claim out of which the lien arises, (ii) a cash deposit in the amount of the claim out of which the lien arises, or (iii) other security satisfactory to Lessor in an amount sufficient to discharge the claim out of which the lien arises.

(l) Lessee agrees to protect, indemnify, defend, reimburse and hold harmless: (1) Lessor; (2) any other person who acquires an interest in this Lease whether by an assignment of Lessor's interest in this Lease or otherwise; (3) any other person who acquires all or a portion of the Demised Premises at a foreclosure sale or by a conveyance in lieu of foreclosure or otherwise through the exercise of the rights and remedies of Lessor under this Lease; and (4) the principals, directors, officers, shareholders, members, partners, employees, successors, assigns, agents, contractors, subcontractors, experts, licensees and invitees of such persons listed in (1) through (3) above (any or all of which are referred to herein as an "Indemnitee") from and against any and all loss, cost, penalty, fine, liability, damage or expense (including, without limitation, attorneys' fees and costs) arising or resulting from or in any way connected with:

(i) the presence of any Hazardous Materials in, at, on, under or about the Demised Premises;

(ii) any Environmental Activity conducted or permitted by Lessee or any other party on the Demised Premises during the Lease term;

(iii) any violation of any Laws pertaining to the condition of the Demised Premises or any Environmental Activity thereon to the extent caused by Lessee at any time or caused by anyone else during the Lease term;

(iv) the breach of any warranty or covenant or the inaccuracy of any representation of Lessee contained in this Lease; or

(v) any claim, demand or cause of action, or any action or other proceeding, whether meritorious or not, brought or asserted against any Indemnitee which directly or indirectly relates to, arises from or is based upon any of the matters described in this ARTICLE XL. This obligation shall survive the expiration or earlier termination of this Lease, the discharge of all other obligations owed by the parties to each other, and any transfer of title to the Demised Premises (whether by sale, foreclosure, deed in lieu of foreclosure or otherwise).

(m) Lessee's obligations under Section XL of this Lease shall survive the expiration or earlier termination of this Lease term, the discharge of all other obligations owed by the parties to each other, and any transfer of title to the Property (whether by sale, foreclosure, deed in lieu of foreclosure or otherwise).

ARTICLE XLI - LIMITATION OF LESSEE'S LIABILITY

Notwithstanding any provision to the contrary elsewhere contained in this Lease, none of the covenants or agreements contained herein are intended as personal covenants or agreements on the part of Lessee's members, shareholders, directors or officers and all such covenants are

intended solely for the purpose of binding Lessee, the leasehold estate and any security that may be given. No personal liability shall at any time be asserted or enforced against Lessee's members, shareholders, directors, officers, members or partners, any such personal liability being hereby expressly waived and released by Lessor and all persons claiming by, through or under Lessor.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the parties hereto have hereto set their hands and seals, with the intention of being legally bound hereby the day and year first above written.

LESSOR:

LESSEE:

**GLOUCESTER LAND
HOLDING CO., LLC**

**THE AWNINGS HEALTHCARE
HAMMONTON LLC**

By: _____
NAME: GEDALIA KLEIN
TITLE: MANAGING MEMBER

By: _____
NAME: SHIMON FALIK
TITLE: MANAGING MEMBER

SCHEDULE "A"

Description of Property

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