

Bridgeton SNF LLC
99 Manheim Avenue
Bridgeton, New Jersey 08302

APPLICATION SUMMARY FOR PUBLICATION

Date application filed: May 8, 2024

Current Name of facility: South Jersey Extended Care

License number: 060602

Address: 99 Manheim Avenue
Bridgeton, New Jersey 08302

County: Cumberland County

Project Description: This project involves a Transfer of Ownership of the operations of South Jersey Extended Care from H.W./Weidco/Ren, LLC to Bridgeton SNF LLC . The facility is currently licensed to operate 167 long term care beds.

Licensed capacity: 167 long term care beds

Current Licensed Owner: H.W./Weidco/Ren, LLC

Proposed Licensed Owner: Bridgeton SNF LLC

Proposed Name of Facility: Acres Lake at Cohansey

Proposed Management Company None

Owner of Real Estate: Bridgeton H & V Realty, LLC

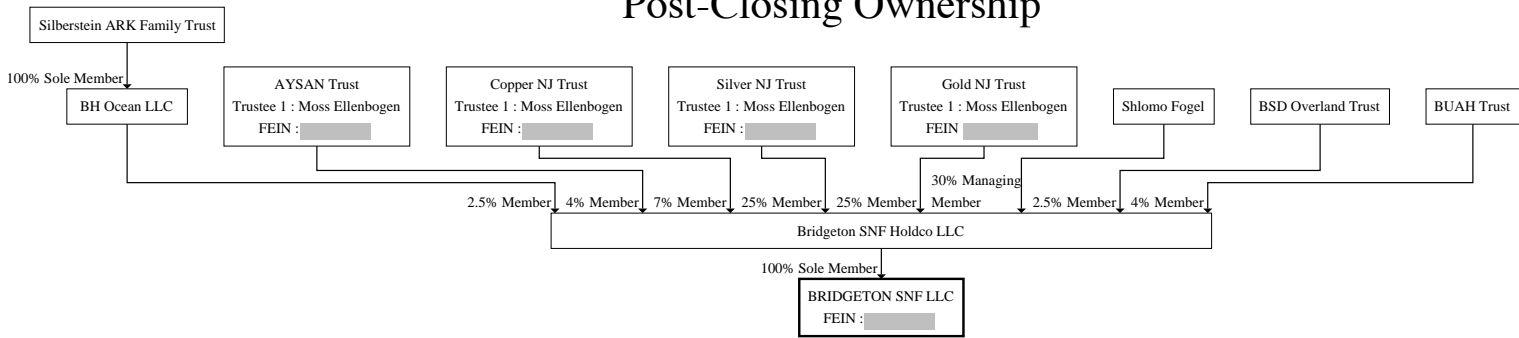
All medical records, both active and inactive, will continue to be stored securely at the facility at 99 Manheim Avenue, Bridgeton, NJ. The contact person will be Joe Beck at telephone number 856-455-2100 or by email at jbeck@fountainspringscm.com

Pre-Closing Ownership
H.W./Weidco/Ren,LLC

H.W./Weidco/Ren, LLC

Mark Weisz
100 %

Post-Closing Ownership



RELATED OWNERSHIP FACILITIES

[BIRCHWOOD REHABILITATION AND HEALTHCARE CENTER](#)

205 Birchwood Ave
Cranford, NJ 07016

[FOUNTAIN SPRINGS AT CAPE MAY NURSING & REHAB CENTE](#)

502 Route 9 North
Cape May Court House, NJ 08210

[PREFERRED CARE AT CUMBERLAND](#)

154 Sunny Slope Drive
Bridgeton, NJ 08302

[ATLAS HEALTHCARE AT DAUGHTERS OF MIRIAM](#)

155 Hazel Street
Clifton, NJ 07011

[LAKELAND NURSING & REHAB](#)

25 Fifth Avenue
Haskell, NJ 07420

[MYSTIC MEADOWS REHAB & NURSING CENTER](#)

151 Ninth Avenue
Little Egg Harbor Tw, NJ 08087

[WATERFRONT REHABILITATION AND HEALTHCARE CENTER](#)

633 State Route 28
Raritan, NJ 08869

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LEASE AGREEMENT

by and among

Bridgeton H & V Realty, LLC

as the Landlord,

and

BRIDGETON SNF LLC

as the Tenant,

dated as of the 1st day of November 2023

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Exhibits

Exhibit A	Legal Description
Exhibit B	Form of Guaranty
Exhibit C	Property Condition Assessment Report
Exhibit D	Form of Letter of Credit

LEASE AGREEMENT

This LEASE AGREEMENT (this “**Lease**”) is made as of the 1st day of November 2023 by and between Bridgeton H & V Realty, LLC (the “**Lessor**”), a New York limited liability company, and Bridgeton SNF LLC (“**Lessee**”), a New Jersey limited liability company.

RECITALS

A. The Lessor owns the real property and improvements thereon, including a skilled nursing facility, located at 99 Manheim Avenue in Bridgeton, New Jersey.

B. Lessee wishes to lease the property from the Lessor, and the Lessor wishes to lease the property to the Lessee, in accordance with the terms and conditions of this Lease.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations, and warranties contained in this Lease, the parties agree as follows:

ARTICLE I: LEASED PROPERTY; TERM

Section 1.1 Leased Property; Term

Upon and subject to the terms and conditions hereinafter set forth, Lessor leases to Lessee and Lessee leases from Lessor all of Lessor’s rights, title, and interest in and to the following property (collectively the “**Leased Property**”) to have and to hold for the Term (as defined herein), unless this Lease is earlier terminated as hereinafter provided:

(a) the tracts, pieces, and parcels of property located at 99 Manheim Avenue, Bridgeton, New Jersey, 08302, as more particularly described by the legal description set forth in **Exhibit A** attached hereto and all easements, rights and appurtenances relating thereto (collectively, the “**Land**”);

(b) all buildings, structures, and other improvements of every kind now or hereafter located on the Land, including alleyways and connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and off-site to the extent Lessor has obtained any interest in the same), parking areas and roadways appurtenant to such buildings and structures and Capital Additions (as hereinafter defined) (collectively, the “**Improvements**”);

(c) all equipment, machinery, fixtures, and other items of real and/or personal property, including all components thereof, now and hereafter located in, on or used in connection with and permanently affixed to or incorporated into the Improvements, including all furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems, apparatus, sprinkler systems, fire and theft protection equipment, and built-in oxygen and vacuum systems, all of which, to the greatest extent

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permitted by law, are hereby deemed to constitute real estate, together with all replacements, modifications, alterations, and additions thereto (collectively, the “**Fixtures**” and together with the Improvements, the “**Leased Improvements**”); and

(d) any machinery, equipment, furniture, or other personal property owned by Lessor, together with all replacements, modifications, alterations, and substitutions therefor (whether or not constituting an upgrade) (collectively, “**Lessor’s Personal Property**”).

ARTICLE II: DEFINITIONS

Section 2.1 Definitions

For all purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular; (ii) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP as at the time applicable; (iii) all references in this Lease to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this Lease; (iv) the word “including” shall have the same meaning as the phrase “including, without limitation,”; and (v) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision. Except as otherwise expressly provided herein, any references herein to specific statutes, ordinances, codes, orders, rules, regulations or other laws shall be deemed to refer to such statutes, ordinances, codes, orders, rules, regulations and laws, in each case as the same may be amended, modified, supplemented or replaced from time to time and to the extent applicable.

1031 Exchange: As defined in Section 18.1.

Additional Charges: As defined in Section 3.2.

Adjustment Date: As defined in Section 3.1.2.

Affiliate: Any Person which, directly or indirectly (including through one or more intermediaries), controls or is controlled by or is under common control with any other Person, including any Subsidiary of a Person. For purposes of this definition, the definition of “Controlling Person” below, and Article XXIV below, the term “control” (including the correlative meanings of the terms “controls,” “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly (including through one or more intermediaries), of the direct or indirect power to direct or cause the direction of the management and policies of such Person, through the ownership or control of voting securities, partnership, membership or other equity interests, by contract or otherwise. Without limiting the generality of the foregoing, when used with respect to any corporation, the term “Affiliate” shall also include

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(i) any Person which owns, directly or indirectly (including through one or more intermediaries), fifty percent (50%) or more of any class of voting security or equity interests of such corporation, (ii) any Subsidiary of such corporation and (iii) any Subsidiary of a Person described in clause (i).

Alteration: Any alteration, or addition or improvement of or to any portion of the Leased Property, including any Capital Addition or Capital Project.

Annual Capital Project Plan: As defined in Section 9.5.1.

Annual Minimum Capital Project Amount: One Hundred Thousand Dollars (\$100,000) for each of the first Lease Year and second Lease Year. Commencing on the third Lease Year and for each Lease Year thereafter during the Term, an amount equal to Two Hundred Dollars (\$200) per bed per year, with the amount for the final Lease Year being prorated based on the number of days in such final Lease Year.

Annual Minimum Capital Project Amount Overage: (a) For the Lease Year ending December 31, 2023, an amount equal to the excess of (i) (x) the Capital Project Costs incurred and paid by Lessee in funding Capital Projects during calendar year 2023 and for which Lessor has received an Officer's Certificate certifying that the applicable item of Capital Project has been completed and verifying the cost of such item of Capital Project and that such cost has actually been paid or incurred by Lessee (together with such additional evidence of the completion thereof and payment therefor as Lessor may reasonably request), less (y) the amounts disbursed by Lessor to Lessee from the Replacement Reserve on account of such Capital Projects in accordance with the terms of Section 9.5.1, over (ii) the Annual Minimum Capital Project Amount for the Lease Year, and (b) for each Lease Year thereafter, an amount equal to the excess of (i) (x) the Capital Project Costs incurred and paid by Lessee in funding Capital Projects in the immediately preceding two (2) Lease Years and for which Lessor has received an Officer's Certificate certifying that the applicable item of Capital Project has been completed and verifying the cost of such item of Capital Project and that such cost has actually been paid or incurred by Lessee (together with such additional evidence of the completion thereof and payment therefor as Lessor may reasonably request), less (y) the amounts disbursed by Lessor to Lessee from the Replacement Reserve on account of such Capital Projects in accordance with the terms of Section 9.5.1, over (ii) the Annual Minimum Capital Project Amount for the prior two (2) Lease Year period.

Appraiser: As defined in Section 34.1.

Award: All compensation or other sums paid or received on a total or partial Condemnation.

Bankruptcy Code: The United States Bankruptcy Code (11 U.S.C. § 101 et seq.), and any successor statute or legislation thereto.

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Business Day: Each Monday, Tuesday, Wednesday, Thursday, and Friday which is not a day on which national banks are authorized, or obligated, by law or executive order, to close.

Capital Additions: Any one or more new buildings, or one or more additional structures annexed to any portion of any of the Leased Improvements, or the material expansion of existing Leased Improvements, which are constructed on any parcel or portion of the Land during the Term including the construction of a new wing or new story, or the repair, replacement, restoration, remodeling, or rebuilding of the existing Leased Improvements or any portion thereof where the purpose and effect of such work is to provide a functionally new facility in order to provide services not previously offered.

Capital Project: Repairs and replacements to the Leased Property, or any portion thereof, which are categorized under GAAP as a capital expense and not as an operating expense.

Capital Project Costs: All reasonable out-of-pocket cost incurred by Lessee in connection with a Capital Project.

Cash Security Deposit: As defined in Section 35.1.

Code: The Internal Revenue Code of 1986, as amended.

Collateral: As defined in Section 16.8.1.

Commencement Date: The date of this Lease.

Comparable Insurance Coverage: As defined in Section 13.1.12.

Condemnation: The exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor or a voluntary sale or transfer by Lessor to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

Condemnor: Any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

Consolidated Net Worth: At any time, with respect to any Person and its consolidated Subsidiaries, on a consolidated basis determined in accordance with GAAP, the Shareholders' Equity of such Person and Subsidiaries, minus the goodwill and other intangible assets of such Person and Subsidiaries.

Controlling Person: With respect to any entity, any (i) Person(s) which, directly or indirectly (including through one or more intermediaries), controls such entity, including any partners, shareholders, principals, members, trustees and/or beneficiaries of any such Person(s) to the extent the same control such entity, and (ii) Person(s) which controls, directly or indirectly (including through one or more intermediaries), any other Person that would constitute a Controlling Person pursuant to the foregoing clause (i).

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Cosmetic Alterations: As defined in Section 10.1.

County: The County or Township in which the Leased Property of the Facility is located.

Date of Taking: The date the Condemnor has the right to possession of the property being condemned.

Environmental Costs: As defined in Section 37.4.

Environmental Laws: Any and all applicable federal, state, municipal, and local laws, statutes, ordinances, rules, regulations, binding and enforceable guidance or policies, orders, decrees, judgments, whether statutory or common law, as amended from time to time, now or hereafter in effect, or promulgated, pertaining to the environment, public health and safety, and industrial hygiene, including the use, generation, manufacture, production, storage, release, discharge, disposal, handling, treatment, removal, decontamination, clean-up, transportation, or regulation of any Hazardous Substance, including the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, and Rodenticide Act, the Safe Drinking Water Act, the Occupational Safety and Health Act, the New Jersey Spill Compensation and Control Act (N.J.S.A. 58:10-23.11 et seq.), and the New Jersey Industrial Site Recovery Act (N.J.S.A. 13:1K-6 et seq.).

Event of Default: As defined in Section 16.1.1.

Extended Term(s): Four (4) renewal terms up to a total of twenty (20) years, which renewal terms shall be five (5) years each in duration.

Facility: The facility being (and to be) operated or proposed to be operated on the Leased Property, together with any Capital Additions thereto, as the context requires.

Facility Condition Standard: A good, safe, and operational condition, in all material respects (damage by casualty or condemnation and ordinary wear and tear excepted), taking into consideration the age of the Facility at the time compliance with such standard is measured, and having no fewer than 193 licensed beds.

Facility Mortgage: As defined in Section 13.1.12.

Facility Mortgage Documents: With respect to each Facility Mortgage and Facility Mortgagee, the applicable Facility Mortgage, loan or credit agreement, lease, note and collateral assignment instruments (including collateral assignments of this Lease) and other documents or instruments evidencing, securing or otherwise relating to the loan made, credit extended, or lease or other financing vehicle pursuant thereto that encumber Lessor's interest in, or otherwise relate to or affect, this Lease or Lessee's obligations hereunder.

Facility Mortgage Reserve Account: As defined in Section 36.3.2.

Facility Mortgagee: As defined in Section 13.1.12.

Fair Market Rental: Determined in accordance with the appraisal procedures set forth in Article XXXIV and this definition: the fair market rental value of the Leased Property and all Capital Additions of the Facility, or applicable portion(s) thereof, assuming the same is exposed on the open market at the time of the appraisal and taking into account, among other relevant factors, the income generated by the Leased Property and all Capital Additions of the Facility, or applicable portion(s) thereof, but specifically excluding brokerage commissions and other Lessor payments that do not directly inure to the benefit of lessees.

Fair Market Value: The fair market value of the Leased Property and all Capital Additions of the Facility, or applicable portion(s) thereof, determined in accordance with the appraisal procedures set forth in Article XXXIV and this definition. Fair Market Value shall be obtained by (i) assuming that the Leased Property and all Capital Additions of the Facility, or applicable portion(s) thereof, are unencumbered by this Lease and (ii) valuing the Leased Property and all Capital Additions of the Facility, or applicable portion(s) thereof, for their highest and best use as a going concern. In determining Fair Market Value in connection with a sale or transfer of the Leased Property and all Capital Additions of the Facility pursuant to the terms of this Lease, the positive or negative effect on the value of the Leased Property and all Capital Additions or applicable portion(s) thereof attributable to the interest rate, amortization schedule, maturity date, prepayment penalty, and other terms and conditions of any encumbrance placed thereon by Lessor which will not be removed at or prior to the date of such sale or transfer shall be taken into account.

Final LC Expiration Date: As defined in Section 35.3.1.

First Extended Term: The first five (5) year extension of the Term.

Fixtures: As defined in Article I.

Fourth Extended Term: The fourth five (5) year extension of the Term.

GAAP: U.S. generally accepted accounting principles.

Governmental Authority: Any court, board, agency, administrative body, commission, office, or other authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city, or otherwise) whether now or hereafter in existence having jurisdiction and enforcing regulatory control over the Facility or Lessee (including, without limitation, any of the foregoing having jurisdiction over the ownership, operation, use, or occupancy of any Leased Property).

Gross Revenues: All revenues received or receivable from or by reason of the operation of the Facility or any other use of the Leased Property, Lessee's Personal Property, Intangible

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Property, and all Capital Additions, including all revenues received or receivable for the use of or otherwise attributable to units, rooms, beds and other facilities provided, meals served, services performed (including ancillary services), space or facilities subleased or goods sold on or from the Leased Property and all Capital Additions of the Facility; provided, however, that Gross Revenues shall not include: (i) bad debt in accordance with GAAP; (ii) non-operating revenues such as interest income or income from the sale of assets not sold in the ordinary course of business; and (iii) federal, state or local excise taxes and any tax based upon or measured by such revenues, where any such federal, state or local excise tax is added to or made a part of the amount billed to the patient or other recipient of such services or goods, whether included in the billing or stated separately. Gross Revenues for each Lease Year of the Facility shall reflect all cost report settlement adjustments, whether positive or negative, received in or payable during such Lease Year in accordance with GAAP relating to health care accounting, regardless of the year to which such settlement amounts are applicable. Gross Revenues shall also include the Gross Revenues of any Occupant under a Sublease (i.e., the Gross Revenues generated from the operations conducted on or from such subleased, licensed or other used or occupied portion of the Leased Property and all Capital Additions of the Facility shall be included directly in the Gross Revenues); provided, however, that the rent received or receivable by Lessee from or under such Sublease shall be excluded from Gross Revenues for such purpose.

Guarantor: Ted Lichtschein (aka Tzvi Lichtschein) and any other future guarantor from time to time of Lessee's obligations under this Lease pursuant to a Guaranty.

Guaranty: That certain Guaranty of Lease of even date hereof, executed and delivered by each Guarantor concurrently herewith, as the same may be amended, supplemented, confirmed or reaffirmed from time to time in accordance with the terms thereof and any future written guaranty of Lessee's obligations hereunder when executed and delivered by a Guarantor pursuant to the terms of this Lease, including Article XXIV.

Handling: As defined in Section 37.4.

Hazardous Substances: Collectively, any petroleum, petroleum product or byproduct, or any dangerous, toxic, or hazardous substance, material, or waste regulated or listed pursuant to any Environmental Law, but excluding pharmaceuticals and other health care products to the extent such pharmaceuticals and products: (i) are related to the Primary Intended Use; (ii) would not be considered "waste" under any Environmental Law other than "solid waste"; and (iii) are used in the ordinary course of business consistent with the Primary Intended Use and in compliance with Health Care Requirements.

Health Care Requirements: With respect to the Facility, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, standards, policies, judgments, decrees and injunctions or agreements, in each case regulating the establishment, construction, ownership, operation, use or occupancy of such Leased Property or

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any part thereof for its Primary Intended Use and all material permits, licenses and authorizations and regulations relating thereto, including all material rules, orders, regulations, and decrees of and agreements with Governmental Authorities as pertaining to such Leased Property.

Impositions: Collectively, all impositions and taxes, including general and special real estate taxes and assessments (together with any excise taxes on such real estate taxes and assessments levied or imposed by any Governmental Authority), fire district taxes, liens, capital stock, franchise, gross margins, and other state, municipal, and local taxes; ad valorem, sales, use, bed taxes, personal property taxes, single business, gross receipts, net worth, transaction privilege, rent, or similar taxes; quality assurance fees or the like; assessments, including assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term; water, sewer, and other utility levies and charges; excise tax levies; fees including license, permit, inspection, authorization, and similar fees; and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character, in the case of each of the foregoing, of Lessor in respect of the Leased Property (including with respect to any tax parcel of which all or any portion of the Leased Property comprises any portion thereof), any Capital Additions and/or the Rent and all interest and penalties thereon attributable to any failure in payment by Lessee, which at any time prior to, during or in respect of the Term hereof may be assessed or imposed on or in respect of or be a lien upon (i) Lessor or Lessor's interest in the Leased Property or any Capital Additions, (ii) the Leased Property, any Capital Additions or any parts thereof, or any rent therefrom or any estate, right, title, or interest therein, or (iii) any occupancy, operation, use or possession of, or sales from or activity conducted on or in connection with the Leased Property, any Capital Additions or the leasing or use of the Leased Property, any Capital Additions or any parts thereof; provided, however, that nothing contained in this Lease shall be construed to require Lessee to pay (a) any income tax based on the net income of Lessor, (b) any transfer tax arising from Lessor's transfer of any interest in any of the Leased Property to any Person except Lessee or its successors, (c) any tax or fee imposed with respect to the sale, exchange or other disposition by Lessor of any Leased Property, any Capital Additions or the proceeds thereof, or (d) except as expressly provided elsewhere in this Lease, any principal or interest or taxes on any indebtedness on the Leased Property for which Lessor is the obligor, except to the extent that any tax, fee, assessment, tax levy or charge, of the type described in any of clauses (a), (b), (c) or (d) above is levied, assessed, or imposed in lieu of or as or as a substitute for any tax, fee assessment, levy, or charge which is otherwise included in this definition of an "Imposition."

Improvements: As defined in Section 1.1.

Indemnified Liabilities: As defined in Section 23.1.

Initial Term: The period of time commencing on the Commencement Date and ending at 11:59 p.m. New Jersey time on October 31, 2033.

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Insurance Requirements: The terms of any insurance policy required by this Lease and all requirements of the issuer of any such policy and of any insurance board, association, organization, or company necessary for the maintenance of any such policy.

Intangible Property: With respect to the Facility, all accounts, proceeds of accounts, rents, profits, income, or revenues derived from the use of rooms or other space within the Leased Property of the Facility or the providing of services in or from the Leased Property and all Capital Additions of the Facility; documents, chattel paper, instruments, contract rights, deposit accounts, general intangibles, commercial tort claims, causes of action, investment property, letter of credit rights, letters of credit, money and securities entitlements, now owned or hereafter acquired by Lessee (including any right to any refund of any Impositions) arising from or in connection with Lessee's operation or use of the Leased Property and all Capital Additions of the Facility; all licenses and permits now owned or hereinafter acquired by Lessee, which are necessary or desirable for Lessee's use of the Leased Property and all Capital Additions of such Facility for its Primary Intended Use, including, if applicable, any certificate of need or similar certificate; the right to use any trade name or other name associated with the Facility; and any and all third-party provider agreements (including Medicare and Medicaid). Notwithstanding the foregoing to the contrary, in each instance in which "Intangible Property" is used in this Lease, to the extent that applicable Legal Requirements prohibit the use, assignment, or other handling or treatment of any of the property, rights, or other interests identified herein as "Intangible Property" in the manner described in or permitted or required by any such provision hereof, then such property, rights, or other interests so restricted by applicable Legal Requirements shall be deemed not to be included as "Intangible Property" for the purposes of such provision.

Key Money: As defined in Section 3.5.

Land: As defined in Section 1.1.

Lease: As defined in the preamble.

Lease Documents: Collectively, this Lease and any Guaranty.

Lease Year: Each calendar year during the Term, provided that the first Lease Year shall be the period commencing on the Commencement Date and ending on December 31 of the calendar year in which the Commencement Date occurs and the last Lease Year shall be the period commencing on January 1 of the calendar year in which this Lease expires or is terminated and ending on the effective date of such expiration or termination.

Leased Improvements: As defined in Section 1.1.

Leased Property: As defined in Section 1.1.

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Leasehold FMV: The fair market value of Lessee's leasehold interest relating to the Facility if exposed on the open market taking into account, among other relevant factors, the income generated from the Leased Property and any Capital Additions for the Facility (utilizing Lessee's actual net operating income generated by the Leased Property and all Capital Additions of the Facility for the trailing twelve (12) whole calendar months immediately preceding the effective date of the subject Transfer), determined by appraisal in accordance with the appraisal procedures set forth in Article XXXIV.

Legal Requirements: With respect to the Facility (a) all federal, state, county, municipal, and other governmental statutes, laws (including all Health Care Requirements and Environmental Laws), rules, policies, guidance, codes, orders, regulations, ordinances, permits, licenses, covenants, conditions, restrictions, judgments, decrees, and injunctions of any Governmental Authority, affecting the Leased Property, Lessee's Personal Property, Intangible Property, and all Capital Additions or the construction, use, or alteration thereof, whether now or hereafter enacted and in force, including any which may (i) require repairs, modifications or alterations in or to the Leased Property, Lessee's Personal Property, and all Capital Additions, (ii) in any way adversely affect the use and enjoyment thereof, or (iii) regulate the transport, handling, use, storage, or disposal or require the cleanup or other treatment of any Hazardous Substance, and (b) all covenants, agreements, restrictions, and encumbrances either now or hereafter of record or known to Lessee affecting the Leased Property.

Lessee: As defined in the preamble.

Lessee Parties: Lessee, any Guarantor and any Subsidiary of Lessee or Guarantor.

Lessee's Personal Property: All of Lessee's right, title and interest in and to all computers, vehicles and consumables relating to the Facility, together with all replacements, modifications, alterations and substitutes therefor (whether or not constituting an upgrade) and any other Personal Property hereafter acquired by Lessee.

Lessor: As defined in the preamble.

Lessor's Personal Property: As defined in Section 1.1.

Letter of Credit: As defined in Section 35.3.1.

Letter of Credit Amount: As defined in Section 35.3.1.

Material Alteration: As defined in Section 10.1.

Minimum Alteration Standards: As defined in Section 10.1.

Minimum Rent: For each Rent Year, the amount of rent as determined by Section 3.1.1 and as the same is increased from time to time in accordance with Sections 3.1.1 and 3.1.2.

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Mold: Mold, mildew, fungus or similar organisms in concentrations or quantities that could reasonably be considered to pose a threat to human health or that are otherwise hazardous or toxic or regulated pursuant to Environmental Law or Mold Remediation Requirements.

Mold Condition: The presence or suspected presence of Mold or any condition(s) that reasonably can be expected to give rise to or indicate the presence of Mold, including observed or suspected instances of water damage or intrusion, the presence of wet or damp wood, cellular wallboard, floor coverings or other materials, inappropriate climate control, discoloration of walls, ceilings or floors, or any notice from a Governmental Authority regarding the indoor air quality due to the presence of Mold at the Leased Property.

Mold Inspector: An industrial hygienist certified by the American Board of Industrial Hygienists or an otherwise qualified mold consultant selected by or otherwise reasonably acceptable to Lessor.

Mold Remediation Requirements: The relevant provisions of the document Mold Remediation in Schools and Commercial Buildings (EPA 402-K-01-001, March 2001), published by the U.S. Environmental Protection Agency, as may be amended or revised from time to time, or any other applicable Legal Requirements, or Environmental Law relating to Mold or Mold Conditions.

Occupancy Arrangement: Any sublease, license or other arrangement with a Person for the right to use, occupy or possess any portion of the Leased Property and/or any Capital Additions.

Occupant: Any Person having rights of use, occupancy or possession under an Occupancy Arrangement.

Officer's Certificate: A certificate of Lessee signed by an officer authorized to so sign by its board of directors or by-laws or by equivalent governing documents or managers.

Overdue Rate: On any date, a rate equal to five percent (5%) above the Prime Rate, but in no event greater than the maximum rate then permitted under applicable law.

Payment Date: Any due date for the payment of Minimum Rent or any other sums payable under this Lease.

Person: Any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

Personal Property: All machinery, furniture and equipment, including phone systems and computers, trade fixtures, inventory (including raw materials, work in process and finished goods), supplies and other tangible personal property used at the Leased Property and Capital Additions of the Facility for their Primary Intended Use, other than Fixtures.

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Primary Intended Use: Long term care facility with a licensed bed capacity of between 167 and 193 beds, and such other uses necessary or incidental to such use and any change to such Primary Intended Use approved by Lessor in accordance with Section 7.2.2 hereof.

Prime Rate: On any date, a rate equal to the annual rate on such date reported in *The Wall Street Journal* to be the prime rate, commonly known as the ‘WSJ Prime Rate.’

Real Estate Tax Impound Account Trigger Event: A failure by Lessee to pay Impositions as and when required by Section 4.1 relating to real estate taxes more than two (2) times during the Term.

Rent: Collectively, the Minimum Rent, Additional Charges, and all other amounts payable under this Lease.

Rent Year: The period commencing on the Commencement Date and ending on June 30, 2024, and each subsequent Rent Year shall be the period of twelve (12) full calendar months after the last day of the prior Rent Year (i.e., each period from July 1 of a calendar year through June 30 of the following calendar year); provided, however, that in each case, the last Rent Year may be a period of less than twelve (12) full calendar months and shall end on the last day of the Term.

Replacement Reserve: As defined in Section 9.5.1.

Required Governmental Approvals: All licenses, permits, accreditations, authorizations, and certifications from any Governmental Authority which are material to or required for (i) the operation of the Facility and any Capital Addition thereto for its Primary Intended Use in accordance with all applicable, material Legal Requirements, including, without limitation, material state facility licenses, certificates of need, permits, provider agreements, and accreditations or certifications from Medicare and/or Medicaid, and (ii) for any other use conducted on the Leased Property of the Facility and any Capital Additions thereto as may be permitted from time to time hereunder in accordance with all applicable, material Legal Requirements.

Second Extended Term: The second five (5) year extension of the Term.

Security Deposit: As defined in Article XXXV.

Shareholders’ Equity: With respect to any Person, the shareholders’, members’ or partners,’ beneficiaries’ or other equity of such Person, determined on a consolidated basis in accordance with GAAP.

State: The State or Commonwealth in which the Leased Property is located.

Sublease: Any commercial (as opposed to resident or patient) Occupancy Arrangement.

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Subsidiaries: Corporations, partnerships, limited liability companies, business trusts or other legal entities with respect to which a Person owns, directly or indirectly (including through one or more intermediaries), more than fifty percent (50%) of the voting stock or partnership, membership or other equity interest, respectively.

Successor Operator: As defined in Section 45.1.4.

Term: The Initial Term, and any Extended Terms thereof, as applicable, unless earlier terminated pursuant to the provisions hereof.

Third Appraiser: As defined in Section 34.1.1.

Third Extended Term: The third five (5) year extension of the Term.

Total Consideration: Shall mean and include money and the fair market value of any services, property and other things of value, including payment of costs, cancellation or forgiveness of indebtedness, discounts, rebates, barter and the like.

Transfer: As defined in Section 24.1.1.

Transfer Consideration: With respect to any Transfer relating to the Facility other than pursuant to a Sublease, "Transfer Consideration" shall mean the greater of: (a) Two Hundred and Fifty Thousand Dollars (\$250,000), (b) fifty percent (50%) of the positive Leasehold FMV of the Facility, and (c) fifty percent (50%) of the Total Consideration (as defined above) payable directly or indirectly to Lessee, to any Controlling Person(s) or to any other Person in exchange for, in connection with, related to or arising out of the transaction(s) as to which such other Transfer is a part. With respect to any Transfer constituting a Sublease of a Facility, "Transfer Consideration" shall mean the greater of: (i) fifty percent (50%) of the positive difference, if any, between the Fair Market Rental and the Minimum Rent payable by Lessee under this Lease determined on a monthly basis with respect to the Facility, prorating such Minimum Rent as appropriate, if less than all of the Facility is Subleased, and (ii) fifty percent (50%) of the Total Consideration payable directly or indirectly to Lessee, to any Controlling Person(s) or to any other Person in exchange for, in connection with, related to or arising out of the transaction(s) as to which such Sublease is a part. Any such Transfer Consideration shall be paid by Lessee to Lessor monthly when the Minimum Rent is due for the Facility.

Transfer Request Submission: As defined in Section 24.1.2(a).

Unsuitable for Its Primary Intended Use: A state or condition of the Facility such that by reason of damage or destruction or Condemnation, in the good faith judgment of Lessor, the Facility cannot be operated on a commercially practicable basis for its Primary Intended Use.

Windstorm and Flood Insurance: As defined in Section 13.4.

ARTICLE III: RENT; ADDITIONAL CHARGES; KEY MONEY

Section 3.1 Rent

Lessee shall pay to Lessor in lawful money of the United States of America which shall be legal tender for the payment of public and private debts, without offset or deduction, the amounts set forth hereinafter as Minimum Rent during the Term. Payments of Minimum Rent shall be made by wire transfer of funds initiated by Lessee to Lessor's account or to such other Person as Lessor from time to time may designate in writing.

3.1.1 Minimum Rent. From and after the Commencement Date and continuing through the Term, Lessee shall pay to Lessor Minimum Rent monthly, in advance on or before the first day of each calendar month, in the amounts set forth in or determined pursuant to the applicable formulas set forth in Section 3.1.2 below (such amounts, as the same shall be increased from time to time in accordance with Section 3.1.2, the "**Minimum Rent**"); provided, however, that (i) the first monthly payment of Minimum Rent shall be payable on the Commencement Date (prorated as to any partial calendar month at the beginning of the Term), (ii) the last monthly payment of Minimum Rent shall be prorated as to any partial calendar month at the end of the Term, and (iii) in the event that the first day of any calendar month is not a Business Day, then such payment shall be due on the next Business Day immediately following such first day of the subject calendar month.

3.1.2 Minimum Rent Schedule and During Initial and Extended Terms.

(a) The Minimum Rent for the First Rent Year shall be equal to Eight Hundred Twenty-Eight Thousand Dollars (\$828,000), which shall be paid monthly in the amount of Sixty-Nine Thousand Dollars (\$69,000,000) per month.

(b) Commencing on the first anniversary of the Commencement Date and on each subsequent anniversary of this date (each such anniversary date being referred to as an "**Adjustment Date**") during the Initial Term, the Minimum Rent in effect immediately preceding the Adjustment Date will be increased by three percent (3%). The Minimum Rent as adjusted will be the Minimum Rent until the next Adjustment Date during the Initial Term.

(c) Upon the commencement of the First Extended Term, the Minimum Rent shall be reset in an amount equal to the greater of (i) the then Fair Market Rental for the Facility or (ii) the Minimum Rent for the immediately preceding Rent Year plus three percent (3%).

(d) Commencing on the first anniversary of the commencement of the First Extended Term, and on each subsequent Adjustment Date during the First Extended Term, the Minimum Rent in effect immediately preceding the Adjustment Date will be increased by three percent (3%). The Minimum Rent as adjusted will

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be the Minimum Rent until the next Adjustment Date during the First Extended Term.

(e) Upon the commencement of the Second Extended Term, the Minimum Rent shall be reset in an amount equal to the greater of (i) the then Fair Market Rental for the Facility or (ii) the Minimum Rent for the immediately preceding Rent Year plus three percent (3%).

(f) Commencing on the first anniversary of the commencement of the Second Extended Term, and on each subsequent Adjustment Date during the Second Extended Term, the Minimum Rent in effect immediately preceding the Adjustment Date will be increased by three percent (3%). The Minimum Rent as adjusted will be the Minimum Rent until the next Adjustment Date during the Second Extended Term.

(g) Upon the commencement of the Third Extended Term, the Minimum Rent shall be reset in an amount equal to the greater of (i) the then Fair Market Rental for the Facility or (ii) the Minimum Rent for the immediately preceding Rent Year plus three percent (3%).

(h) Commencing on the first anniversary of the commencement of the Third Extended Term, and on each subsequent Adjustment Date during the Third Extended Term, the Minimum Rent in effect immediately preceding the Adjustment Date will be increased by three percent (3%). The Minimum Rent as adjusted will be the Minimum Rent until the next Adjustment Date during the Third Extended Term.

(i) Upon the commencement of the Fourth Extended Term, the Minimum Rent shall be reset in an amount equal to the greater of (i) the then Fair Market Rental for the Facility or (ii) the Minimum Rent for the immediately preceding Rent Year plus three percent (3%).

(j) Commencing on the first anniversary of the commencement of the Fourth Extended Term, and on each subsequent Adjustment Date during the Fourth Extended Term, the Minimum Rent in effect immediately preceding the Adjustment Date will be increased by three percent (3%). The Minimum Rent as adjusted will be the Minimum Rent until the next Adjustment Date during the Fourth Extended Term.

Section 3.2 Additional Charges

In addition to the Minimum Rent, (i) subject to Article XII regarding permitted contests, Lessee shall also pay and discharge as and when due and payable all other amounts, liabilities, obligations and Impositions which Lessee assumes or agrees to pay under this Lease in accordance

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with the terms hereof; and (ii) in the event of any failure on the part of Lessee to pay any of those items referred to in clause (i) above, Lessee shall also promptly pay and discharge every fine, penalty, interest, and cost which may be added for non-payment or late payment of such items (the items referred to in clauses (i) and (ii) above being referred to herein collectively as the "Additional Charges"), and Lessor shall have all legal, equitable, and contractual rights, powers, and remedies provided either in this Lease or by statute or otherwise in the case of non-payment of the Additional Charges as in the case of non-payment of the Minimum Rent.

Section 3.3 Late Payment of Rent

LESSEE HEREBY ACKNOWLEDGES THAT LATE PAYMENT BY LESSEE TO LESSOR OF RENT WILL CAUSE LESSOR TO INCUR COSTS NOT CONTEMPLATED HEREUNDER, THE EXACT AMOUNT OF WHICH IS PRESENTLY ANTICIPATED TO BE EXTREMELY DIFFICULT TO ASCERTAIN. ACCORDINGLY, IF ANY INSTALLMENT OF RENT OTHER THAN ADDITIONAL CHARGES PAYABLE TO A PERSON OTHER THAN LESSOR SHALL NOT BE PAID ON OR BEFORE ITS DUE DATE, LESSEE WILL PAY LESSOR A LATE CHARGE EQUAL TO THE LESSER OF (I) FIVE PERCENT (5%) OF THE AMOUNT OF SUCH PAYMENT DUE OR (II) THE MAXIMUM AMOUNT PERMITTED BY LAW. THE PARTIES AGREE THAT THIS LATE CHARGE REPRESENTS A FAIR AND REASONABLE ESTIMATE OF THE COSTS THAT LESSOR WILL INCUR BY REASON OF LATE PAYMENT BY LESSEE. THE PARTIES FURTHER AGREE THAT SUCH LATE CHARGE IS RENT AND NOT INTEREST AND SUCH ASSESSMENT DOES NOT CONSTITUTE A LENDER OR BORROWER/CREDITOR RELATIONSHIP BETWEEN LESSOR AND LESSEE. IN ADDITION, THE AMOUNT UNPAID, INCLUDING ANY LATE CHARGES, SHALL BEAR INTEREST AT THE OVERDUE RATE COMPOUNDED MONTHLY FROM THE DUE DATE OF SUCH INSTALLMENT TO THE DATE OF PAYMENT THEREOF, AND LESSEE SHALL PAY SUCH INTEREST TO LESSOR. ALL LATE CHARGES AND INTEREST SHALL BE DUE AUTOMATICALLY WITHOUT DEMAND OR NOTICE. THE PAYMENT OF SUCH LATE CHARGE OR SUCH INTEREST SHALL NOT CONSTITUTE WAIVER OF, NOR EXCUSE OR CURE, ANY DEFAULT UNDER THIS LEASE, NOR PREVENT LESSOR FROM EXERCISING ANY OTHER RIGHTS AND REMEDIES AVAILABLE TO LESSOR.

LESSOR'S INITIALS:



LESSEE'S INITIALS:



Section 3.4 Net Lease

This Lease is and is intended to be what is commonly referred to as a "net, net, net" or "triple net" lease. The Rent shall be paid absolutely net to Lessor, so that this Lease shall yield to

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Lessor the full amount or benefit (as applicable), of the installments of Minimum Rent and Additional Charges throughout the Term.

Section 3.5 Key Money

In consideration of the Lessor's grant of this Lease and the extended business opportunity to be afforded the Lessee as a result thereof, and as a condition precedent to the effectiveness of this Lease and any rights to an extension of the Term, upon execution of this Lease, Lessee shall pay, or cause the prior tenant H.W./WEIDCO/REN, LLC to pay, the sum of Two Hundred Fifty Thousand Dollars (\$250,000) (the "**Key Money**"), over and above the Rent. Such Key Money shall be paid to Lessor by wire transfer of immediately available funds concurrently with the execution of this Lease and is earned immediately upon receipt.

ARTICLE IV: IMPOSITIONS

Section 4.1 Impositions

4.1.1 Subject to Article XII regarding permitted contests, Lessee shall pay, or cause to be paid, all Impositions before any fine, penalty, interest, or cost is added for nonpayment. Lessee shall make such payments directly to the taxing authorities or to such other Person requiring payment of Impositions, and promptly furnish to Lessor copies of official receipts or other satisfactory proof evidencing such payments.

4.1.2 Lessor shall prepare and file all tax returns, extensions, and reports in compliance with all material Legal Requirements with respect to Lessor's net income, gross receipts, franchise taxes, and taxes on its capital stock, and Lessee shall prepare and file all other tax returns and reports as may be required by Legal Requirements with respect to or relating to the Leased Property, all Capital Additions, Lessee's Personal Property, and Intangible Property. Any refund due from any taxing authority in respect of any Imposition paid by Lessee shall be paid over to or retained by Lessee for so long as no Event of Default shall have occurred hereunder and be continuing; provided, however, that if an Event of Default has occurred hereunder and is continuing, then such refund shall be paid over to or retained by Lessor and applied to the payment of Lessee's obligations under this Lease in such order of priority as Lessor shall determine.

4.1.3 Lessor and Lessee shall, upon request of the other, provide such data as is maintained by the party to whom the request is made with respect to the Leased Property and all Capital Additions as may be necessary to prepare any required returns and reports. If any property covered by this Lease is classified as personal property for tax purposes, Lessee, to the extent required to comply with Legal Requirements, shall file all personal property tax returns in such jurisdictions in compliance with all material Legal Requirements. Lessor, to the extent it possesses the same, and Lessee, to the extent it

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possesses the same, shall provide the other party, upon request, with cost and depreciation records necessary for filing returns for any property so classified as personal property.

4.1.4 Lessee may, upon notice to Lessor, at Lessee's option and at Lessee's sole cost and expense, protest, appeal, or institute such other proceedings as Lessee may deem appropriate to effect a reduction of real estate or personal property assessments and Lessor, at Lessee's expense as aforesaid, shall reasonably cooperate with Lessee in such protest, appeal, or other action but at no cost or expense to Lessor.

4.1.5 It is Lessee's responsibility to monitor and be apprised of the due dates and amounts due of all Impositions payable by Lessee hereunder. As a courtesy, Lessor may from time to time give notice to Lessee of any Impositions payable by Lessee hereunder of which Lessor has knowledge, but Lessor's failure to give any such notice shall in no way diminish Lessee's obligations hereunder to pay such Impositions.

4.1.6 Impositions imposed or assessed in respect of the tax-fiscal period during which the Term terminates shall be adjusted and prorated between Lessor and Lessee, whether or not such Imposition is imposed or assessed before or after such termination, and Lessee's obligation to pay its prorated share thereof shall survive such termination.

Section 4.2 Utility Charges

Lessee shall pay or cause to be paid all charges for electricity, power, gas, oil, water, and other utilities used in the Leased Property and all Capital Additions. Lessee shall also pay or reimburse Lessor for all out-of-pocket costs and expenses of any kind whatsoever which at any time with respect to the Term hereof may be imposed against Lessor by reason of any covenants, conditions, and/or restrictions affecting the Leased Property, any Capital Additions and/or any part(s) thereof, or with respect to easements, licenses, or other rights over, across, or with respect to any adjacent or other property which benefits the Leased Property and/or any Capital Additions, including any and all out-of-pocket costs and expenses associated with any utility, drainage, and parking easements.

Section 4.3 Insurance Premiums

Lessee shall pay or cause to be paid all premiums for the insurance coverage required to be maintained by Lessee hereunder.

Section 4.4 Impound Account

4.4.1 Upon the occurrence and during the continuance of a Real Estate Tax Impound Account Trigger Event, Lessee shall deposit, at the time of any payment of Minimum Rent, an amount equal to one-twelfth (1/12th) of Lessee's estimated annual Impositions relating to real estate taxes, of every kind and nature, required pursuant to

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Section 4.1 in a segregated impound account as directed by Lessor. Such amounts shall be applied to the payment of the obligations in respect of which said amounts were deposited in such order or priority as Lessor shall determine, on or before the respective dates on which the same or any of them would become delinquent. Nothing in this Section 4.4.1 shall be deemed to affect any other right or remedy of Lessor hereunder.

4.4.2 [Intentionally omitted]

4.4.3 No amount deposited with Lessor or into an impound account established pursuant to this Section 4.4 shall be or be deemed to be escrow or trust funds, provided that all amounts deposited with Lessor shall be held in segregated accounts as designated by and under the control of Lessor. Any amounts deposited with Lessor or contained in any impound account established pursuant to this Section 4.4 shall be solely for the protection of Lessor and the Leased Property and entail no responsibility on Lessor's part beyond the timely application of such amounts as provided above. The cost of administering any impound accounts shall be paid by Lessee. In the event of a transfer of Lessor's interest in the Leased Property or an assignment of Lessor's interest in this Lease, Lessor shall transfer to the transferee the amounts deposited by Lessee in any impound account established by Lessor pursuant to this Section 4.4 with respect to such Facility and thereupon shall, without any further agreement between the parties, be released by Lessee from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of such amounts to such a transferee/assignee. The amounts deposited by Lessee (or by a transferee of Lessor's interest, as described above) in any impound account established by Lessor pursuant to this Section 4.4 may also be assigned as security in connection with a Facility Mortgage. Nothing contained in this Section 4.4.3 shall be deemed to affect any other right or remedy of Lessor hereunder.

Section 4.5 Tax Service

During the Term, Lessee shall provide Lessor with copies of any reports prepared by any third-party tax reporting service or consultant monitoring the timely payment of Impositions by Lessee under this Lease promptly upon Lessor's request for such reports. Notwithstanding the foregoing, Lessor retains the right at any time during the Term, at its election and expense, to separately engage a third-party tax reporting service or consultant for the purpose of monitoring the timely payment of Impositions by Lessee under this Lease and Lessee shall reasonably cooperate with Lessor and any such a third-party tax reporting service or consultant engaged by Lessor.

ARTICLE V: TERMINATION

Section 5.1 No Termination, Abatement, etc.

Except as otherwise specifically provided in this Lease, Lessee shall remain bound by this Lease in accordance with its terms and shall not seek or be entitled to any abatement, deduction, deferment, or reduction of Rent, or set-off against the Rent. Except as otherwise specifically provided in this Lease, the respective obligations of Lessor and Lessee shall not be affected by reason of (i) any damage to or destruction of the Leased Property, any Capital Additions, and/or any part(s) thereof from whatever cause and/or any Condemnation of the Leased Property, any Capital Additions, and/or any part(s) thereof; (ii) the lawful or unlawful prohibition of, or restriction upon, Lessee's use of the Leased Property, any Capital Additions, and/or any part(s) thereof, or the interference with such use by any Person (other than Lessor in contravention of this Lease) or by reason of eviction by paramount title; (iii) any claim that Lessee has or might have against Lessor by reason of any default or breach of any warranty by Lessor hereunder or under any other agreement between Lessor and Lessee or to which Lessor and Lessee are parties; (iv) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up, or other proceedings affecting Lessor or any assignee or transferee of Lessor; or (v) for any other cause, whether similar or dissimilar to any of the foregoing, other than a discharge of Lessee from any such obligations as a matter of law. Lessee hereby specifically waives all rights arising from any occurrence whatsoever which may now or hereafter be conferred upon it by law (a) to modify, surrender, or terminate this Lease or quit or surrender the Leased Property, any Capital Additions, and/or any part(s) thereof; or (b) which may entitle Lessee to any abatement, reduction, suspension, or deferment of the Rent or other sums payable by Lessee hereunder, except as otherwise specifically provided in this Lease. The obligations of Lessor and Lessee hereunder shall be separate and independent covenants and agreements and the Rent and all other sums payable by Lessee hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease or by termination of this Lease other than by reason of an Event of Default.

Section 5.2 Early Termination

In the event that Lessor exercises its right pursuant to a provision of this Lease to terminate this Lease prior to the expiration of the Term, Lessor may effectuate such termination in stages so as to facilitate the orderly transfer of the operations to a Successor Operator.

ARTICLE VI: OWNERSHIP OF LEASED PROPERTY

Section 6.1 Ownership of the Leased Property

Lessee acknowledges that the Leased Property is the property of Lessor and that Lessee has the right to the exclusive possession and use of the Leased Property only upon the terms and

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conditions of this Lease. Upon the expiration or earlier termination of this Lease, Lessee shall, at its expense, repair, and restore the Leased Property to the condition required by Section 9.1.4.

Section 6.2 Personal Property

During the Term, Lessee shall, as necessary to operate and maintain the Facility in accordance with all material terms of this Lease, and at its expense, install, affix, assemble, or place on any parcels of the Land or in any of the Leased Improvements, any items of Lessee's Personal Property and replacements thereof which shall be the property of and owned by Lessee. Except as provided in Sections 6.3 and 16.9, Lessor shall have no rights to Lessee's Personal Property or Lessee's Intangible Property. With respect to the Facility, Lessee shall provide and maintain during the entire Term all Personal Property necessary in order to operate the Facility (i) in compliance with all Required Governmental Approvals, and (ii) in material compliance with all Legal Requirements and all Insurance Requirements and otherwise in accordance with customary practice in the industry for the Primary Intended Use. In addition, Lessee shall (at its own expense and subject to the immediately preceding sentence) be permitted to replace, modify, alter, or substitute any of Lessor's Personal Property that has become obsolete or worn out with personal property of equal or better quality. Any such replacements, modifications, alterations, or substitutions (whether or not upgrades thereof) shall become Lessor's Personal Property.

Section 6.3 Transfer of Personal Property and Capital Additions to Lessor

Upon the expiration or earlier termination of this Lease, all Capital Additions not owned by Lessor shall become the property of Lessor, free of any encumbrance, and all or any portion of Lessee's Personal Property (including motor vehicles owned or leased by Lessee that are used to transport residents/patients or in connection with the Facility) relating to the Facility shall, if so elected by Lessor, become the property of Lessor, free of any encumbrance, and Lessee shall execute all documents and take any actions reasonably necessary to evidence such ownership and discharge any encumbrance thereon; provided that the foregoing shall not derogate from the provisions of Section 45.1.4. If Lessor does not so elect to acquire any portion of the Lessee's Personal Property, Lessee shall remove any such items of Lessee's Personal Property that Lessor has not so elected to acquire upon such expiration or earlier termination of this Lease. Notwithstanding the foregoing or anything to the contrary in this Lease, upon the expiration or earlier termination of this Lease, Lessor shall not be obligated to reimburse Lessee for any replacements, rebuilding, alterations, additions, substitutions, and/or improvements that are surrendered as part of or with the Leased Property or Capital Additions or at the Lease Property upon the expiration or earlier termination of this Lease.

ARTICLE VII: CONDITION OF LEASED PROPERTY

Section 7.1 Condition of the Leased Property

Lessee acknowledges it has leased the Leased Property on a long-term basis prior to the Commencement Date of this Lease and Lessee accepts receipt and delivery of possession of the Leased Property "AS IS" and confirms that Lessee has examined and otherwise has knowledge of the condition of the Leased Property prior to the execution and delivery of this Lease. Regardless, however, of any examination or inspection made by Lessee and whether or not any patent or latent defect or condition was revealed or discovered thereby, Lessee is leasing the Leased Property "AS IS" in its condition as of the Commencement Date of this Lease. Lessee waives any claim or action against Lessor in respect of the condition of the Leased Property including any defects or adverse conditions not discovered or otherwise known by Lessee as of the Commencement Date of this Lease. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTY OR ANY PART THEREOF, EITHER AS TO ITS TITLE, FITNESS FOR USE, DESIGN, OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, OR AS TO THE NATURE OR QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, OR THE EXISTENCE OF ANY HAZARDOUS SUBSTANCE, MOLD, OR MOLD CONDITION, IT BEING AGREED THAT ALL SUCH RISKS, LATENT OR PATENT, ARE TO BE BORNE SOLELY BY LESSEE INCLUDING ALL RESPONSIBILITY AND LIABILITY FOR ANY (I) ENVIRONMENTAL REMEDIATION AND COMPLIANCE WITH ALL ENVIRONMENTAL LAWS AND (II) MOLD REMEDIATION AND COMPLIANCE WITH ALL MOLD REMEDIATION REQUIREMENTS.

Section 7.2 Use of the Leased Property

7.2.1 Lessee covenants that it will obtain and maintain all Required Governmental Approvals with respect to the Facility (including for any Capital Additions to the Facility).

7.2.2 Lessee shall use or cause to be used the Leased Property, all Capital Additions, and the improvements thereon of the Facility only for the Primary Intended Use and for no other uses, except for areas reasonably required for office, storage space, or ancillary service uses incidental to the Primary Intended Use. No change to the Primary Intended Use of the Facility shall be permitted hereunder without the prior written consent of Lessor, which consent may be granted or withheld in Lessor's reasonable discretion. In no event shall Lessee be permitted to change the Primary Intended Use of the Facility to any other use that diminishes the Fair Market Value or Fair Market Rental value of the Leased Property and Capital Additions.

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7.2.3 Subject to any reasonable interruptions in operations as a result of (i) casualty or condemnation and the restoration thereof in accordance with the applicable provisions of Article XIV and/or Article XV hereof, or (ii) the remediation of any environmental condition in accordance with the applicable provisions of Section 37.3 hereof, Lessee shall operate continuously the entire Leased Property and all Capital Additions of the Facility in accordance with the Primary Intended Use of the Facility. Lessee shall devote the entirety of the Facility and all Capital Additions thereto to the Primary Intended Use, except for areas reasonably required for office, storage space, or ancillary service uses incidental to the Primary Intended Use. Lessee shall not modify the services offered or take any other action (e.g., removing patients or residents from the Facility or directing patients or residents, or prospective patients or residents, to another facility) which would materially reduce Gross Revenues or the Fair Market Value of the Facility.

7.2.4 Lessee shall conduct its business at the Facility in conformity with standards that meet or exceed the standards of the Facility's operations as of the Commencement Date and in a manner consistent with normal and customary standards of patient or resident care practice (as the same may change from time to time during the Term) provided in similar facilities in the State.

7.2.5 Lessee shall not commit any physical waste on the Leased Property and/or on or to any Capital Additions.

7.2.6 Lessee shall not permit the Leased Property, any Capital Additions, or any part(s) thereof, or Lessee's Personal Property, to be used in such a manner as (i) is reasonably likely to impair Lessor's title thereto or to any portion thereof or (ii) may make reasonably likely a claim of adverse use or possession, or an implied dedication of the Leased Property, any Capital Additions or any part(s) thereof.

ARTICLE VIII: COMPLIANCE

Section 8.1 Compliance with Legal and Insurance Requirements, Instruments, Etc.

Subject to Article XII regarding permitted contests, Lessee, at no expense to Lessor, shall promptly comply with all material Legal Requirements and material Insurance Requirements regarding the use, operation, maintenance, repair, and restoration of the Leased Property, Lessee's Personal Property, Intangible Property, and all Capital Additions whether or not compliance therewith may require structural changes in any of the Leased Improvements or any Capital Additions or interfere with the use and enjoyment of the Leased Property and (ii) procure and maintain and comply with all Required Governmental Approvals. At any time following the occurrence and during the continuance of any Event of Default, Lessor may, but shall not be

obligated to, enter upon the Leased Property and all Capital Additions and take such actions and incur such costs and expenses to effect such compliance as it deems advisable (exercising its commercially reasonable judgment) to protect its interest in the Leased Property and all Capital Additions, and Lessee shall reimburse Lessor for all such costs and expenses so incurred by Lessor in connection with such actions. Lessee covenants and agrees that the Leased Property, Lessee's Personal Property, Intangible Property, and all Capital Additions shall not be used for any unlawful purpose.

ARTICLE IX: MAINTENANCE AND REPAIR

Section 9.1 Maintenance and Repair

9.1.1 Lessee shall, at no expense to Lessor, maintain the Leased Property, and every portion thereof, Lessee's Personal Property, and all Capital Additions, and all private roadways, sidewalks, and curbs appurtenant to the Leased Property, and which are under Lessee's control in good order and repair (to the extent necessary to maintain continued operation of the same in a manner consistent with the standard set forth in Section 7.2.4) whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements, or age of the Leased Property, Lessee's Personal Property, and all Capital Additions, and, with reasonable promptness, Lessee shall make or cause to be made all necessary and appropriate repairs thereto of every kind and nature, including, without limitation, those identified in the property condition assessment report attached hereto as **Exhibit C** and those necessary to comply with changes in any material Legal Requirements, whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen, or arising by reason of a condition existing prior to the Commencement Date. All repairs shall be at least equivalent in quality to the original work. Lessee will not take any action, the taking of which would reasonably be expected to materially impair the value or the usefulness of the Leased Property, any Capital Additions, or any part(s) thereof for continued operation thereof, in a manner consistent with the standard set forth in Section 7.2.4, for the Primary Intended Use.

9.1.2 Lessor shall not under any circumstances be required to (i) build or rebuild any improvements on the Leased Property or any Capital Additions; (ii) make any repairs, replacements, alterations, restorations, or renewals of any nature to the Leased Property, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto; (iii) maintain the Leased Property or any Capital Additions in any way; or (iv) repair or replace any of the Leased Property. Lessee hereby waives, to the extent permitted by law, the right to make repairs at the expense of Lessor pursuant to any law in effect at the time of the execution of this Lease or hereafter enacted.

9.1.3 Nothing contained in this Lease and no action or inaction by Lessor shall be construed as (i) constituting the consent or request of Lessor, expressed or implied, to any contractor, subcontractor, laborer, materialman, or vendor to or for the performance of any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair, or demolition of or to the Leased Property, any Capital Additions, or any part(s) thereof; or (ii) giving Lessee any right, power, or permission to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor in respect thereof or to make any agreement that may create any right, title, interest, lien, valid claim, or other encumbrance upon the estate of Lessor in the Leased Property, any Capital Additions, or any part(s) thereof other than inchoate mechanics liens resulting from work permitted to be done at the Leased Properties in accordance with this Lease, subject to the terms hereof with respect thereto.

9.1.4 Unless Lessor shall convey any of the Leased Property to Lessee pursuant to the provisions of this Lease, Lessee shall, upon the expiration or earlier termination of the Term, vacate and surrender the Leased Property, Lessee's Personal Property, and Intangible Property that Lessor elects to acquire with respect thereto, and all Capital Additions thereto to Lessor in a condition which is in compliance with the Facility Condition Standard on such date of expiration or earlier termination of the Term. For the avoidance of doubt, Lessee shall not be obligated to remove any Alterations, Capital Additions, or Capital Projects that were permitted by the provisions of this Lease or otherwise approved by Lessor.

Section 9.2 Encroachments, Restrictions, Mineral Leases, Etc.

If any of the Leased Improvements or Capital Additions shall, at any time, encroach upon any property, street, or right-of-way, or shall violate any restrictive covenant or other agreement affecting the Leased Property, any Capital Additions, or any parts thereof, or shall impair the rights of others under any easement or right-of-way to which the Leased Property is subject, or the use of the Leased Property or any Capital Additions is impaired, limited, or interfered with by reason of the exercise of the right of surface entry or any other provision of a lease or reservation of any oil, gas, water, or other minerals, then promptly upon the request of Lessor or any Person affected by any such encroachment, violation or impairment, Lessee, at its sole cost and expense, but subject to its right to contest the existence of any such encroachment, violation or impairment, shall protect, indemnify, save harmless, and defend Lessor and its Affiliates from and against all losses, liabilities, obligations, claims, damages, penalties, causes of action, costs, and expenses (including reasonable attorneys', consultants', and experts' fees and expenses) based on or arising by reason of any such encroachment, violation, or impairment. In the event of an adverse final determination with respect to any such encroachment, violation, or impairment by a court or regulatory authority having jurisdiction with respect thereto, Lessee shall either (i) obtain valid

and effective waivers or settlements of all claims, liabilities, and damages resulting from each such encroachment, violation, or impairment, whether the same shall affect Lessor or Lessee; or make such changes in the Leased Improvements and any Capital Addition, and take such other actions to remove such encroachment or to end such violation or impairment, including, if necessary, the alteration of any of the Leased Improvements or any Capital Addition, and in any event take all such actions as may be necessary in order to be able to continue the operation of the Leased Improvements and any Capital Addition for the Primary Intended Use substantially in the manner and to the extent the Leased Improvements and Capital Additions were operated prior to the assertion of such encroachment, violation, or impairment. Lessee's obligations under this Section 9.2 shall be in addition to and shall in no way discharge or diminish any obligation of any insurer under any policy of title or other insurance and, to the extent the recovery thereof is not necessary to compensate Lessor for any damages incurred by any such encroachment, violation, or impairment, Lessee shall be entitled to a credit for any sums recovered by Lessor under any such policy of title or other insurance.

Section 9.3 **[Intentionally omitted]**

Section 9.4 **[Intentionally omitted]**

Section 9.5 **Capital Projects Funded by Lessee**

9.5.1 Without in any way limiting Lessee's obligations under this Article IX, Lessee shall expend during each Lease Year during the Term, no less than the Annual Minimum Capital Project Amount for Capital Projects, including all Capital Projects identified in the property condition assessment report attached hereto as **Exhibit C**. Such Capital Projects shall be performed and completed in compliance with the applicable provisions of this Lease, including Article X. With respect to the each Lease Year, Lessee shall furnish to Lessor: (i) not later than thirty (30) days prior to such Lease Year, a report of Capital Projects planned for the Facility for the coming Lease Year, including directional guidance on Lessee's estimated total Capital Project Costs for such Lease Year (such report, the "**Annual Capital Project Plan**"), which report shall set forth in reasonable detail the budget for such planned Capital Projects, and (ii) promptly following the expiration of such Lease Year, reasonable documentary evidence as to the completion of all Capital Projects for such Lease Year required pursuant to this Section 9.5, together with the costs thereof. If Lessee fails to expend during any Lease Year the applicable Annual Minimum Capital Project Amount for Capital Projects, then Lessee shall promptly deposit with Lessor as a repair and replacement reserve (the "**Replacement Reserve**") for Capital Projects, an amount equal to (x) the Annual Minimum Capital Project Amount less (y) the sum of (i) the amounts expended by Lessee during such Lease Year on account of Capital Projects and (ii) the Annual Minimum Capital Project Amount Overage (if applicable), and, so long as Lessee otherwise maintains the Facility in the condition required by this Lease, once such deposit has been made Lessee shall not be deemed to be in default of its

obligations under this Section 9.5 for Lessee's failure to expend during such Lease Year the applicable Annual Minimum Capital Project Amount for Capital Projects. With respect to any Lease Year, within sixty (60) days of request of Lessor, Lessee shall submit to Lessor an update to the Annual Capital Project Plan for such Lease Year, which shall include updated directional guidance on Lessee's estimated total Capital Project Costs for such Lease Year.

9.5.2 In addition to the foregoing:

(a) So long as no Event of Default or event or circumstance which with notice or passage of time, or both, would constitute an Event of Default hereunder has occurred, if (i) the Replacement Reserve has been established and (ii) Lessee expends in any Lease Year an amount in excess of the applicable Annual Minimum Capital Project Amount for Capital Projects, upon Lessee's request, Lessor shall, to the extent funds are available for such purpose in such Replacement Reserve, disburse to Lessee the Capital Project Costs incurred and paid by Lessee during such Lease Year in performing such Capital Projects in excess of the applicable Annual Minimum Capital Project Amount for such Lease Year.

(b) Any such disbursement from the Replacement Reserve shall be paid by Lessor to Lessee within thirty (30) days following: (i) receipt by Lessor of a written request from Lessee for disbursement from the Replacement Reserve; and (ii) receipt by Lessor of an Officer's Certificate certifying that (1) the applicable item of Capital Project (or portion thereof for which reimbursement is being sought) has been completed and verifying the cost paid or incurred by Lessee for such item of Capital Project or portion thereof for which reimbursement is being sought (together with such additional evidence of the completion thereof and payment therefor as Lessor may reasonably request), (2) Lessee has received lien waivers from all materialmen, laborers, subcontractors and any other parties who might or could claim statutory or common law liens for the work related to such applicable item of Capital Project (or portion thereof for which reimbursement is being sought), and (3) Lessee has expended in the applicable Lease Year an amount in excess of the applicable Annual Minimum Capital Project Amount for Capital Projects. Lessor shall not be required to make advances from the Replacement Reserve more frequently than once in any thirty (30) day period.

9.5.3 No funds in the Replacement Reserve shall be (or be deemed to be) escrow or trust funds, but, all funds delivered by Lessee pursuant to this Section 9.5 shall be held by Lessor in a segregated account designated and controlled by Lessor. The Replacement Reserves are solely for the protection of Lessor and the Leased Property of the Facility and entail no responsibility on Lessor's part beyond the payment of the respective items for which they are held following receipt of bills, invoices or statements therefor in accordance

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with the terms of this Section 9.5 and beyond the allowing of due credit for the sums actually received. Upon assignment of this Lease by Lessor, any funds in the Replacement Reserve shall be turned over to the assignee and any responsibility of Lessor, as assignor, with respect thereto shall terminate. The amounts deposited by Lessee with Lessor in the Replacement Reserve may also be assigned as security in connection with the Facility Mortgage.

9.5.4 If any funds remain in the Replacement Reserve upon the expiration or earlier termination of this Lease, then the funds held in such Replacement Reserve shall be paid over to Lessor as an Additional Charge and Rent under this Lease for purposes of making necessary repairs to such Facilities and shall be in addition to Minimum Rent and all other Additional Charges payable hereunder.

Section 9.6 **[Intentionally omitted]**

Section 9.7 **Inspections; Due Diligence Fee**

9.7.1 Without limiting Lessor's rights pursuant to Section 26.1 hereof, at any reasonable time during the Term during normal business hours and on reasonable advance notice, or upon the expiration or any earlier termination of this Lease, Lessor and its agents shall have the right to inspect the Leased Property and all systems contained therein to determine Lessee's compliance with its obligations under this Lease.

9.7.2 Upon the occurrence and during the continuation of an Event of Default, Lessee shall reimburse to Lessor, as an Additional Charge under this Lease, all reasonable out-of-pocket costs and expenses incurred by Lessor in connection with any inspection of the Leased Property performed by Lessor as provided for in Section 9.7.1 above promptly following Lessee's receipt of Lessor's invoice therefor.

9.7.3 No inspection by Lessor or failure by Lessor following an inspection to discover any non-compliance by Lessee with respect to Lessee's obligations under this Lease shall be deemed or construed to estop Lessor or to be a waiver by Lessor from requiring full compliance by Lessee of Lessee's obligations hereunder.

ARTICLE X: ALTERATIONS

Section 10.1 **Construction of Alterations**

Without the prior written consent of Lessor, which consent shall not be unreasonably withheld to the extent that the Alteration satisfies the Minimum Alteration Standards (as defined below), Lessee shall not (a) make any material Capital Additions or structural Alterations, (b) materially enlarge or reduce the size of the Facility or otherwise materially alter or affect (other than replacement thereof) any main Facility systems, including any main plumbing, electrical, or heating, ventilating, and air conditioning systems of the Facility and/or (c) make any Capital

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Additions or other Alterations which would tie in or connect with any improvements on property adjacent to the Land other than with respect to easements over such adjacent property entered into in accordance with the terms of this Lease (those Alterations described in clauses (a), (b) or (c) above, collectively, the “**Material Alterations**”). Lessee may, without Lessor’s prior written consent, make any Alterations if such Alterations are not Material Alterations, so long as in each case: (i) the same would not be reasonably expected to (A) decrease the value of the Leased Property, (B) materially affect the exterior appearance of the Facility, or (C) adversely affect the structural components of any Leased Improvements or the main electrical, mechanical, plumbing, or ventilating and air conditioning systems for the Facility, (ii) the same are consistent in terms of style, quality, and workmanship to the original Leased Improvements in all material respects (such requirements in the foregoing clauses (i) and (ii), the “**Minimum Alteration Standards**”), and (iii) the cost thereof does not exceed One Hundred Thousand Dollars (\$100,000) with respect to any single project at the Facility. Any other Alterations (i.e., other than Material Alterations, and other than Alterations which meet the foregoing requirements of clauses (i), (ii), and (iii) above) shall be subject to Lessor’s prior written consent, which consent shall not be unreasonably withheld to the extent that the Alterations satisfy the Minimum Alteration Standards. Notwithstanding the foregoing, Lessor agrees that painting, landscaping, replacements of floor, wall and window coverings, and furniture replacements (the foregoing, collectively, “**Cosmetic Alterations**”) shall be deemed Alterations which do not require Lessor’s consent, so long as the same meet the Minimum Alteration Standards. Any request by Lessee for Lessor’s consent to an Alteration requiring such consent hereunder shall be accompanied by a copy of the proposed plans and specifications and budget therefor, each of which shall be reasonably detailed and shall be subject to Lessor’s approval prior to commencement of the work.

Section 10.2 Construction Requirements for all Alterations

10.2.1 Except as expressly set forth below, for all Alterations and Capital Projects other than Cosmetic Alterations, the cost of which is One Hundred Thousand Dollars (\$100,000) or more per project, the following requirements shall apply (except to the extent Lessor reasonably determines that, because of the nature or extent of the Alteration, any such requirement is not applicable): Lessee shall obtain and maintain the insurance required pursuant to Section 10.2.4 below for all Alterations and Capital Projects not less than ten (10) Business Days prior to the commencement of construction for such Alteration, Lessee shall furnish to Lessor (x) a notice of non-responsibility with respect to such construction in form acceptable for recording in the Official Records of the County in which the Leased Property is located and (y) an Officer’s Certificate certifying that:

- (a) Lessee shall cause such notice of non-responsibility to be recorded and posted in a conspicuous place on the Leased Property in conformance with all legal requirements applicable to such notices prior to commencement of any construction;

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(b) Lessee shall have procured and paid for all municipal and other governmental permits and authorizations required therefor, provided that Lessor shall join in the application for such permits or authorizations whenever such action is necessary; provided, however, that (i) any such joinder shall be at no cost or expense to Lessor; and (ii) any plans required to be filed in connection with any such application which require the approval of Lessor as hereinabove provided shall have been so approved by Lessor;

(c) Such construction shall not impair the structural strength of any component of the Facility or overburden the electrical, water, plumbing, HVAC, or other building systems of any such component;

(d) Such construction shall, when completed, be of such a character as not to decrease the value of the Leased Property as it was immediately before such Capital Addition;

(e) All work done in connection with such construction shall be done in a good and workmanlike manner and in conformity with all Legal Requirements; and

(f) That if by reason of the construction thereof, a new Certificate of Occupancy for any component of the Facility is required, Lessee will obtain the same promptly upon completion thereof and furnish a copy thereof to Lessor.

10.2.2 For all Material Alterations and other Alterations of the Leased Property, the cost of which is Five Hundred Thousand Dollars (\$500,000) or more per project, in addition to the requirements in Section 10.2.1 above, Lessee shall comply with the requirements of Sections 10.2.4 below and the following additional requirements (except to the extent Lessor reasonably determines that, because of the nature or extent of the Alteration, any such requirement is not applicable):

(a) Lessor shall deliver to Lessee a notice of non-responsibility with respect to such construction in form acceptable for recording in the Official Records of the County in which the Leased Property is located and Lessee shall cause such notice of non-responsibility to be recorded and posted in a conspicuous place on the Leased Property in conformance with all legal requirements applicable to such notices prior to commencement of any construction;

(b) Such construction shall not commence until Lessee shall have procured and paid for all municipal and other governmental permits and authorizations required therefor, and Lessor shall join in the application for such permits or authorizations whenever such action is necessary; provided, however, that (i) any such joinder shall be at no cost or expense to Lessor; and (ii) any plans

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required to be filed in connection with any such application which require the approval of Lessor as hereinabove provided shall have been so approved by Lessor;

(c) Such construction shall not, and, for any Alteration requiring Lessor's approval hereunder, Lessee's licensed architect or engineer (in each case, if any) shall certify to Lessor that such construction shall not, impair the structural strength of any component of the Facility or overburden the electrical, water, plumbing, HVAC, or other building systems of any such component;

(d) Lessee's licensed architect or engineer (in each case, if any) shall certify to Lessor that the detailed plans and specifications conform to and comply in all material respects with all Insurance Requirements and all applicable building, subdivision and zoning codes, laws, ordinances, regulations, and other Legal Requirements imposed by all Governmental Authorities having jurisdiction over the Leased Property;

(e) There shall be no material changes in the plans and specifications for such construction from those approved by Lessor, if applicable, without first obtaining the prior written approval of Lessor with respect to such changes, which approval shall not be unreasonably withheld;

(f) Such construction shall, when completed, be of such a character as not to decrease the value of the Leased Property as it was immediately before such Capital Addition;

(g) During and following completion of such construction, the parking which is located in the Facility or on the Land relating to the Facility shall remain adequate for the operation of the Facility for its Primary Intended Use and in no event shall such parking be less than that which was or is required by law or which was located in the Facility or on the Land relating to the Facility prior to such construction; provided, however, with Lessor's prior consent, not to be unreasonably withheld, to the extent the alterations satisfy the Minimum Alterations Standard and at no additional expense to Lessor, (i) to the extent additional parking is not already a part of a Capital Addition, Lessee may construct additional parking on the Land relating to the Facility; or (ii) Lessee may acquire off-site parking to serve the Facility as long as such parking shall be dedicated to, or otherwise made available to serve, the Facility;

(h) All work done in connection with such construction shall be done in a good and workmanlike manner and in conformity with all Legal Requirements;

(i) Promptly following the completion of such construction, Lessee shall deliver to Lessor "as built" drawings of such addition, certified as accurate by

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the licensed architect or engineer selected by Lessee to supervise such work (in each case, if any); and

(j) If by reason of the construction thereof, a new or revised Certificate of Occupancy for any component of such Facility is required, Lessee shall obtain and furnish a copy of the same to Lessor promptly upon completion thereof.

10.2.3 [Intentionally omitted]

10.2.4 To the extent not already maintained or covered by Lessee pursuant to Article XIII hereof, Lessee shall at all times maintain or cause to be maintained the following insurance during such construction of any alterations other than Cosmetic Alterations (including through the date of completion of any punch list items relating thereto): Builder's risk insurance covering such construction, in a face amount of not less than the full insurable value thereof and materials supplied in connection therewith, with appropriate provisions made to include coverage of materials stored off the Leased Property in an amount not less than the full insurable value of such materials stored off the Leased Property from time to time. All such insurance maintained or caused to be maintained by Lessee pursuant to this Section 10.2.4 shall be on an occurrence (as opposed to claims made) basis and shall name Lessor as an additional insured. All insurance maintained or caused to be maintained by Lessee shall name Lessee, Lessor, and any contractor, jointly, as loss payee. In addition, all such insurance to be maintained or caused to be maintained by Lessee shall otherwise, to the extent applicable, comply with the provisions of and shall be in addition to the insurance specified in Article XIII hereof.

Section 10.3 Plans

All architectural and engineering plans shall belong to Lessor and Lessee shall transmit copies of the same to Lessor upon request and at the end of the Term or earlier termination of this Lease. Lessee shall also keep a full set of "as built" plans at the Facility at all times.

ARTICLE XI: LIENS

Section 11.1 Liens

Subject to the provisions of Article XII regarding permitted contests, Lessee will not directly or indirectly create or allow to remain and will promptly discharge at its expense any lien, encumbrance, attachment, title retention agreement, or claim upon the Leased Property or any Capital Additions or any attachment, levy, claim, or encumbrance in respect of the Rent, excluding, however, (i) this Lease; (ii) restrictions, liens, and other encumbrances which are consented to in writing by Lessor; (iii) liens for Impositions which Lessee is not required to pay hereunder; (iv) subleases permitted by Article XXIV; (v) liens for Impositions not yet delinquent; (vi) liens of mechanics, laborers, materialmen, suppliers, or vendors for amounts not yet due; (vii) any liens

which are the responsibility of Lessor pursuant to the provisions of Article XXXVI; and (viii) any judgment liens against Lessor for amounts which are not otherwise the responsibility of Lessee.

ARTICLE XII: PERMITTED CONTESTS

Section 12.1 Permitted Contests

Lessee, on its own or in Lessor's name, at Lessee's expense, may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity, or application, in whole or in part, of any licensure or certification decision, Imposition, Legal Requirement, Insurance Requirement, lien, attachment, levy, encumbrance, charge, or claim; subject, however, to the further requirement that (i) in the case of an unpaid Imposition, lien, attachment, levy, encumbrance, charge, or claim, the commencement and continuation of such proceedings shall suspend the collection thereof from Lessor and from the Leased Property or any Capital Additions; (ii) neither the Leased Property nor any Capital Additions, the Rent therefrom nor any part or interest in either thereof would be in any danger of being sold, forfeited, attached, or lost pending the outcome of such proceedings; (iii) in the case of a Legal Requirement, neither Lessor nor Lessee would be in any danger of criminal liability for failure to comply therewith pending the outcome of such proceedings and Lessor would not be in danger of civil liability for any such failure; (iv) in the case of a Legal Requirement, Imposition, lien, encumbrance, or charge, Lessee shall give such reasonable security as may be required by Lessor to insure ultimate payment of the same and to prevent any sale or forfeiture of the Leased Property or any Capital Additions or the Rent by reason of such nonpayment or noncompliance; and (v) in the case of an Insurance Requirement, the coverage required by Article XIII shall be maintained; provided, however, that Lessee shall provide Lessor with prior written notice of any such contest if such contest relates to (a) a material claim against real property, (b) any matter that could, if adversely determined, reasonably be expected to result in a denial, suspension, revocation, or loss of license or certification for the Facility, or (c) in addition to (and not in limitation of) the foregoing (a) and (b), any matter that could reasonably be expected to have a material adverse effect on Lessee's Primary Intended Use of the subject Facility. If any such contest is finally resolved against Lessor or Lessee, Lessee shall promptly pay the amount required to be paid, together with all interest and penalties accrued thereon, or comply with the applicable Legal Requirement or Insurance Requirement. Lessor, at Lessee's expense, shall execute and deliver to Lessee such authorizations and other documents as may reasonably be required in any such contest, and, if reasonably requested by Lessee or if Lessor so desires, Lessor shall join as a party therein. The provisions of this Article XII shall not be construed to permit Lessee to contest the payment of Rent or any other amount payable by Lessee to Lessor hereunder. Lessee shall indemnify, defend, protect, and save Lessor and its Affiliates harmless from and against any liability, cost or expense of any kind that may be imposed upon Lessor or any of its Affiliates in connection with any such contest and any loss resulting therefrom.

ARTICLE XIII: INSURANCE

Section 13.1 General Insurance Requirements

Lessee shall, at all times during the Term and at any other time Lessee shall be in possession of the Leased Property, keep the Leased Property and all property located therein or thereon, including all Capital Additions, Fixtures, and Personal Property, insured against the risks described below. Each element of the insurance described in this Article shall be maintained with respect to the Leased Property including all Capital Additions, Fixtures, and Personal Property, and operations thereon. The policies shall insure against the following risks:

13.1.1 “All-risk” property insurance (and to the extent applicable, builder’s risk insurance) on the Leased Property and all items of business personal property, including but not limited to signs, awnings, canopies, gazebos, fences, and retaining walls, and all Personal Property, including without limitation, insurance against loss or damage from the perils under “All Risk” (Special) form, including but not limited to the following: fire, windstorm, sprinkler leakage, vandalism and malicious mischief, flood, water damage, explosion of steam boilers, pressure vessels and other similar apparatus, and other hazards generally included under extended coverage, all in an amount equal to one hundred percent (100%) of the replacement value of the Leased Property (excluding excavation and foundation costs), business personal property, and Personal Property, without a co-insurance provision, and shall include an “Agreed Value” endorsement. Such coverage may be purchased under a master policy which includes other facilities managed, leased or owned by the Lessee, which provides for a “Blanket Limit” to apply on a per occurrence basis and which shall not be lower than one hundred percent (100%) of the replacement value of the Leased Property (excluding excavation and foundation costs), business personal property, and Personal Property. Notwithstanding anything to the contrary in this Section 13.1.1, the limits for windstorm shall be in an amount not less than the projected probable maximum loss for the Leased Property, business personal property, and Personal Property as calculated using RMS or another generally industry accepted modeling system using a 250 year return period, nor shall the deductible be greater than five percent (5%) of the replacement cost and business interruption value of the Leased Property and business personal property unless such deductible is commercially unavailable, in which event Lessee shall maintain the lowest deductible that is available;

13.1.2 Ordinance or Law Coverage with limits of not less than the Leased Property for loss to the undamaged portion of the building, limits not less than \$500,000.00 for Demolition Cost Coverage, and limits not less than \$500,000.00 for Increased Cost of Construction Coverage;

13.1.3 Business income insurance to be written on “Special Form” (and on “Earthquake” and “Flood” forms if such insurance for those risks is required) including

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“Extra Expense,” without a provision for co-insurance, including an amount sufficient to pay at least twelve (12) months of Rent for the benefit of Lessor, as its interest may appear, and at least twelve (12) months of “Net Operating Income” less Rent for the benefit of Lessee. Such insurance may be purchased under a master policy which includes other facilities managed, leased, or owned by the Lessee, which provides for a “Blanket Limit” to apply on a per occurrence basis and which shall not be lower than twelve (12) months loss of Rent and twelve (12) months of “Net Operating Income” of the Facility (excluding excavation and foundation costs), business personal property, and Personal Property;

13.1.4 Occurrence form commercial general liability insurance, including bodily injury and property damage, fire legal liability, contractual liability, and independent contractor’s hazard and completed operations coverage in an amount not less than \$1,000,000.00 per occurrence and covering claims arising from the use or operation of the Facility both before and after the Commencement Date;

13.1.5 [Intentionally omitted];

13.1.6 Malpractice insurance/professional liability insurance in an amount not less than \$1,000,000.00 for each person and each occurrence to cover claims arising out of the professional services provided by Lessee at the Facility, whether arising from the use or operation of the Facility before or after the Commencement Date;

13.1.7 Flood insurance (if the Leased Property is located in whole or in part (now or in the future) within an area identified as an area having special flood hazards under the National Flood Insurance Program) for the full (100%) replacement value of the Leased Property and all items of business personal property or any greater amount as may be required by the National Flood Insurance Program, with a deductible no greater than five percent (5%) of the replacement cost and business interruption value of the Leased Property and business personal property unless such deductible is commercially unavailable, in which event Lessee shall maintain the lowest deductible that is available;

13.1.8 Worker’s compensation coverage, or equivalent excess insurance for self-insured or non-subscriber states, for all persons employed by Lessee on the Leased Property with statutory limits and containing a waiver of subrogation in favor of Lessor;

13.1.9 Business auto liability insurance, including owned, non-owned, and hired vehicles for combined single limit of bodily injury and property damage of not less than \$1,000,000.00 per occurrence;

13.1.10 “Earthquake” insurance, if the Leased Property is currently, or at any time in the future, located within a major earthquake disaster area, in amount, and in such form and substance and with such limits and deductibles as are satisfactory to Lessor, provided that the limits for earthquake shall be in an amount not less than the projected

probable maximum loss for the Leased Property, business personal property, and Personal Property as calculated using RMS or another generally industry accepted modeling system using a 250 year return period, nor shall the deductible be greater than five percent (5%) of the replacement cost and business interruption value of the Leased Property and business personal property unless such deductible is commercially unavailable, in which event Lessee shall maintain the lowest deductible that is available;

13.1.11 Crime insurance covering employee theft in an amount not less than \$1,000,000.00 per occurrence;

13.1.12 Such additional insurance or increased insurance limits as may be reasonably required, from time to time, by Lessor (including, without limitation, in connection with any mortgage, security agreement, or other financing affecting the Leased Property, as well as any declaration, ground lease, or easement agreement affecting the Leased Property), or any holder of any mortgage, deed of trust, or other security agreement (“**Facility Mortgage**”) securing any indebtedness or any other encumbrance placed on the Leased Property in accordance with the provisions of Article XXXVI (“**Facility Mortgage**”). Without limiting the generality of the foregoing Section 13.1.12, the required commercial liability insurance and umbrella liability coverage limits and deductible amounts pertaining thereto as set forth in this Article XIII shall in no event provide less coverage (lower limits or higher deductibles) than the “Comparable Insurance Coverage” carried on any other skilled nursing, independent living, assisted living, and dementia care facilities operated or owned by Lessee, any Guarantor, or their Affiliates, and the insurance coverage for the Leased Property shall immediately be increased by Lessee to equal any greater or increased “Comparable Insurance Coverage” carried or obtained for such other facilities. For purposes of the foregoing, “**Comparable Insurance Coverage**” shall mean insurance coverage levels adjusted for relevant variations in risk and insurability characteristics between the insured facilities being compared, including, without limitation, consideration of variations in insurance coverages carried by Guarantors and their Affiliates between different insurance markets (states or other jurisdictional subdivisions) where insured risks or insurance pricing or availability varies materially. In addition, Lessee shall have the right to provide commercial general liability and professional liability insurance coverage in a combined program, in which event such combined insurance may be provided on a “claims made” basis so long as the general liability insurance coverages otherwise required hereunder are maintained or continued in existence at all times throughout the Term for all periods that Lessee or its Affiliates have had any ownership or use of the Leased Property, and evidence thereof has been provided to Lessor. Notwithstanding the foregoing, however, any such claims made policy must include therein the right to purchase a “tail” that insures against so-called “incurred but not reported claims” for a period of not less than three (3) years following the expiration of such claims made policy. Upon the expiration of any such claims made policy, Lessee shall either (i)

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purchase a three (3) year “tail” policy covering any so-called “incurred but not reported claims” during the prior policy period or (ii) provide other insurance covering “incurred but not reported claims” for such prior policy period for a period of not less than three (3) years thereafter in form satisfactory to Lessor.

Section 13.2 Waiver of Subrogation

Lessor and Lessee agree that with respect to any property loss which is covered by insurance then being carried by Lessor or Lessee, respectively, the party carrying such insurance and suffering said loss releases the other of and from any and all claims with respect to such loss; and they further agree that their respective insurance companies shall have no right of subrogation against the other on account thereof.

Section 13.3 General Provisions

The Facility’s deductible for general liability insurance and professional liability insurance shall not exceed \$1,000,000 for independent living, skilled nursing, and assisted living and memory care, to the extent commercially available, and \$1,000,000 for worker’s compensation insurance, to the extent commercially available, unless any greater amounts are agreeable to both Lessor and Lessee. The Facility’s property insurance deductible shall not exceed \$250,000.00 unless such greater amount is agreeable to both Lessor and Lessee. Subject to Lessor’s rights pursuant to Sections 13.1.7 and 13.1.10, all insurance policies pursuant to this Article XIII shall be issued by insurance carriers having a general policy holder’s rating of no less than A-/VII in Best’s latest rating guide and authorized to do insurance business in the State in which the Leased Property is located, and shall contain clauses or endorsements to the effect that (a) Lessor shall not be liable for any insurance premiums thereon or subject to any assessments thereunder, and (b) the coverages provided thereby will be primary and any insurance carried by any additional insured shall be excess and non-contributory to the extent of the indemnification obligation pursuant to Article XXIII below. All such policies described in Section 13.1 shall name Lessor and any Facility Mortgagee whose name and address has been provided to Lessee as additional insureds, loss payees, or mortgagees, as their interests may appear and to the extent of their indemnity. All loss adjustments shall be payable as provided in Article XIV. Lessee shall deliver certificates thereof to Lessor prior to their effective date, which certificates shall state the nature and level of coverage reported thereby, as well as the amount of the applicable deductible. Upon Lessor’s request, duplicate original copies of all insurance policies to be obtained by Lessee shall be provided to Lessor by Lessee. All such policies shall provide Lessor (and any Facility Mortgagee whose name and address has been provided to Lessee if required by the same) thirty (30) days prior written notice of any material change or cancellation of such policy, if agreed to by the insurers.

In the event Lessee shall fail to effect such insurance as herein required, to pay the premiums therefor or to deliver such certificates to Lessor or any Facility Mortgagee at the times required, Lessor shall have the right, but not the obligation, to acquire such insurance and pay the

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premiums therefor, which amounts shall be payable to Lessor, upon demand, as Additional Charges, together with interest accrued thereon at the Overdue Rate from the date such payment is made until (but excluding) the date repaid.

Section 13.4 Increase in Limits

If either party shall at any time believe the limits of the insurance required by Sections 13.1.1 and 13.1.7 and business income insurance required by Section 13.1.3, and for the perils windstorm and flood, as applicable, if the Leased Property is located in Tier 1 and Tier 2 wind zones or areas designated as High Hazard Flood zones under the National Flood Insurance Program (collectively, the “Windstorm and Flood Insurance”), to be either excessive or insufficient, the parties shall endeavor to agree in writing on the proper and reasonable limits for such Windstorm and Flood Insurance to be carried and such Windstorm and Flood Insurance shall thereafter be carried with the limits thus agreed on until further change pursuant to the provisions of this Article XIII; provided, however, that such changes shall not occur more frequently than one (1) time per Lease Year. Nothing herein shall permit the amount of Windstorm and Flood Insurance to be reduced below the amount or amounts required by any Facility Mortgagee.

Section 13.5 Blanket Policies

Notwithstanding anything to the contrary contained in this Article XIII, Lessee’s obligation to maintain the insurance herein required may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Lessee, so long as such policies otherwise meet all requirements under this Article XIII.

ARTICLE XIV: INSURANCE PROCEEDS

Section 14.1 Insurance Proceeds

All proceeds payable by reason of any loss or damage to the Leased Property, any Capital Additions, or any part(s) or portion(s) thereof, under any policy of insurance required to be carried hereunder shall be paid to Lessor and made available by Lessor to Lessee from time to time for the reasonable costs of reconstruction or repair, as the case may be, of any damage to or destruction of the Leased Property, any Capital Additions, or any part(s) or portion(s) thereof, provided, however, that Lessor shall be entitled to retain (and not make available for reconstruction or repair) all insurance proceeds payable during the last two (2) Lease Years or in respect of any casualty or damage for which the restoration period is reasonably expected to extend beyond the then remaining Term. Any excess proceeds of such insurance remaining after the completion of (and payment for) the restoration or reconstruction of the Leased Property and any Capital Additions (or in the event neither Lessor nor Lessee is required or elects to repair and restore, all such insurance proceeds) shall be retained by Lessor except as otherwise specifically provided below in this Article XIV. All salvage resulting from any risk covered by insurance shall belong to Lessor.

Section 14.2 Insured Casualty

14.2.1 If the Leased Property and/or any Capital Additions are damaged or destroyed from a risk covered by insurance carried by Lessee such that the Facility thereby is rendered Unsuited for Its Primary Intended Use, Lessee shall either (i) restore such Leased Property and such Capital Additions to substantially the same condition as existed immediately before such damage or destruction, or (ii) offer to acquire the Leased Property from Lessor for a purchase price equal to the Fair Market Value immediately prior to such damage or destruction. If Lessor does not accept Lessee's offer to so purchase the Leased Property within 60 days after Lessor's receipt of Lessee's written offer, Lessee may either withdraw such offer and proceed to restore the Leased Property to substantially the same condition as existed immediately before such damage or destruction or terminate the Lease, in which event Lessor shall be entitled to retain the insurance proceeds payable on account of such casualty.

14.2.2 If the Leased Property and/or any Capital Additions are damaged from a risk covered or required to be covered by insurance carried by Lessee, but the Facility is not thereby rendered Unsuited for Its Primary Intended Use, Lessee shall restore such Leased Property and such Capital Additions to substantially the same condition as existed immediately before such damage. Such damage shall not terminate this Lease; provided, however, that if Lessee cannot within a reasonable time after diligent efforts obtain the Required Governmental Approvals needed to restore and operate the Facility for its Primary Intended Use, Lessee may offer to purchase the Leased Property for a purchase price equal to the Fair Market Value of the Leased Property and the Facility immediately prior to such damage. If Lessee shall make such offer and Lessor does not accept the same within 60 days after Lessor's receipt of Lessee's written offer, Lessee may either withdraw such offer and proceed to restore the Leased Property to substantially the same condition as existed immediately before such damage or destruction, or terminate the Lease, in which event Lessor shall be entitled to retain the insurance proceeds.

14.2.3 If the cost of the repair or restoration exceeds the amount of proceeds received by Lessor from the insurance required to be carried hereunder, Lessee shall contribute any excess amounts needed to restore the Facility. Such difference shall be paid promptly by Lessee to Lessor together with any other insurance proceeds, for application to the cost of repair and restoration.

14.2.4 If Lessor accepts Lessee's offer to purchase the Leased Property, this Lease shall terminate upon payment of the purchase price and Lessor shall remit to Lessee all insurance proceeds pertaining to the Leased Property received by Lessor.

Section 14.3 Uninsured Casualty

14.3.1 If the Leased Property and/or any Capital Additions are damaged or destroyed from a risk not covered by insurance carried by Lessee and not required to be covered by insurance by Lessee as provided herein, such that the Facility thereby is rendered Unsuitable for Its Primary Intended Use, Lessee shall either (i) restore such Leased Property and such Capital Additions to substantially the same condition as existed immediately before such damage or destruction, or (ii) offer to acquire the Leased Property from Lessor for a purchase price equal to the Fair Market Value of the Leased Property and the Facility immediately prior to such damage or destruction. If Lessor does not accept Lessee's offer to so purchase the Leased Property within 60 days, Lessee may either withdraw such offer and proceed to restore the Leased Property to substantially the same condition as existed immediately before such damage or destruction or terminate the Lease.

14.3.2 If the Leased Property and/or any Capital Additions are damaged from a risk not covered by insurance carried by Lessee and not required to be covered by insurance by Lessee as provided herein, but the Facility is not thereby rendered Unsuitable for Its Primary Intended Use, Lessee shall restore the Leased Property and the Capital Additions to substantially the same condition as existed immediately before such damage. Such damage shall not terminate this Lease.

14.3.3 If Lessor accepts Lessee's offer to purchase the Leased Property, this Lease shall terminate upon payment of the purchase price.

Section 14.4 No Abatement of Rent

This Lease shall remain in full force and effect and Lessee's obligation to pay the Rent and all other charges required by this Lease shall remain unabated during the period required for adjusting insurance, satisfying Legal Requirements, repair, and restoration. All proceeds payable by reason of any loss of rental or business interruption under any policy of insurance required to be carried by Lessee hereunder shall be paid to Lessor and, provided that no Event of Default has occurred and is continuing, Lessor shall (a) apply, on a monthly basis, all such proceeds paid by reason of loss of rental towards Lessee's obligation to pay Rent, and (b) make available to Lessee for Lessee's operating costs (e.g., payment of salaries, taxes, etc.), on a monthly basis, all such proceeds paid by reason of business interruption.

Section 14.5 Waiver

Lessee waives any statutory rights of termination which may arise by reason of any damage or destruction of the Leased Property and/or any Capital Additions.

ARTICLE XV: CONDEMNATION

Section 15.1 Condemnation

15.1.1 Total Taking. If the Leased Property and any Capital Additions are totally and permanently taken by Condemnation, this Lease shall terminate as of the day before the Date of Taking.

15.1.2 Partial Taking. If a portion of the Leased Property and/or any Capital Additions is taken by Condemnation, this Lease shall remain in effect if the Facility is not thereby rendered Unsuitable for Its Primary Intended Use, but if the Facility is thereby rendered Unsuitable for Its Primary Intended Use, this Lease shall terminate as of the day before the Date of Taking, in which event Lessor shall be entitled to receive the Award.

15.1.3 Restoration. If there is a partial taking of the Leased Property and any Capital Additions of the Facility and this Lease remains in full force and effect pursuant to Section 15.1.2, Lessor shall, subject to the rights of Facility Mortgagees (provided that the same shall be subject to the terms of any applicable subordination and non-disturbance agreement entered into between Lessee and the applicable Facility Mortgagee), make available to Lessee the portion of the Award necessary and specifically identified or allocated for restoration of such Leased Property and any such Capital Additions and Lessee shall complete all necessary restoration and pay the additional costs thereof if the amount provided or allocated by the Condemnor for restoration is insufficient.

15.1.4 Award-Distribution. The entire Award shall belong to and be paid to Lessor, except that, subject to the rights of the Facility Mortgagees, Lessee shall be entitled to receive from the Award, if and to the extent such Award specifically includes such item, lost profits value and moving expenses, provided that in any event Lessor shall receive from the Award, subject to the rights of the Facility Mortgagees (provided that the same shall be subject to the terms of any applicable subordination and non-disturbance agreement entered into between Lessee and the applicable Facility Mortgagee), no less than the Fair Market Value of the Leased Property and the Facility prior to the institution of the Condemnation.

15.1.5 Temporary Taking. The taking of the Leased Property, any Capital Additions, and/or any part(s) thereof, shall constitute a taking by Condemnation only when the use and occupancy by the taking authority has continued for longer than one hundred eighty (180) consecutive days. During any shorter period, which shall be a temporary taking, all the provisions of this Lease shall remain in full force and effect and the Award allocable to the Term shall be paid to Lessee.

15.1.6 Sale Under Threat of Condemnation. A sale by Lessor to any Condemnor, either under threat of Condemnation or while Condemnation proceedings are pending, shall

be deemed a Condemnation for purposes of this Lease. Lessor may, without any obligation to Lessee, agree to sell and/or convey to any Condemnor all or any portion of the Leased Property free from this Lease and the rights of Lessee hereunder without first requiring that any action or proceeding be instituted or pursued to judgment.

15.1.7 Rights of Facility Mortgagees. Notwithstanding anything herein to the contrary, the provisions of this Article XV are subject to the rights of any Facility Mortgagees (provided that the same shall be subject to the terms of any applicable subordination and non-disturbance agreement entered into between Lessee and the applicable Facility Mortgagee).

ARTICLE XVI: DEFAULT

Section 16.1 Events of Default

16.1.1 The occurrence of any of the following events shall constitute an “**Event of Default**”:

(a) the occurrence or existence of any event or condition described elsewhere in this Lease as an “Event of Default”;

(b) Lessee shall fail to pay any installment of Minimum Rent when the same becomes due and payable and such default continues uncured for a period of 10 days after written notice from Lessor to Lessee; provided, however, that in the event that Lessee fails more than once within a 12-month period to pay any installment of Minimum Rent when due, the second failure shall be a non-curable default;

(c) Lessee shall fail to pay any Additional Charges when the same becomes due and payable; provided, however, that in the event that Lessee fails more than once within a 12-month period to pay any Additional Charges when due, the second failure shall be a non-curable default;

(d) Lessee shall fail to pay Impositions prior to the same becoming delinquent;

(e) Lessee shall fail to pay insurance premiums on or before the date due to ensure continued coverage under all policies required to be maintained under this Lease;

(f) Lessee or Guarantor shall:

(i) file a petition in bankruptcy or a petition to take advantage of any insolvency act, except in the case of an involuntary petition filed against Lessee or Guarantor where the same is dismissed within 60 days,

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- (ii) make an assignment for the benefit of its creditors,
- (iii) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or
- (iv) file a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, except in the case of an involuntary petition where the same is dismissed within 60 days;
- (g) Lessee or Guarantor shall be adjudicated as bankrupt or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of Lessee, a receiver of Lessee or any of the Leased Property, or approving a petition filed against it seeking reorganization or arrangement of Lessee under the Federal bankruptcy laws or any other applicable law or statute;
- (h) Lessee or Guarantor shall be liquidated or dissolved, or shall begin proceedings toward such liquidation or dissolution, or shall, in any manner, permit the sale or divestiture of substantially all of its assets (except to the extent permitted pursuant to Article XXIV hereof);
- (i) at any time when:

 - (i) the Guaranty required to be in place pursuant to this Lease has not been fully executed and delivered or is otherwise not in full force and effect;
 - (ii) any of the representations or warranties made by any Person comprising Lessee under this Lease or any Guarantor in the Guaranty proves to be untrue when made in any material respect which materially and adversely affects Lessor; or
 - (iii) a material default shall occur under the Guaranty;
- (j) [Intentionally omitted]
- (k) [Intentionally omitted]
- (l) [Intentionally omitted]
- (m) [Intentionally omitted]
- (n) any Transfer occurs without Lessor's consent in violation of the provisions of Article XXIV;
- (o) except as otherwise specifically provided for in this Section 16.1.1, if Lessee shall fail to observe or perform any other term, covenant, or condition of

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this Lease and such failure is not cured by Lessee within thirty (30) days after notice thereof from Lessor, unless such failure cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to be an Event of Default if Lessee proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof, while keeping Lessor apprised of the progress; provided, however, that (to the extent permitted by applicable law) such notice shall be in lieu of and not in addition to any notice required under applicable law;

(p) the estate or interest of the applicable Person comprising Lessee in any Leased Property, any Capital Additions, or any part(s) thereof shall be levied upon or attached in any proceeding and the same is not either (i) fully bonded over by Lessee, (ii) being contested by Lessee as permitted by Article XII hereof, or (ii) vacated or discharged within ninety (90) days after commencement thereof;

(q) (x) there is issued any (i) stop placement order against any Person comprising Lessee that (A) is in effect for more than one hundred twenty (120) consecutive days and (B) is or becomes final and non-appealable, or (ii) final non-appealable termination or revocation of the Facility's applicable license material to the Facility's operation for its Primary Intended Use, or any termination or revocation of any third-party provider reimbursement agreements (including, without limitation, its certification for participation in the Medicare or Medicaid reimbursement programs) that is not reinstated or replaced within twenty (20) days, or (y) there occurs any termination or revocation that is subject to appeal by Lessee, or any suspension of any such license that results in the Facility ceasing operation for a period of more than ten (10) consecutive days at any time;

(r) (i) any local, state, or federal agency having jurisdiction over the operation of the Facility removes ten percent (10%) or more of the patients or residents located in the Facility, (ii) any local, state, or federal agency having jurisdiction over the Facility reduces the number of licensed beds for the Facility (in other than a de minimis amount not to exceed three percent (3%) in the aggregate for the Facility) and provided that such reductions are not related to any quality of care issues at the Facility or any other matter reasonably within Lessee's control) and such reduction is final and non-appealable, (iii) without Lessor's prior written consent not to be unreasonably withheld, Lessee voluntarily reduces (x) the number of licensed beds for the Facility to fewer than 167, or (y) the number of residents permitted to occupy the Facility, (iv) without Lessor's prior written consent not to be unreasonably withheld, Lessee voluntarily removes from service any licensed units for the Facility; and

(s) subject to Article XII regarding permitted contests, Lessee fails to cure or abate any material violation occurring during the Term that is claimed by any Governmental Authority, or any officer acting on behalf thereof, of any Legal Requirement pertaining to the operation of the Facility, and within the time permitted by such authority for such cure or abatement.

Section 16.2 Certain Remedies

16.2.1 Certain Remedies. If an Event of Default shall have occurred, Lessor may terminate or declare a forfeiture of this Lease. Any such termination or forfeiture of this Lease by Lessor shall be exercised by giving Lessee notice and all rights of Lessee under this Lease shall cease. Any such notice may, at Lessor's option, be given and exercised concurrently with any notice of the Event of Default given by Lessor to Lessee hereunder (if any such notice is required therefor). In such event, such termination or forfeiture shall be effective immediately upon the occurrence of the Event of Default subject to Legal Requirements, including, without limitation, any requirement that the replacement operator needs to be the holder of any applicable health care licenses. In all such events, Lessor shall have all rights at law and in equity available to Lessor as a result of any Event of Default. Lessee shall pay as Additional Charges all costs and expenses incurred by or on behalf of Lessor, including reasonable attorneys' fees and expenses, as a result of any Event of Default hereunder. If an Event of Default shall have occurred and be continuing, and Lessor shall have elected to terminate or declare a forfeiture of this Lease pursuant to this Section 16.2.1, Lessee shall, to the extent permitted by law, if required by Lessor so to do, immediately surrender to Lessor possession of the Leased Property and any Capital Additions and quit the same and Lessor may enter upon and repossess such Leased Property and such Capital Additions by reasonable force, summary proceedings, ejectment, or otherwise, and may remove Lessee and all other Persons and any of Lessee's Personal Property from such Leased Property and such Capital Additions.

Section 16.3 Damages

The Lessor's (i) termination or forfeiture of this Lease; (ii) repossession of the Leased Property or any Capital Additions; (iii) failure, notwithstanding reasonable good faith efforts, to relet the Leased Property or any portion thereof; (iv) reletting of all or any portion of the Leased Property; or (v) the failure or inability to collect or receive any rentals due upon any such reletting, shall not relieve Lessee of its liabilities and obligations hereunder, all of which shall survive any such termination, forfeiture, repossession, or reletting. If Lessor terminates the Lease, Lessee shall forthwith pay to Lessor all Rent due and payable to and including the date of such termination. Thereafter, following any such termination or forfeiture, Lessee shall forthwith pay to Lessor, as and for liquidated and agreed current damages for an Event of Default by Lessee, the sum of:

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(a) the worth at the time of award of the unpaid Rent which had been earned at the time of termination,

(b) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided,

(c) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided, plus

(d) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

As used in clauses (a) and (b) above, the "worth at the time of award" shall be computed by allowing interest at the Overdue Rate. As used in clause (c) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

Alternatively, if Lessor does not elect to terminate this Lease, then Lessee shall pay to Lessor, at Lessor's option, as and for agreed damages for such Event of Default without termination of Lessee's right to possession of the Leased Property and any Capital Additions or any portion thereof, each installment of said Rent and other sums payable by Lessee to Lessor under the Lease as the same becomes due and payable, together with interest at the Overdue Rate from the date when due until paid, and Lessor may enforce, by action or otherwise, any other term or covenant of this Lease.

Section 16.4 Receiver

Upon the occurrence of an Event of Default, and upon commencement of proceedings to enforce the rights of Lessor hereunder, Lessor shall be entitled, as a matter of right, to the appointment of a receiver or receivers acceptable to Lessor over the Leased Property, any Capital Additions, the Facility, its operations, licenses, and the revenues, earnings, income, products, and profits thereof, pending the outcome of such proceedings, with such powers as the court making such appointment shall confer. Lessee acknowledges a substantial value of the Leased Property includes operations of the Facility and the license and revenue therefrom.

Section 16.5 [Intentionally omitted]

Section 16.6 Waiver

If Lessor initiates judicial proceedings or if this Lease is terminated or a forfeiture is declared by Lessor pursuant to this Article, Lessee waives, to the extent permitted by applicable law, (i) any right of redemption, re-entry, or repossession; and (ii) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt.

Section 16.7 Application of Funds

Any payments by Lessee to Lessor under any of the provisions of this Lease shall be applied to Lessee's obligations in the order which Lessor may determine or as may be prescribed by the applicable laws of the State.

Section 16.8 Grant of Security Interest

The parties intend that, if an Event of Default occurs under this Lease, Lessor will, to the extent permitted by applicable law, control Lessee's Personal Property and the Intangible Property so that Lessor or its designee or nominee can operate or re-let the Facility intact for its Primary Intended Use. Accordingly, to implement such intention, and for the purpose of securing the payment and performance obligations of Lessee hereunder, Lessor and Lessee agree as follows:

16.8.1 Grant of Security Interest

(a) Lessee, as debtor, hereby grants to Lessor, as secured party, a security interest and an express contractual lien upon all of Lessee's right, title, and interest in and to Lessee's Personal Property and in and to the Intangible Property and any and all products, rents, leases (including modification, extension, termination, and other rights thereunder), issues, proceeds, and profits thereof in which Lessee now owns or hereafter acquires an interest or right, including any leased Lessee's Personal Property (collectively, the "**Collateral**"). This Lease constitutes a security agreement covering all such Collateral. The security interest granted to Lessor with respect to Lessee's Personal Property in this Section 16.8 is intended by Lessor and Lessee to be subordinate to any security interest granted in connection with the financing or leasing of all or any portion of Lessee's Personal Property so long as the lessor or financier of such Lessee's Personal Property agrees to give Lessor written notice of any default by Lessee under the terms of such lease or financing arrangement, to give Lessor a reasonable time following such notice to cure any such default and consents to Lessor's written assumption of such lease or financing arrangement upon Lessor's curing of any such defaults. This clause shall be self-operative and no further instrument of subordination shall be required. This

security agreement and the security interest created herein shall survive the expiration or earlier termination of this Lease.

(b) Lessee hereby authorizes Lessor to file such financing statements, continuation statements, and other documents as may be necessary or desirable to perfect or continue the perfection of Lessor's security interest in the Collateral. In addition, if required by Lessor at any time during the Term, Lessee shall execute and deliver to Lessor, in form reasonably satisfactory to Lessor, additional security agreements, financing statements, fixture filings, and such other documents as Lessor may reasonably require to perfect or continue the perfection of Lessor's security interest in the Collateral. In the event Lessee fails to execute any financing statement or other documents for the perfection or continuation of Lessor's security interest, Lessee hereby appoints Lessor as its true and lawful attorney-in-fact to execute any such documents on its behalf, which power of attorney shall be irrevocable and is deemed to be coupled with an interest. For the avoidance of doubt, Lessor does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for Lessee.

(c) Lessee will give Lessor at least thirty (30) days' prior written notice of any change in Lessee's name, identity, jurisdiction of organization, or corporate structure. With respect to any such change, Lessee will promptly execute and deliver such instruments, documents, and notices and take such actions as Lessor deems necessary or desirable to create, perfect, and protect the security interests of Lessor in the Collateral.

(d) Upon the occurrence and during the continuance of an Event of Default, Lessor shall, to the extent permitted by applicable law, be entitled to exercise any and all rights or remedies available to a secured party under the Uniform Commercial Code, or available to a lessor under the laws of the State, with respect to Lessee's Personal Property and the Intangible Property, including the right to sell the same at public or private sale.

Section 16.9 Leases and Residential Care Agreements

16.9.1 Lessee shall comply with and observe in all material respects Lessee's obligations under all leases and residential care agreements, including Lessee's obligations pertaining to the maintenance and disposition of resident or tenant security deposits.

16.9.2 Upon delivery of notice by Lessor to Lessee of Lessor's exercise of its rights under this Article, at any time after the occurrence of an Event of Default, and without the necessity of Lessor entering upon and taking and maintaining control of the Facility directly, by a receiver, temporary manager, or by any other manner or proceeding permitted by applicable law, Lessor immediately shall have, to the extent permitted by applicable

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law, all rights, powers, and authority granted to Lessee under any lease or residential care agreement relating to the Facility, including the right, power, and authority to modify the terms of any such lease or residential care agreement, or extend or terminate any such lease or residential care agreement. After an Event of Default, unless Lessor elects in its sole discretion to assume the obligations of Lessee under any lease or residential care agreement, Lessor shall not (i) be obligated to perform any of the terms, covenants, or conditions contained in such lease or residential care agreement (or otherwise have any obligation with respect to such lease or residential care agreement) or (ii) be obligated to appear in or defend any action or proceeding relating to such lease or residential care agreement.

ARTICLE XVII: LESSOR'S RIGHT TO CURE LESSEE'S DEFAULT

Section 17.1 Lessor's Right to Cure Lessee's Default

If Lessee shall fail to make any payment or to perform any material act required to be made or performed hereunder, Lessor, without waiving or releasing any obligation or default, may (upon written notice to Lessee), but shall be under no obligation to, make such payment or perform such act for the account and at the expense of Lessee, and may, to the extent permitted by law, enter upon the Leased Property, any Capital Addition, and the Facility, upon prior notice to Lessee (except in the case of any emergency), for such purpose and take all such action thereon as, in Lessor's opinion, may be necessary or appropriate therefor. No such entry shall be deemed an eviction of Lessee. All sums so paid by Lessor and all out-of-pocket costs and expenses, including reasonable attorneys' fees and expenses, so incurred, together with interest thereon at the Overdue Rate from the date on which such sums or expenses are incurred by Lessor, shall be paid by Lessee to Lessor.

ARTICLE XVIII: LESSOR'S ELECTION OF 1031 EXCHANGE

Section 18.1 Lessor's Election of 1031 Exchange

Lessor may at any time elect to sell the Leased Property to any Person in the form of a tax-deferred exchange pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended ("**1031 Exchange**"), including, at Lessor's option, pursuant to an exchange agreement with an accommodation party in order to facilitate a non-simultaneous exchange. In the event that Lessor shall so elect, Lessee shall fully cooperate with any such 1031 Exchange, including but not limited to executing and delivering additional documents requested or approved by Lessor.

ARTICLE XIX: EXTENDED TERMS

Section 19.1 Extended Terms

19.1.1 Provided that no Event of Default, or event which, with notice or lapse of time or both, would constitute an Event of Default, has occurred, Lessee shall have the

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right to extend the Term of this Lease, for each Extended Term as set forth herein. Each renewal option shall be exercised, if at all, by Lessee (i) giving written notice to Lessor of such renewal not less than eighteen (18) months and not more than twenty (20) months prior to the expiration of the applicable then-current Term, (ii) delivering to Lessor, concurrently with the delivery of the notice described in clause (i) hereof, a reaffirmation of the Guaranty executed by each of the Guarantors stating, in substance, that the Guarantor's obligations under such Guaranty shall extend to this Lease, as extended by the subject Extended Term, (iii) in the case of the First Extended Term, and as a condition to the First Extended Term, transferring to Lessor, concurrently with the delivery of the notice described in clause (i) hereof, payment in the sum of One Hundred Thousand Dollars (\$100,000) by wire transfer of immediately available funds, (iv) in the case of the Second Extended Term, and as a condition to the Second Extended Term, transferring to Lessor, concurrently with the delivery of the notice described in clause (i) hereof, payment in the sum of One Hundred Thousand Dollars (\$100,000) by wire transfer of immediately available funds, and (v) in the case of the Third Extended Term, and as a condition to the Third Extended Term, transferring to Lessor, concurrently with the delivery of the notice described in clause (i) hereof, payment in the sum of Two Hundred Thousand Dollars (\$200,000) by wire transfer of immediately available funds. Lessee's exercise of any extension option hereunder shall be irrevocable and immediately binding upon Lessee as of the date that Lessee delivers the applicable notices, reaffirmations, and payments pursuant to the foregoing items (i) through (v). During each Extended Term, all of the terms and conditions of this Lease shall continue in full force and effect. Lessee's failure to timely comply with the foregoing items (i) through (v) waives any right to any Extended Term.

19.1.2 Notwithstanding anything to the contrary in Section 19.1.1, Lessor, in its sole discretion, may waive the condition to Lessee's right to renew this Lease that no Event of Default, or event which, with notice or lapse of time or both, would constitute an Event of Default, has occurred or is continuing, and the same may not be used by Lessee as a means to negate the effectiveness of Lessee's exercise of its renewal right for such Extended Term.

Section 19.2 Lessor's Extension Rights

In order to facilitate the transfer of the operations of the Facility to a Successor Operator, and provided that such Successor Operator has applied for any Required Governmental Approvals no later than thirty (30) days prior to the scheduled expiration of the then Term of this Lease, Lessor shall have the one time right to extend the Term of this Lease for up to one (1) year, provided Lessor's rights under this Section 19.2 may not be exercised in connection with the early termination of this Lease prior to the scheduled expiration of the Term. Such right of extension shall be exercised by Lessor, if at all, by written notice from Lessor to Lessee given not less than thirty (30) days prior to the expiration of the Term and stating the date through which Lessor is

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extending the Term of this Lease (which date may be the date that is the first (1st) day of the month following the date that such Successor Operator has obtained all Required Governmental Approval, but shall not be later than one (1) year after the originally scheduled expiration date). In the event that Lessor shall exercise its right to extend the applicable Term pursuant to this Section 19.2, all of the terms and conditions of this Lease shall continue in full force and effect, and Lessee shall pay Minimum Rent for and during such extension period the same Minimum Rent rate as was in effect upon the expiration of the originally scheduled Term.

ARTICLE XX: HOLDING OVER

Section 20.1 Holding Over

If Lessee shall for any reason remain in possession of any portion of the Leased Property and/or any Capital Additions after the expiration or earlier termination of the Term, such possession shall be as a month-to-month tenant during which time Lessee shall pay as Minimum Rent for each month an amount equal to one hundred fifty percent (150%) of the monthly Minimum Rent applicable to the prior Lease Year, together with all Additional Charges and all other sums payable by Lessee pursuant to this Lease. During such period of month-to-month tenancy, Lessee shall be obligated to perform and observe all of the terms, covenants, and conditions of this Lease, but shall have no rights hereunder other than the right, to the extent given by law to month-to-month tenancies, to continue its occupancy and use of the Leased Property and/or any Capital Additions. Nothing contained herein shall constitute the consent, express or implied, of Lessor to the holding over of Lessee after the expiration or earlier termination of this Lease.

ARTICLE XXI: GUARANTY

Section 21.1 Guaranty Required

As a material inducement to and in consideration of Lessor entering into this Lease, each Guarantor shall execute and deliver to Lessor a Guaranty of this Lease in the form attached hereto as **Exhibit B** concurrently with the Lessee's execution and delivery of this Lease. Without the fully executed Guaranty from each Guarantor, this Lease shall not be effective.

ARTICLE XXII: RISK OF LOSS

Section 22.1 Risk of Loss

During the Term, the risk of loss or of decrease in the enjoyment and beneficial use of the Leased Property and any Capital Additions as a consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars, or otherwise, or in consequence of foreclosures, attachments, levies, or executions (other than by Lessor and Persons claiming from, through or under Lessor) is assumed by Lessee, and no such event shall entitle Lessee to any abatement of Rent.

ARTICLE XXIII: INDEMNIFICATION

Section 23.1 General Indemnification

In addition to the other indemnities contained herein, and notwithstanding the existence of any insurance carried by or for the benefit of Lessor or Lessee, and without regard to the policy limits of any such insurance, Lessee shall protect, indemnify, save harmless and defend Lessor and its Affiliates from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses, including reasonable attorneys', consultants' and experts' fees and expenses, imposed upon or incurred by or asserted against Lessor or any of its Affiliates, including, without limitation, by reason of: (i) any accident, injury to or death of Persons or loss of or damage to property occurring on or about the Leased Property, or any Capital Additions or adjoining sidewalks thereto; (ii) any use, misuse, non-use, condition, maintenance or repair by Lessee of the Leased Property or any Capital Additions; (iii) any failure on the part of Lessee to perform or comply with any of the terms of this Lease; (iv) the non-performance of any of the terms and provisions of any and all existing and future subleases of the Leased Property or any Capital Additions to be performed by any party thereunder; (v) any claim for malpractice, gross negligence or misconduct committed by any Person on or working from the Leased Property or any Capital Additions; and (vi) the violation of any Legal Requirement (the foregoing (i) through (vi), collectively, the "Indemnified Liabilities"). Notwithstanding anything to the contrary contained in the above, Lessee shall not have any obligation hereunder to the extent that such Indemnified Liabilities arise solely from the negligence, illegal acts, fraud or willful misconduct of Lessor or any of its Affiliates. Any amounts which become payable by Lessee under this Article shall be paid within ten (10) Business Days after liability therefor is finally determined in a non-appealable judgment by litigation or otherwise, and if not timely paid shall bear interest at the Overdue Rate from the date of such determination to the date of payment. Lessee, at its sole cost and expense, shall contest, resist and defend any such claim, action or proceeding asserted or instituted against Lessor or any of its Affiliates for which Lessee is obligated to indemnify Lessor or such Affiliate pursuant to this Article XXIII or any other provision of this Lease; provided, however, that any legal counsel selected by Lessee to defend Lessor or such Affiliate shall be reasonably satisfactory to Lessor, and, if required by Lessor, any such counsel retained by Lessee to defend Lessor or such Affiliate shall be separate, independent counsel from any counsel selected by Lessee to defend Lessee; provided further, however, that, without Lessor's prior written consent, which consent may be given or withheld in Lessor's sole and absolute discretion, Lessee shall not enter into any settlement agreement with respect to, or compromise or otherwise dispose of any such claim, action or proceeding asserted or instituted against Lessor for which Lessee is obligated to indemnify Lessor or any of its Affiliates pursuant to this Article or any other provision of this Lease if such settlement, compromise or disposition thereof requires any performance by Lessor or any of its Affiliates (other than the payment of money which shall be paid by Lessee) or would impose any restrictions or other covenants upon Lessor, any of its Affiliates or the Leased Property. All indemnification covenants set forth in this Article or elsewhere in this Lease are intended to

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apply to losses, damages, injuries, claims, etc. incurred directly or indirectly by the indemnified parties and their property, or by the indemnifying party or third party, and their property. For purposes of this Article and the other indemnification obligations of Lessee under this Lease, any acts or omissions of Lessee, or by employees, agents, assignees, contractors, subcontractors or others acting for or on behalf of Lessee (whether or not they are negligent, intentional, willful or unlawful), shall be strictly attributable to Lessee. It is understood and agreed that payment shall not be a condition precedent to enforcement of the foregoing indemnification obligations or any of the other indemnification obligations of Lessee set forth in this Lease.

ARTICLE XXIV: TRANSFERS

Section 24.1 Transfers

24.1.1 Prohibition. Lessee shall not, without Lessor's prior written consent, either directly or indirectly or through one or more step transactions or tiered transactions, voluntarily or by operation of law, (i) assign, convey, sell, pledge, mortgage, hypothecate or otherwise encumber, transfer or dispose of all or any part of this Lease or Lessee's leasehold estate hereunder, (ii) Sublease all or any part of the Leased Property and/or any Capital Additions of the Facility, (iii) enter into an agreement with any Person that is not an Affiliate of Lessee for the management or operation of more than ten percent (10%) of the Leased Property and/or any Capital Additions, (iv) convey, sell, assign, transfer or dispose of any stock or partnership, membership or other interests (whether equity or otherwise) in Lessee (which shall include any conveyance, sale, assignment, transfer or disposition of any stock or partnership, membership or other interests (whether equity or otherwise) in any Controlling Person(s)), if such conveyance, sale, assignment, transfer or disposition results (individually or in the aggregate) in a change in control of Lessee (or in any Controlling Person(s)), (v) dissolve, merge or consolidate Lessee (which shall include any dissolution, merger or consolidation of any Controlling Person) with any other Person, if such dissolution, merger or consolidation results in a change in control of Lessee or in any Controlling Person(s) or (vi) sell, convey, assign, or otherwise transfer all or substantially all of the assets of Lessee (which shall include any sale, conveyance, assignment, or other transfer of all or substantially all of the assets of any Controlling Person) (each of the aforesaid acts referred to in clauses (i) through (vi) being referred to herein as a "**Transfer**"). Notwithstanding the foregoing or any other provisions of this Lease to the contrary, Lessee acknowledges that (x) it is Lessor's practice not to permit any mortgages, hypothecations, pledges or other encumbrances of leasehold interests by its lessees as security for borrowed sums in excess of Three Million Dollars (\$3,000,000), and (y) Lessor shall have the right to approve or disapprove of any such mortgage, hypothecation, pledge or other encumbrance of the leasehold estate created hereby by Lessee (whether directly or indirectly) to secure borrowed sums in excess of Three Million Dollars (\$3,000,000) in Lessor's sole and absolute discretion, and (z) if Lessor shall

approve the same Lessor shall be entitled to impose such conditions in connection therewith as Lessor deems appropriate in its sole and absolute discretion.

24.1.2 Consent

(a) Prior to consummating any Transfer, Lessee shall submit in writing to Lessor, as applicable: (i) the name of the proposed Occupant, assignee, manager or other transferee; (ii) the terms and provisions of the Transfer, including any agreements in connection therewith; and (iii) such financial information as Lessor may reasonably request concerning the proposed Occupant, assignee, manager or other transferee (each of the aforesaid submissions referred to in clauses (i) through (iii) being referred to collectively herein as a “**Transfer Request Submission**”). Lessor shall notify Lessee of Lessor’s decision to grant or deny a Transfer within ninety (90) days from the date on which Lessee has provided all documents and information required for a complete Transfer Request Submission. Lessor shall be entitled to be reasonably satisfied that neither any covenant, condition or obligation imposed upon Lessee by this Lease nor any right, remedy or benefit afforded Lessor by this Lease is materially impaired or diminished by such Transfer. In exercising its right of reasonable approval or disapproval to a proposed Transfer, Lessor shall be entitled to take into account any fact or factor that is commercially reasonable to the making of such decision, including, without limitation, the following, all of which are agreed to be reasonable factors for Lessor’s consideration:

(i) The financial strength of the proposed Occupant, assignee, manager or other transferee, including the adequacy of its working capital. In connection with a Transfer resulting from a merger or consolidation to which Lessee or any Guarantor or Controlling Person is a party, Lessor shall be entitled to compare the Consolidated Net Worth and debt-to-equity ratio of the surviving party following the effectiveness of such event as compared to the Consolidated Net Worth and debt-to-equity ratio of Lessee or such Controlling Person, as applicable, prior to such event.

(ii) The operating experience of the proposed Occupant, assignee, manager or other transferee with respect to businesses of the nature, type and size of the Facility.

(iii) The quality and reputation of the proposed Occupant, assignee, manager or other transferee.

(iv) Whether such Transfer will cause a breach or violation of any material agreements to which Lessee or any Controlling Person is a party.

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(v) Whether there then exists any uncured Event of Default by Lessee pursuant to this Lease.

(vi) Whether the use to which the Leased Property will be put by the proposed transferee is different than the Primary Intended Use under this Lease.

(vii) Whether the proposed Occupant, assignee, manager or other transferee has a criminal record.

(viii) Whether the proposed Occupant, assignee, manager or other transferee has ever been adjudicated as bankrupt or declared bankruptcy under the Federal bankruptcy laws or any other applicable state law.

(b) In connection with any Transfer, Lessor shall be entitled to receive the applicable Transfer Consideration, if any, and Lessee shall cause the Transfer Consideration to be paid to Lessor. Lessee acknowledges and agrees that the terms under which Lessor is entitled to the payment of Transfer Consideration pursuant to this Lease and the amount thereof has been freely negotiated and represents a fair and equitable division with Lessor of the consideration payable in connection with a Transfer taking into account, among other things, Lessor's investment in the Leased Property, the terms of this Lease and the inherent risks of owning and leasing real property with the Facility.

(c) As a condition to any Transfer, the obligations of any Occupant, assignee, manager or other transferee that is a subsidiary of and/or controlled by another Person or Persons shall also be guaranteed by the Person or Persons constituting the ultimate parent(s) and/or other ultimate Controlling Person(s), as the case may be, pursuant to a written guaranty in form and substance reasonably acceptable to Lessor.

(d) As a condition to any Transfer, the transferee shall pay to Lessor a security deposit equal to Five Hundred Thousand Dollars (\$500,000).

(e) As a condition to any Transfer, if Lessee's Security Deposit shall have been used but not replenished, Lessee shall replenish the Security Deposit in accordance with Article XXXV of the Lease.

(f) The consent by Lessor to any Transfer shall not constitute Lessor's consent to any subsequent Transfer or to any subsequent or successive Transfer. Any purported or attempted Transfer contrary to the provisions of this Article shall be void and, at the option of Lessor, shall terminate or cause a forfeiture of this Lease.

24.1.3 [Intentionally omitted]

24.1.4 Attornment and Related Matters. Any Sublease or the engagement of any Person for the management or operation of all or any portion of the Leased Property at a Facility shall expressly be subject and subordinate to this Lease. With respect to any Sublease or any such management agreement, Lessor, at its option and without any obligation to do so, may require any Occupant thereunder or manager to attorn to Lessor upon the expiration or earlier termination of this Lease or (at Lessor's election) upon the occurrence of an Event of Default, in which event Lessor shall undertake the obligations of Lessee, as sublessor, licensor or otherwise under such Sublease or management engagement from the time of the exercise of such option to the termination of such Sublease or management engagement and in such case Lessor shall not be liable for any prepaid rents, fees or other charges or for any prepaid security deposits paid by such Occupant under any such Sublease to Lessee or for any other prior defaults of Lessee under such Sublease or management engagement. Nor shall Lessor be liable for rents, fees or other charges under this Lease. In the event that Lessor shall not require such attornment with respect to any such Sublease or management engagement, then such Sublease or management engagement shall automatically terminate upon the expiration or earlier termination of this Lease, including any early termination by mutual agreement of Lessor and Lessee. Furthermore, any Sublease shall expressly provide that the Occupant thereunder shall furnish Lessor with such financial, operational or other information about the physical condition of the Facility, including the information required by Section 25.1.2 herein, as Lessor may request from time to time.

24.1.5 Assignment of Lessee's Rights Against Occupant Under a Sublease. If Lessor shall consent to a Sublease, then the written instrument of consent, executed and acknowledged by Lessor, Lessee and the Occupant under such Sublease, as the case may be, shall contain a provision substantially similar to the following:

(a) Lessee and such Occupant hereby agree that, if such Occupant shall be in default of any of its obligations under the Sublease, which default also constitutes an Event of Default by Lessee under this Lease (including but not limited to the express provisions of Section 16.9 hereof), then Lessor shall be permitted to avail itself of all of the rights and remedies available to Lessee against such Occupant in connection therewith.

(b) Without limiting the generality of the foregoing, upon the occurrence and during the continuance of an Event of Default, Lessor shall be permitted (by assignment of a cause of action or otherwise) to institute an action or proceeding against such Occupant in the name of Lessee in order to enforce Lessee's rights under the Sublease, and also shall be permitted to take all ancillary actions (e.g., serve default notices and demands) in the name of Lessee as Lessor reasonably shall determine to be necessary.

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(c) Lessee agrees to cooperate with Lessor, and to execute such documents as shall be reasonably necessary, in connection with the implementation of the foregoing rights of Lessor.

(d) Lessee expressly acknowledges and agrees that the exercise by Lessor of any of the foregoing rights and remedies shall not constitute an election of remedies, and shall not in any way impair Lessor's entitlement to pursue other rights and remedies directly against Lessee.

24.1.6 Costs. Lessee shall reimburse Lessor for Lessor's reasonable costs and expenses incurred in conjunction with the processing and documentation of any request for consent as required under this Article XXIV, including reasonable attorneys', architects', engineers' or other consultants' fees whether or not the transaction for which consent is requested is actually consummated.

24.1.7 No Release of Obligations. The liability of Lessee named herein and any immediate and remote successor in interest of Lessee with respect to its interest in this Lease (i.e., by means of any Transfer), and the due performance of the obligations of this Lease on Lessee's part to be performed or observed, shall not in any way be discharged, released or impaired by any agreement which modifies any of the rights or obligations of the parties under this Lease, stipulation which extends the time within which an obligation under this Lease is to be performed, (iii) waiver of the performance of an obligation required under this Lease, or (iv) failure to enforce any of the obligations set forth in this Lease. Except as expressly set forth in Section 24.1.3 above, no Transfer shall relieve any current Guarantor of any obligations under any current Guaranty, or Lessee of its obligation to pay the Rent and to perform all of the other obligations to be performed by Lessee hereunder. Except as expressly set forth in Section 24.1.3 above, if any such Occupant, assignee, manager or other transferee defaults in any performance due hereunder, Lessor may proceed directly against any current Guarantor, or the Lessee named herein and/or any immediate and remote successor in interest of Lessee, without exhausting its remedies against such Occupant, assignee, manager or other transferee.

24.1.8 [Intentionally omitted]

24.1.9 Transfers In Bankruptcy. It is the intent of the parties hereto that in the event of a Transfer pursuant to the provisions of the Bankruptcy Code, all consideration payable or otherwise to be delivered in connection with such Transfer shall be paid or delivered to Lessor, shall be and remain the exclusive property of Lessor and shall not constitute property of Lessee or of the estate of Lessee within the meaning of the Bankruptcy Code. Any consideration constituting Lessor's property pursuant to the immediately preceding sentence and not paid or delivered to Lessor shall be held in trust for the benefit of Lessor and be promptly paid or delivered to Lessor. For purposes of this Section 24.1.9, the term

“consideration” shall mean and include money, services, property and any other thing of value, including, without limitation, items such as payment of costs, cancellation or forgiveness of indebtedness, discounts, rebates, barter and the like. If any such consideration is in a form other than cash (such as in kind, equity interests, indebtedness earn-outs, or other deferred payments, consulting or management fees, etc.), Lessor shall be entitled to receive in cash the then present fair market value of such consideration. Notwithstanding any provision of this Lease to the contrary, including this Section 24.1.9, it is expressly understood and agreed that it is the intention of the parties hereto that, notwithstanding any provision of the Bankruptcy Code, including Section 365(f) thereof, Lessee is precluded from effecting any Transfer of the Facility except as may otherwise be expressly provided in this Lease.

ARTICLE XXV: OFFICER’S CERTIFICATES AND FINANCIAL STATEMENTS

Section 25.1 Officer’s Certificates and Financial Statements

25.1.1 Officer’s Certificate. At any time and from time to time upon Lessee’s receipt of not less than fifteen (15) Business Days’ prior written request by Lessor, Lessee shall furnish to Lessor an Officer’s Certificate certifying (i) that this Lease is unmodified and in full force and effect, or that this Lease is in full force and effect as modified and setting forth the modifications; (ii) the dates to which the Rent has been paid; (iii) whether or not, to the best knowledge of Lessee, Lessor is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which Lessee may have knowledge; and (iv) responses to such other questions or statements of fact as Lessor, any ground or underlying lessor, any purchaser or any current or prospective Facility Mortgagee shall reasonably request. If Lessee fails to deliver such Officer’s Certificate within such fifteen (15) Business Day period, thereafter Lessee’s failure to deliver such Officer’s Certificate within five (5) Business Days Lessor delivers a second notice including the following legend in bold, fourteen (14) point type at the top of such request: “THIS IS A SECOND REQUEST FOR AN OFFICER’S CERTIFICATE OF LESSEE PURSUANT TO SECTION 25.1.1 OF THE LEASE. FAILURE TO RESPOND TO THIS REQUEST WITHIN FIVE (5) BUSINESS DAYS WILL RESULT IN LESSEE BEING DEEMED TO HAVE DELIVERED THE ACKNOWLEDGMENT SET FORTH IN SUCH SECTION 25.1.1”, shall constitute an acknowledgment by Lessee that (x) this Lease is unmodified and in full force and effect except as may be represented to the contrary by Lessor; (y) Lessor is not in default in the performance of any covenant, agreement or condition contained in this Lease; and (z) the other matters set forth in such request, if any, are true and correct. Any such certificate furnished pursuant to this Article may be relied upon by Lessor and any current or prospective Facility Mortgagee, ground or underlying lessor or purchaser of the Leased Property or any portion thereof.

25.1.2 Statements. Lessee shall furnish the following statements to Lessor:

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(a) within one hundred twenty (120) days after the end of each of Lessee's fiscal year, a copy of Lessee's balance sheet as of the end of such fiscal year, and related statement of income, changes in common stock and other stockholders' equity and changes in the financial position of Lessee for such fiscal year, prepared in accordance with GAAP applied on a basis consistently maintained throughout the period involved, such financial statements to be certified by certified public accountants;

(b) within forty-five (45) days after the end of each fiscal quarter, (i) a copy of Lessee's unaudited balance sheet as of the end of such fiscal quarter, and related unaudited statements, changes in common stock and other stockholders' equity and changes in the financial position of Lessee for such fiscal quarter, and (ii) a statement of income of Lessee that sets forth the results for both such fiscal quarter and year-to-date, in all cases prepared in accordance with GAAP applied on a basis consistently maintained throughout the applicable period;

(c) upon request by Lessor (but not more frequently than once each fiscal year of Lessee), a copy of each cost report filed with the appropriate governmental agency for the Facility;

(d) promptly upon Lessee's receipt thereof, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Leased Property, any Capital Additions, the Facility, or Lessee's use thereof, the subject matter of which, if adversely determined, would be reasonably likely to have a material adverse effect on the continued operation, in accordance with the terms of this Lease, or the Facility;

(e) with reasonable promptness, such other information respecting (i) the financial and operational condition and affairs of Lessee and (ii) the physical condition of the Leased Property and any Capital Additions; and

(f) reasonably promptly following Lessor's request therefor, copies of all Required Governmental Approvals for the Facility.

ARTICLE XXVI: LESSOR'S RIGHT TO INSPECT

Section 26.1 Lessor's Right to Inspect and Show the Leased Property and Capital Additions

Without limiting Lessor's rights provided in Section 9.7, Lessee shall permit Lessor and its authorized representatives, upon not less than one (1) Business Day's prior written notice (provided that no such notice shall be required after the occurrence, and during the continuance, of any Event of Default), to (i) inspect the Leased Property, any Capital Additions, and the Facility and (ii) exhibit the same to prospective purchasers and lenders, and during the last twelve (12)

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months of the Term, to prospective lessees or managers, in each instance during usual business hours. Lessee shall cooperate with Lessor in exhibiting the Leased Property, any Capital Additions, and the Facility to prospective purchasers, lenders, lessees and managers.

ARTICLE XXVII: NO WAIVER

Section 27.1 No Waiver

No failure by Lessor to insist upon the strict performance of any term hereof or to exercise any right, power or remedy hereunder and no acceptance of full or partial payment of Rent during the continuance of any default or Event of Default shall constitute a waiver of any such breach or of any such term. No waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

ARTICLE XXVIII: REMEDIES CUMULATIVE

Section 28.1 Remedies Cumulative

Each legal, equitable or contractual right, power and remedy of Lessor now or hereafter provided either in this Lease or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by Lessor of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by Lessor of any or all of such other rights, powers and remedies.

ARTICLE XXIX: ACCEPTANCE OF SURRENDER

Section 29.1 Acceptance of Surrender

No surrender to Lessor of this Lease or of the Leased Property, any Capital Additions, or the Facility or any part(s) thereof or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Lessor and no act by Lessor or any representative or agent of Lessor, other than such a written acceptance by Lessor, shall constitute an acceptance of any such surrender.

ARTICLE XXX: NO MERGER

Section 30.1 No Merger

There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, (i) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate and (ii) the fee estate in the Leased Property or any parts thereof.

ARTICLE XXXI: CONVEYANCE BY LESSOR

Section 31.1 Conveyance by Lessor

Lessor may, without the prior written consent or approval of Lessee, sell, transfer, assign, convey or otherwise dispose of the Leased Property. If Lessor or any successor owner of the Leased Property shall sell, transfer, assign, convey or otherwise dispose of the Leased Property other than as security for a debt, Lessor or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of Lessor with respect to such Leased Property under this Lease arising or accruing from and after the date of such sale, transfer, assignment or other disposition and all such future liabilities and obligations with respect to such Leased Property shall thereupon be binding upon such purchaser, grantee, assignee or transferee.

Section 31.2 [Intentionally omitted]

ARTICLE XXXII: QUIET ENJOYMENT

Section 32.1 Quiet Enjoyment

So long as Lessee shall pay the Rent as the same becomes due and shall comply with the terms of this Lease and perform its obligations hereunder, Lessee shall quietly have, hold and enjoy the Leased Property for the Term, free of any claim or other action by Lessor or anyone claiming by, through or under Lessor, but subject to all easements, encumbrances, covenants, conditions, and restrictions and other matters which affect the Leased Property which are of record or are created after the date hereof as permitted hereunder.

ARTICLE XXXIII: NOTICES

Section 33.1 Notices

Any notice, consent, approval, demand or other communication required or permitted to be given hereunder (a “notice”) must be in writing and may be served personally, by overnight courier or by U.S. Mail. If served by overnight courier or by U.S. Mail, it shall be addressed as follows:

If to Lessor: Attn.: Arthur Verschleiser
 Bridgeton H & V Realty, LLC
 1148 East 19th Street
 Brooklyn, NY, 11230

With Copy to: Attn.: Dawn M. Coulson and Gabriel M. Courey
 Epps & Coulson, LLP
 1230 Crenshaw Blvd. Ste. 200
 Torrance, CA 90501

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If to the Lessee: Attn.: Steve Fogel
 Bridgeton SNF LLC
 99 Manheim Avenue
 Bridgeton, NJ, 08302

With Copy to: Rosenbaum & Associates, PC
 (Lessee's 4 Canaan Circle
 Counsel) South Salen, NY 10590
 Attn: Tara Rosenbaum

 TL Management LLC
 2071 Flatbush Avenue
 Suite 22
 Brooklyn, NY 11234
 Attn: David Katz

Any notice which is personally served shall be effective upon the date of service; any notice given by United States Mail shall be deemed effectively given, if deposited in the U.S. Mail, registered or certified with return receipt requested, postage prepaid and addressed as provided above, on the date of receipt, refusal or non-delivery indicated on the return receipt. In lieu of notice by U.S. Mail, either party may send notices by a nationally recognized overnight courier service which provides written proof of delivery (such as U.P.S. or Federal Express). Any notice sent by a nationally recognized overnight courier shall be effective on the date of delivery to the party at its address specified above as set forth in the courier's delivery receipt. Either party may, by notice to the other from time to time in the manner herein provided, specify a different address for notice purposes.

ARTICLE XXXIV: APPRAISER

Section 34.1 Appraiser

If it becomes necessary to determine the Fair Market Value, Fair Market Rental or Leasehold FMV of the Facility for any purpose pursuant to this Lease, the same shall be determined by two independent appraisal firms, in which one or more of the members, officers or principals of such firm are members of the Appraisal Institute (or any successor organization thereto) and such member has a minimum of 10 years of experience in appraising properties similar in size, scope and use as the Facility (each, an "Appraiser" and collectively, the "Appraisers"), one such Appraiser to be selected by Lessor to act on its behalf and the other such Appraiser to be selected by Lessee to act on its behalf. Lessor or Lessee, as applicable, shall cause its Appraiser to, within ninety (90) days after the date of the original request for a determination of Fair Market Value, Fair Market Rental or Leasehold FMV of the Facility, determine the Fair Market Value,

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Fair Market Rental or Leasehold FMV of the Facility as of the relevant date (giving effect to the impact, if any, of inflation from the date of the Appraiser's decision to the relevant date); provided, however, that if either party shall fail to appoint its Appraiser within the time permitted, or if two Appraisers shall have been so appointed but only one such Appraiser shall have made such determination within such ninety (90) day period, then the determination of such sole Appraiser shall be final and binding upon the parties. A written report of each Appraiser shall be delivered and addressed to each of Lessor and Lessee. To the extent consistent with sound appraisal practice as then existing at the time of any such appraisal, an appraisal of Fair Market Value for purposes of this Lease shall take into account and shall give appropriate consideration to all three customary methods of appraisal (i.e., the cost approach, the sales comparison approach and the income approach), and no one method or approach shall be deemed conclusive simply by reason of the nature of Lessor's business or because such approach may have been used for purposes of determining the fair market value of the Facility at the time of acquisition thereof by Lessor. This provision for determination by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties except as otherwise provided by applicable law.

34.1.1 If the two Appraisers shall have been appointed and shall have made their determinations within the respective requisite periods set forth above and if the difference between the amounts so determined shall not exceed five percent (5%) of the lesser of such amounts then the Fair Market Value, Fair Market Rental or Leasehold FMV of such Facility shall be an amount equal to fifty percent (50%) of the sum of the amounts so determined. If the difference between the amounts so determined shall exceed five percent (5%) of the lesser of such amounts, then such two Appraisers shall have twenty (20) days to appoint a third Appraiser meeting the above requirements (such Appraiser, the "Third Appraiser"), and both parties shall be bound by any appointment so made within such twenty (20) day period. Any Appraiser appointed by the original Appraisers shall be instructed to determine the Fair Market Value, Fair Market Rental or Leasehold FMV of the Facility within sixty (60) days after appointment of such Appraiser.

34.1.2 If a Third Appraiser is appointed in accordance with Section 34.1.1, then such Third Appraiser shall choose which of the determinations made by the other two (2) Appraisers shall be final and binding, and such chosen determination shall be final and binding upon Lessor and Lessee as the Fair Market Value, Fair Market Rental or Leasehold FMV of the Facility.

34.1.3 Lessor and Lessee shall each pay the fees and expenses of the Appraiser appointed by it and each shall pay one-half (1/2) of the fees and expenses of the Third Appraiser.

ARTICLE XXXV: SECURITY DEPOSIT

Section 35.1 Security Deposit

Concurrently with the execution and delivery of this Lease by Lessee, the security deposit (the “**Security Deposit**”) shall be funded by Lessee through a combination of cash and a letter of credit for an aggregate sum of Five Hundred Thousand Dollars (\$500,000). Lessee shall fund the cash portion of the Security Deposit by wire transfer to Lessor of immediately available funds in the amount of Two Hundred Thousand Dollars (\$200,000) (the “**Cash Security Deposit**”). Lessee shall fund the remaining Three Hundred Thousand Dollars (\$300,000) through a letter of credit.

Section 35.2 Application of Cash Security Deposit

Lessor shall hold the Cash Security Deposit as security for the full and faithful performance by Lessee of every term, provision, obligation and covenant under this Lease. The Cash Security Deposit may be deposited by Lessor into an interest-bearing account, which interest shall accrue for the sole benefit of Lessor and not Lessee. The Cash Security Deposit shall not be considered an advance payment of Rent (or of any other sum payable by Lessee under this Lease) or a measure of Lessor’s damages in case of an Event of Default by Lessee. Lessor shall have no obligation to maintain the Cash Security Deposit separate and apart from Lessor’s general and/or other funds. If Lessee defaults in respect of any of the terms, provisions, covenants and conditions of this Lease, Lessor may, but shall not be required to, in addition to and not in lieu of any other rights and remedies available to Lessor, apply all or any part of the Cash Security Deposit to the payment of any sum in default, or any other sum that Lessor may expend or be required to expend by reason of Lessee’s default, including but not limited to, any damages or deficiency in reletting the Lease Property. Whenever, and as often as, Lessor has applied any portion of the Cash Security Deposit, Lessee shall, within ten (10) days after notice from Lessor, deposit additional funds with Lessor sufficient to restore the Cash Security Deposit to the full amount then required to be deposited with Lessor, and Lessee’s failure to do so shall constitute an Event of Default without any further notice. If Lessor transfers or assigns its interest under this Lease, Lessor shall assign the Cash Security Deposit to the new lessor and upon new lessor’s assumption of the Lease, Lessor shall have no further liability for the return of the Cash Security Deposit, and Lessee agrees to look solely to the new lessor for the return of the Cash Security Deposit. Lessee agrees that it will not assign or encumber or attempt to assign or encumber the Cash Security Deposit. Following the expiration of the Lease Term, if Lessee shall have fully and faithfully performed every provision of this Lease to be performed by it, then the Cash Security Deposit, or any balance thereof, if any, will be returned to Lessee within sixty (60) days following Lessor’s receipt of payment instructions from Lessee.

Section 35.3 Letter of Credit

35.3.1 Delivery and Holding of Letter of Credit. Concurrently with the execution and delivery of this Lease by Lessee, Lessee will deliver to Lessor and maintain as collateral for the performance by Lessee of all of Lessee's obligations under this Lease and for all losses, liabilities, and damages that Lessor may suffer as a result of Lessee's failure to perform its obligations as and when required under this Lease, a clean, standby, unconditional, irrevocable, transferable letter of credit ("Letter of Credit") in the form of Exhibit D attached to this Lease and incorporated by this reference, and containing the terms required in this section 35.3, in the face amount of Three Hundred Thousand Dollars (\$300,000) ("Letter of Credit Amount"), naming Lessor as beneficiary, issued by a financial institution acceptable to Lessor in Lessor's sole and absolute discretion, with banking offices where drawing on such Letter of Credit may be made in Los Angeles, California. The Letter of Credit may not be mortgaged, assigned, or encumbered in any manner by Lessee. Following the date of the full execution and delivery of this Lease by Lessor and Lessee, Lessee will cause the Letter of Credit to be continuously maintained in effect (whether through replacement, renewal, or extension) in the Letter of Credit Amount through the date ("Final LC Expiration Date") that is sixty (60) days after the scheduled expiration date of the Term (as the Term may be extended under this Lease). If the Letter of Credit held by Lessor has a stated expiration date that is earlier than the Final LC Expiration Date or if a notice of termination or nonrenewal is given by the issuing bank, then Lessee will deliver a new Letter of Credit or certificate of renewal or extension to Lessor not later than thirty (30) days before the expiration date of the Letter of Credit then held by Lessor. Any renewal or replacement Letter of Credit will comply with all of the provisions of this section 35.3, will be a clean, unconditional, irrevocable, transferable standby letter of credit, and will remain in effect (or be automatically renewable) through the Final LC Expiration Date on the same terms as the expiring Letter of Credit or such other terms as may be acceptable to Lessor in its sole discretion.

35.3.2 Lessor's Right to Draw on Letter of Credit.

(a) Lessor has the right to draw on the Letter of Credit, in whole or in part, at any time and from time to time, on the occurrence of any one or more of the following: (a) Lessee fails to perform any monetary obligation owing under this Lease as and when due and the same is continuing after expiration of all applicable cure periods; (b) the Letter of Credit held by Lessor has a stated expiration date that is earlier than the Final LC Expiration Date or a notice of termination or nonrenewal is given by the issuing bank, and Lessee fails to deliver to Lessor, at least thirty (30) days before the expiration date of the Letter of Credit then held by Lessor, a renewal or substitute Letter of Credit that is in effect and that complies with all of the provisions of this section 35.3; (c) Lessee becomes insolvent, makes a general

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assignment for the benefit of creditors, permits or suffers legal proceedings to be instituted seeking to have Lessee adjudicated bankrupt, reorganized, or rearranged under the bankruptcy laws of the United States, or this Lease passes, by operation of law or otherwise, to any person or persons or entity other than Lessee (unless expressly permitted under Article XXIV); or (d) Lessee fails to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Lessee, other than as specified in clauses (a), (b), and (c) above, when such failure under this clause (d) continues for a period of ten 10 days after written notice from Lessor to Lessee. (However, if the nature of this failure is such that more than 10 days are reasonably required for its cure, then Lessee will not be in breach if Lessee begins the cure within the 10-day period and thereafter diligently pursues this cure to completion and completion occurs not later than sixty (60) days from the date of this notice from Lessor.) No condition or term of this Lease will be deemed to render the Letter of Credit conditional to justify the Letter of Credit's issuer's failure to honor a drawing on the Letter of Credit in a timely manner. Lessee acknowledges and agrees that Lessor is entering into this Lease in material reliance on the ability of Lessor to draw on the Letter of Credit on the occurrence of any of the events specified in clause (a), (b), (c), or (d) above.

(b) The proceeds of the Letter of Credit may be applied by Lessor against any Minimum Rent, Additional Charges, or other monies payable by Lessee under this Lease that are not paid when due and to pay for all losses and damages that Lessor has suffered or that Lessor reasonably estimates that it will suffer as a result of any breach by Lessee under this Lease. Any unused proceeds will constitute the property of Lessor and need not be segregated from Lessor's other assets. Unapplied proceeds from any draw on the Letter of Credit will be held and applied as security for the performance of Lessee's obligations under this Lease. Provided Lessee has performed all of its obligations under this Lease, Lessor agrees to pay to Lessee within sixty (60) days after the end of the final Lease Term the amount of any proceeds of the Letter of Credit received by Lessor and not applied against any Rent or other sums payable by Lessee under this Lease that was not paid when due or used to pay for any losses or damages suffered by Lessor (or reasonably estimated by Lessor that it will suffer) as a result of any breach by Lessee under this Lease; provided that if before Lessor pays such to Lessee there is a voluntary petition under the Federal Bankruptcy Code or for reorganization or rearrangement is filed by Lessee or any Guarantor, or an involuntary petition under the Federal Bankruptcy Code or for reorganization or rearrangement is filed against Lessee or any Guarantor by any of Lessee's or Guarantor's creditors, then Lessor will not be obligated to make this payment in the amount of the unused Letter of Credit proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has

been dismissed, in each case under a final court order not subject to appeal or any stay pending appeal.

35.3.3 Restoration of Letter of Credit. If, as a result of Lessor's drawing on the Letter of Credit, the remaining amount available under the Letter of Credit is less than the Letter of Credit Amount, Lessee will, within five (5) days after Lessor's demand against the Letter of Credit, provide Lessor with additional letter(s) of credit in an amount equal to the deficiency (or a replacement letter of credit in the total Letter of Credit Amount), and any such additional (or replacement) letter of credit will comply with all of the provisions of this section 35.3. If Lessee fails to comply with this requirement, despite anything to the contrary contained in this Lease, the same will constitute an uncurable Event of Default by Lessee. Lessee further covenants and warrants that it will neither assign nor encumber the Letter of Credit, in whole or part, and that neither Lessor nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment, or attempted encumbrance.

35.3.4 Right to Transfer Letter of Credit. Lessor may, at any time and from time to time, and without notice to Lessee and without first obtaining Lessee's consent, transfer all or any portion of its interest in and to the Letter of Credit to another party, person, or entity, including any of Lessor's mortgagees, or have the Letter of Credit reissued in the name of the holder of any Lessor's mortgagees. If Lessor transfers its interest in the Leased Property and transfers the Letter of Credit (or any proceeds held by Lessor) in whole or in part to the transferee, Lessor will then, without any further agreement between the parties, be released by Lessee from all liability therefor, and the parties agree that the provisions of this section 35.3 will apply to every transfer or assignment of all or any part of the Letter of Credit to a new Lessor. In connection with Lessor's transfer of the Letter of Credit, Lessee will, at its sole cost and expense, execute and submit to the issuer of the Letter of Credit those applications, documents, and instruments as may be necessary to effect the transfer. Lessee will be responsible for paying the issuer's transfer and processing fees in connection with any transfer of the Letter of Credit and, if Lessor advances any fees (without having any obligation to do so and despite Lessor's acceptance of delivery of a Letter of Credit that obligates the beneficiary to pay any transfer fees of the Letter of Credit issuer), then, at Lessor's option, either Lessor may apply proceeds of the Letter of Credit in payment of such fees, or Lessee will reimburse Lessor for any such transfer or processing fees, as Additional Charges, within ten (10) days after Lessor's written request.

35.3.5 Assignment or Encumbrance of Letter of Credit. Lessee may not assign or encumber the Letter of Credit without the prior written consent of Lessor. Any attempt to do so will be void and will not be binding on Lessor.

35.3.6 Lessor and Lessee acknowledge and agree that any laws applicable to security deposits in the commercial context will have no applicability or relevancy to the

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Letter of Credit (including any renewal, substitute, or proceeds thereof), and waive any and all rights, duties, and obligations either party may now, or in the future, have relating to or arising from any such laws. Without limiting the generality of the foregoing, Lessee waives all other provisions of law, now or hereafter in effect, that (i) establish the time frame by which Lessor must refund a security deposit under a lease, or (ii) provide that Lessor may claim from the security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Lessee, or to clean the Leased Property. Lessee agrees that Lessor may, in addition, claim those sums specified in this section 35.3 and those sums reasonably necessary to compensate Lessor for any loss or damage caused by Lessee's breach under this Lease or the acts or omission of Lessee or any employee, agent, contractor, or invitee of Lessee.

ARTICLE XXXVI: LESSOR MAY GRANT LIENS

Section 36.1 Lessor May Grant Liens

Without the consent of Lessee, Lessor may, from time to time, directly or indirectly, create or otherwise cause to exist any Facility Mortgage upon the Leased Property and any Capital Additions or any part(s) or portion(s) thereof or interests therein. This Lease is and at all times shall be subject and subordinate to any Facility Mortgage which may now or hereafter affect the Leased Property and/or such Capital Additions or any part(s) or portion(s) thereof or interests therein and to all renewals, modifications, consolidations, replacements and extensions thereof or any part(s) or portion(s) thereof. Lessee shall execute promptly the form of subordination and non-disturbance agreement typically required by any Facility Mortgagee. If, in connection with obtaining financing or refinancing for the Leased Property and/or any such Capital Additions, a Facility Mortgagee or prospective Facility Mortgagee shall request reasonable modifications to this Lease as a condition to such financing or refinancing, Lessee shall not withhold or delay its consent thereto, provided that any such modifications shall not increase Lessee's obligations or decrease Lessee's rights under this Lease other than, in each case, to a de minimis extent. Further, Lessee shall reasonably cooperate with Lessor in connection with Lessor's efforts to encumber the Facility with a Facility Mortgage and with Lessor's negotiations with any such prospective Facility Mortgagee.

Section 36.2 Attornment

Lessee agrees that if Lessor's interest in the Leased Property and/or any Capital Additions or any part(s) or portion(s) thereof is sold, conveyed or terminated upon the exercise of any remedy provided for in any Facility Mortgage, or otherwise by operation of law: (i) at the new owner's option, Lessee shall attorn to and recognize the new owner or superior lessor as Lessee's Lessor under this Lease or enter into a new lease substantially in the form of this Lease with the new owner, and Lessee shall take such actions to confirm the foregoing within fifteen (15) Business Days after request; and (ii) the new owner or superior lessor shall not be (a) liable for any act or

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omission of Lessor under this Lease occurring prior to such sale, conveyance or termination, (b) subject to any offset, abatement or reduction of rent because of any default of Lessor under this Lease occurring prior to such sale, conveyance or termination, (c) bound by any previous modification or amendment to this Lease or any previous prepayment of more than one month's rent, unless such modification, amendment or prepayment shall have been approved in writing by such Facility Mortgagee (to the extent required by such Facility Mortgagee) or, in the case of such prepayment, such prepayment of rent has actually been delivered to such successor lessor, or (d) liable for any security deposit or other collateral deposited or delivered to Lessor pursuant to this Lease unless such security deposit or other collateral has actually been delivered to such successor lessor.

Section 36.3 Compliance with Facility Mortgage Documents

36.3.1 With respect to any Facility Mortgages and any refinancing of any Facility Mortgage, prior to the execution and delivery of any Facility Mortgage Documents relating thereto, Lessor shall provide copies of the same to Lessee for Lessee's review. Lessee acknowledges that any Facility Mortgage Documents executed by Lessor will impose certain obligations on the "Borrower" thereunder to comply with or cause the operator and/or lessee of the Facility to comply with all representations, covenants and warranties contained therein relating to the Facility and the operator and/or lessee of the Facility, including covenants relating to (a) the maintenance and repair of the Facility, (b) maintenance and submission of financial records and accounts of the operation of each Facility and related financial and other information regarding the operator and/or lessee of the Facility and the Facility itself, (c) the procurement of insurance policies with respect to the Facility and (d) without limiting the foregoing, compliance with all Legal Requirements relating to the Facility and the operation thereof for their Primary Intended Use. For so long as any Facility Mortgages encumber the Leased Property, or any portion thereof, Lessee covenants and agrees (x) that it shall provide copies of any notice of any claimed breach or default by Lessor hereunder to any Facility Mortgagee for which Lessee has been provided a notice address and any such Facility Mortgage shall have the right, at its election in accordance with the terms of the applicable Facility Mortgage Documents, to cure any such claimed breach or default of Lessor hereunder on the same terms as if Lessor had performed such cure on its own behalf and Lessee shall recognize and accept any such performance by a Facility Mortgagee, and (y) at its sole cost and expense and for the express benefit of Lessor, to use and operate the Facility in strict compliance with the terms and conditions of the Facility Mortgage Documents (other than payment of any indebtedness, fees or interest evidenced or secured thereby or any indemnification obligations thereunder that (in each case) do not relate to actions taken or omitted or required to be taken or omitted by Lessee pursuant to this Lease) and to timely perform all of the obligations of Lessor thereunder relating to such use and operation of the Facility or Lessee's obligations hereunder, or to the extent that any of such duties and obligations do

not relate to the use and operation of the Facility or Lessee's obligations hereunder or may not properly be performed by Lessee or extend beyond the obligations imposed on Lessee under this Lease (other than to a de minimis extent), Lessee shall reasonably cooperate with and assist Lessor in the performance thereof (other than payment of any indebtedness, fees or interest evidenced or secured thereby or any indemnification obligations thereunder that (in each case) do not relate to actions taken or omitted or required to be taken or omitted by Lessee pursuant to this Lease). Notwithstanding the foregoing, in no event shall the duties and obligations imposed upon Lessee by the Facility Mortgage Documents relating thereto and this Section 36.3 (A) be more burdensome (other than to a de minimis extent) to Lessee than Lessee's obligations to Lessor under this Lease, (B) adversely affect Lessee's rights under this Lease other than to a de minimis extent (provided, that, Lessee acknowledges and agrees that commercially reasonable and customary mortgagee rights and protections relating to notices, approvals, cure periods and similar lender protections granted to any Facility Mortgagee pursuant to a subordination and non-disturbance agreement shall be deemed not to have any such prohibited effect on Lessee's rights or obligations under this Lease) and (C) impose upon Lessee any reserve requirements imposed by any Facility Mortgagee on Lessor.

36.3.2 Without limiting Lessee's obligations pursuant to any other provision of this Section 36.3, during the Term of this Lease, Lessee acknowledges and agrees that, except as expressly provided elsewhere in this Lease, it shall undertake at its own cost and expense the performance of any and all repairs, replacements, capital improvements, maintenance items and all other requirements relating to the condition of the Facility which are required by any Facility Mortgage Documents (subject to the proviso in the last sentence of Section 36.3.1 above), and Lessee shall be solely responsible and hereby covenants to fund and maintain any and all impound, escrow or other reserve or similar accounts related to the operation of the Facility required under any Facility Mortgage Documents (subject to the proviso in the last sentence of Section 36.3.1 above) as security for or otherwise relating to any operating expenses of the Facility, including any capital repair or replacement reserves and/or impounds or escrow accounts for Impositions or insurance premiums (each a "Facility Mortgage Reserve Account"), but specifically excluding any debt service or other similar reserves. During the Term of this Lease and provided that no Event of Default shall have occurred and be continuing hereunder, Lessee shall, subject to the terms and conditions of such Facility Mortgage Reserve Account and the requirements of the Facility Mortgagee(s) thereunder, and all applicable terms contained in any applicable subordination and non-disturbance agreement, have access to and the right to apply or use (including for reimbursement) to the same extent of Lessor all monies held in each such Facility Mortgage Reserve Account for the purposes and subject to the limitations for which such Facility Mortgage Reserve Account is maintained, and Lessor agrees to reasonably cooperate with Lessee in connection therewith.

ARTICLE XXXVII: HAZARDOUS SUBSTANCES AND MOLD

Section 37.1 Hazardous Substances and Mold

37.1.1 Lessee shall not allow any Hazardous Substance, Mold Condition or Mold to be located, stored, disposed of, released or discharged in, on, under or about the Leased Property and Capital Additions or incorporated in the Facility during the Term; provided, however, that Hazardous Substances may be located, stored, released, discharged, brought, kept, used or disposed of in, on or about the Leased Property (or any portion thereof) or any Capital Additions or incorporated in the Facility either in the ordinary course of business or for purposes reasonably similar to the Primary Intended Use and which are brought, kept, used and disposed of in strict compliance with Legal Requirements and in a manner that would not reasonably be expected give rise to material liability under Environmental Law. During the Term, Lessee shall not allow the Leased Property or any Capital Additions to be used as a waste disposal site or, except as permitted in the immediately preceding sentence, for the manufacturing, handling, storage, distribution or disposal of any Hazardous Substance.

37.1.2 Lessor shall not, and shall not direct or cause any of its agents or Affiliates to store, dispose of, release or discharge any Hazardous Substance or Mold in, on, under or about the Leased Property and Capital Additions or incorporated in the Facility except in strict compliance with Legal Requirements and in a manner that would not give rise to material liability.

Section 37.2 Notices

Lessee shall provide written notice to Lessor reasonably promptly (but in any event within fifteen (15) days after Lessee becomes aware thereof), and in any event promptly upon Lessee's receipt of any written notice or notification that Lessee receives with respect to: (i) any material violation of a Legal Requirement relating to Hazardous Substances located in, on, or under the Leased Property or any Capital Additions or any adjacent property thereto; (ii) any material enforcement, cleanup, removal, or other governmental or regulatory action instituted, completed or threatened with respect to the presence or alleged presence of Hazardous Substance located in, on, under, or near the Leased Property (or any portion thereof) or any Capital Additions; (iii) any material claim made or threatened by any Person against Lessee or the Leased Property (or any portion thereof) or any Capital Additions relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from or claimed to result from the presence or alleged presence of Hazardous Substance located in, on, under, or near the Leased Property (or any portion thereof) or any Capital Additions; and (iv) other than reports made in the ordinary course of business for purposes reasonably similar to the Primary Intended Use, any material reports made to any federal, state or local environmental agency arising out of or in connection with any Hazardous Substance in, on, under or removed from the Leased Property (or any portion thereof)

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or any Capital Additions, including any material complaints, notices, warnings or asserted violations in connection therewith. In the event that Lessee becomes aware of any suspected or actual material Mold or Mold Conditions at the Leased Property (or any portion thereof), unless caused by any intentional or negligent act of Lessor or Lessor's agents or Affiliates, Lessee shall reasonably promptly (but in any event within fifteen (15) days after Lessee becomes aware thereof) notify Lessor in writing of the same. In addition, unless caused by any intentional or negligent act of Lessor or Lessor's agents or Affiliates, in the event of Lessee becoming aware of any suspected material Mold or Mold Conditions at the Leased Property (or any portion thereof) or any Capital Additions, Lessee, at its sole cost and expense, shall reasonably promptly cause an inspection of the Leased Property and any Capital Additions (or any portion thereof) to be conducted in order to determine if Mold or Mold Conditions are present at the Leased Property (or any portion thereof) or any Capital Additions, and shall notify Lessor, in writing, at least ten (10) days prior to such inspection, of the date on which the inspection shall occur, and which portion of the Leased Property or any Capital Additions shall be subject to such inspection. Lessee shall retain a Mold Inspector to conduct such inspection and shall cause such Mold Inspector to perform such inspection and to prepare an inspection report, and reasonably promptly provide a copy of the same to Lessor.

Section 37.3 Remediation

Except to the extent caused by any intentional or grossly negligent act of Lessor or Lessor's agents or Affiliates, or after the Term, if Lessee becomes aware of a material violation of any Legal Requirement relating to any Hazardous Substance or the presence of any Hazardous Substances that pose a risk to human health or the environment in, on, under or about the Leased Property or any Capital Additions, or if Lessee, Lessor or the Leased Property (or any portion thereof) or any Capital Additions becomes subject to any material order of any Governmental Authority pursuant to Environmental Law or other Legal Requirement to repair, close, detoxify, decontaminate or otherwise remediate the Leased Property (or any portion thereof) and any Capital Additions, Lessee shall notify Lessor within fifteen (15) days of such event and, at its sole cost and expense, cure such violation or effect such repair, closure, detoxification, decontamination or other remediation to the extent required by any Environmental Law or as reasonably necessary to respond to a threat to human health or a risk of property damage related thereto. Upon the Lessee becoming aware of any material Mold or Mold Conditions in or about the Leased Property (or any portion thereof) or any Capital Additions, Lessee shall also reasonably promptly notify Lessor of such event and, at its sole cost and expense, hire a trained and experienced Mold remediation contractor(s) to clean-up and remove from the Leased Property and any Capital Additions all Mold or Mold Conditions in strict compliance with all Mold Remediation Requirements. If Lessee fails to implement and diligently pursue any such cure, repair, closure, detoxification, decontamination or other remediation, Lessor shall have the right, but not the obligation, to carry out such action and to recover from Lessee all of Lessor's out-of-pocket costs and expenses incurred in connection therewith.

Section 37.4 Indemnity

Lessee shall indemnify, defend, protect, save, hold harmless, and reimburse Lessor and its Affiliates for, from and against any and all costs, losses (including, losses of use or economic benefit or diminution in value), liabilities, damages, assessments, lawsuits, deficiencies, demands, claims and expenses (collectively, “Environmental Costs”) (whether or not arising out of third party claims and regardless of whether liability without fault is imposed, or sought to be imposed, on Lessor or any of its Affiliates) incurred in connection with, arising out of, resulting from or incident to, directly or indirectly, before or during the Term required by any Environmental Law, by any Governmental Authority or to respond to a threat to human health or a risk of property damage, the production, use, generation, storage, treatment, transporting, disposal, discharge, release or other handling or disposition of any Hazardous Substances from, in, on or about the Leased Property (or any portion thereof) or any Capital Additions (collectively, “Handling”), including the effects of such Handling of any Hazardous Substances on any Person or property within or outside the boundaries of the Leased Property or any Capital Additions, (ii) required by any Environmental Law, by any Governmental Authority or to respond to a threat to human health or a risk of property damage, the presence of any Hazardous Substances, Mold or Mold Condition in, on, under or about the Leased Property (or any portion thereof) or any Capital Additions, (iii) the violation of any Legal Requirements (including Environmental Laws) related to Hazardous Substances in, on, under or about the Leased Property (or any portion thereof) or any Capital Additions, (iv) any illness to or death of persons or damage to or destruction of property resulting from such Mold or Mold Condition in, on, under or about the Leased Property or any Capital Additions, and (v) any failure by Lessee to observe the foregoing covenants of this Article XXXVII. “Environmental Costs” include interest, costs of response, removal, remedial action, containment, cleanup, investigation, design, engineering and construction, damages (including actual, consequential and punitive damages) for personal injuries and for injury to, destruction of or loss of property or natural resources, relocation or replacement costs, penalties, fines, charges or expenses, reasonable attorney’s fees, expert fees, consultation fees, and court costs, and all amounts paid in investigating, defending or settling any of the foregoing. Notwithstanding the foregoing, Lessee’s indemnification obligations hereunder shall not apply with respect to any Environmental Costs suffered, incurred or resulting solely from the intentional or negligent acts of Lessor or Lessor’s agents or Affiliates. Without limiting the scope or generality of the foregoing, Lessee expressly agrees to reimburse Lessor and its Affiliates for any and all out-of-pocket costs and expenses incurred by Lessor or any such Affiliate:

- (a) In investigating any and all matters relating to the Handling of any Hazardous Substances or the presence or remediation of Mold or any Mold Condition in, on, from, under or about the Leased Property or any Capital Additions;

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(b) In bringing the Leased Property or any Capital Additions into compliance with all Legal Requirements, including Mold Remediation Requirements and Environmental Laws; and

(c) Removing, treating, storing, transporting, cleaning-up and/or disposing of any Hazardous Substances used, stored, generated, released or disposed of in, on, from, under or about the Leased Property (or any portion thereof) or any Capital Additions or offsite or in conducting any removal or remediation of Mold or any Mold Condition from the Leased Property (or any portion thereof) or any Capital Additions as required by Environmental Laws or to protect human health or the environment.

If any claim is made by Lessor or any of its Affiliates pursuant to this Article XXXVII, Lessee agrees to pay or otherwise respond to such claim reasonably promptly, and in any event to pay or respond to such claim within thirty (30) calendar days after receipt by Lessee of notice thereof. If any such claim is not paid and Lessor or any such Affiliate is ultimately found or agrees to be responsible therefore, Lessee agrees also to pay interest on the amount paid from the date of the first notice of such claim, at the Overdue Rate.

Section 37.5 Inspection

Lessor shall have the right, from time to time, and upon not less than five (5) days' written notice to Lessee, except in the case of an emergency in which event no notice shall be required, to conduct an inspection of the Leased Property (or any portion thereof) and all Capital Additions to determine the existence or presence of Hazardous Substances, Mold or any Mold Condition on or about the Leased Property or any such Capital Additions. Lessor shall have the right to enter and inspect the Leased Property (or any portion thereof) and all Capital Additions, conduct any reasonable testing, sampling and analyses it deems necessary in a manner and time that does not unreasonably interfere with the Primary Intended Use and shall have the right to inspect materials brought into the Leased Property (or any portion thereof) or any such Capital Additions. Lessor may, in its discretion, retain such experts to conduct the inspection, perform the tests referred to herein, and to prepare a written report in connection therewith. All costs and expenses incurred by Lessor under this Section shall be paid by Lessor; provided, however, that following the occurrence and during the continuance of any Event of Default, Lessee shall pay all such costs and expenses on demand by Lessor as Additional Charges hereunder. Failure to conduct an inspection or to detect unfavorable conditions if such inspection is conducted shall in no fashion be intended as a release of any liability for conditions subsequently determined to be associated with or to have occurred during Lessee's tenancy. Pursuant to the terms set forth herein, Lessee shall remain liable for any environmental condition, Mold or Mold Condition related to or having occurred during or prior to its tenancy regardless of when such conditions are discovered and regardless of whether or not Lessor conducts an inspection at the termination of this Lease. The obligations set forth in this Article shall survive the expiration or earlier termination of the Lease, except to the extent

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related to acts or omissions of other Persons (that are not any of the Lessee Parties or any of their respective Affiliates) after the expiration or earlier termination of the Term.

ARTICLE XXXVIII: [INTENTIONALLY OMITTED]

ARTICLE XXXIX: [INTENTIONALLY OMITTED]

ARTICLE XL: ADDITIONAL REPRESENTATIONS AND WARRANTIES BY LESSOR

Section 40.1 Additional Representations and Warranties by Lessor

Lessor represents and warrants to Lessee as of the Commencement Date as follows:

40.1.1 Lessor is duly organized, validly existing and in good standing under the laws of its state of organization/formation, is qualified to do business and in good standing in the State (to the extent Lessor is required to be so by applicable Legal Requirements) and has full power, authority and legal right to execute and deliver and to perform and observe the provisions of this Lease to be observed and/or performed by Lessor.

40.1.2 This Lease has been duly authorized, executed and delivered by Lessor, and constitutes and will constitute the valid and binding obligations of Lessor enforceable against Lessor in accordance with its terms.

ARTICLE XLI: ADDITIONAL REPRESENTATIONS AND WARRANTIES BY LESSEE

Section 41.1 Additional Representations and Warranties by Lessee

Lessee represents and warrants to Lessor as of the Commencement Date as follows:

41.1.1 Lessee is duly organized, validly existing and in good standing under the laws of its state of organization/formation, is qualified to do business and in good standing in the State and has full power, authority and legal right to execute and deliver and to perform and observe the provisions of this Lease to be observed and/or performed by Lessee.

41.1.2 This Lease has been duly authorized, executed and delivered by Lessee, and constitutes and will constitute the valid and binding obligations of Lessee enforceable against Lessee in accordance with its terms.

41.1.3 Lessee is solvent, has timely and accurately filed all tax returns and extensions required to be filed by Lessee, and is not in default in the payment of any material taxes levied or assessed against Lessee or any of its material assets, and is not subject to any judgment, order, decree, rule or regulation of any Governmental Authority having jurisdiction over the Leased Property, the Facility, or Lessee which would, in the

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aggregate, otherwise materially and adversely affect Lessee's condition, financial or otherwise, or Lessee's prospects or the Leased Property.

41.1.4 Except for the Required Governmental Approvals to use and operate the Facility for its Primary Intended Use, no other material consent, approval or other authorization of, or registration, declaration or filing with, any Governmental Authority is required for the due execution and delivery of this Lease, or for the performance by or the validity or enforceability of this Lease against Lessee.

41.1.5 The execution and delivery of this Lease and compliance with the provisions hereof will not result in (i) a material breach or violation of (A) any Legal Requirement applicable to Lessee now in effect; (B) the organizational or charter documents of Lessee; (C) any judgment, order or decree of any Governmental Authority binding upon Lessee; or (D) any agreement or instrument to which Lessee is a counterparty or by which it is bound; or (ii) the acceleration of any material obligation of Lessee.

41.1.6 As of the Commencement Date, all Required Governmental Approvals have been obtained by Lessee.

ARTICLE XLII: ATTORNEYS' FEES

Section 42.1 Attorneys' Fees

If Lessor or Lessee brings an action or other proceeding against the other to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Lease, or by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding and any appeal thereupon shall be paid all of its costs and reasonable attorneys' fees incurred in connection with therewith. In addition to the foregoing and other provisions of this Lease that specifically require Lessee to reimburse, pay or indemnify against Lessor's attorneys' fees, Lessee shall pay, as Additional Charges, all of Lessor's reasonable attorneys' fees incurred in connection with the administration or enforcement of this Lease, the review of any letters of credit, the review, negotiation or documentation of any subletting, assignment, or management arrangement or any consent requested in connection therewith, and the collection of past due Rent.

ARTICLE XLIII: BROKERS

Section 43.1 Brokers

Lessee warrants that it has not had any contact or dealings with any Person or real estate broker which would give rise to the payment of any fee or brokerage commission in connection with this Lease, and Lessee shall indemnify, protect, hold harmless and defend Lessor and its Affiliates from and against any liability with respect to any fee or brokerage commission arising out of any act or omission of Lessee. Lessor warrants that it has not had any contact or dealings with any Person or real estate broker which would give rise to the payment of any fee or brokerage

commission in connection with this Lease, and Lessor shall indemnify, protect, hold harmless and defend Lessee and its Affiliates from and against any liability with respect to any fee or brokerage commission arising out of any act or omission of Lessor.

ARTICLE XLIV: [INTENTIONALLY OMITTED]

ARTICLE XLV: MISCELLANEOUS

Section 45.1 Miscellaneous

45.1.1 Survival. Anything contained in this Lease to the contrary notwithstanding, all claims against, and liabilities and indemnities of, Lessee or Lessor arising prior to the expiration or earlier termination of the Term shall survive such expiration or termination. In addition, all claims against, and all liabilities and indemnities hereunder of Lessee shall continue in full force and effect and in favor of the Lessor named herein, its Affiliates (to the extent applicable) and the successors and assigns of Lessor and (to the extent applicable) such Affiliate.

45.1.2 Severability. If any term or provision of this Lease or any application thereof shall be held invalid or unenforceable, the remainder of this Lease and any other application of such term or provision shall not be affected thereby.

45.1.3 Limitation of Liability. In no event shall Lessor ever be liable to Lessee for any indirect or consequential damages suffered by Lessee from whatever cause.

45.1.4 Licenses and Operation Transfer Agreements

(a) Upon the expiration or earlier termination of the Term, Lessee shall use its commercially reasonable efforts, to the extent permitted by Legal Requirements, to transfer to Lessor or Lessor's designee or nominee a fully operational Facility and shall cooperate with Lessor or Lessor's designee or nominee ("**Successor Operator**") in connection with the processing by Successor Operator of any applications for all Required Governmental Approvals, all contracts, including contracts with governmental or quasi-governmental entities, business records, data, patient and resident records, and patient and resident trust accounts, which may be necessary or useful for the continued operation of the Facility. Lessee shall not commit any act that would jeopardize the Required Governmental Approvals for the Facility, and Lessee shall reasonably comply with all requests for an orderly transfer of the same, to the extent permitted by Legal Requirements, upon the expiration or early termination of the Term. In addition, upon request, Lessee shall, subject to compliance with all applicable Legal Requirements, promptly deliver copies of all books and records relating to the Leased Property of the Facility

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and all Capital Additions thereto and operations thereon to Lessor or such Successor Operator.

(b) Lessor and Lessee (i) acknowledge that Legal Requirements may prohibit or restrict the transfer of Required Governmental Approvals or the transfer or disclosure of contracts, records, data or accounts and that the exercise of default or termination rights or remedies under this Lease may result in the expiration or cancellation of Required Governmental Approvals, and (ii) agree that any such transfer or disclosure shall be limited to the extent required to comply with Legal Requirements. Lessee agrees to use commercially reasonable efforts to cooperate with Lessor, as reasonably requested by Lessor, in achieving the transfer of a fully operational Facility as described in Section 45.1.4(a) in a manner permitted by applicable Legal Requirements, as well as all documentation, information, licenses, and other items to maintain an operational Facility and its Fair Market Value.

(c) Without limiting the generality of the foregoing, the following shall apply:

(i) If requested by Lessor or a proposed Successor Operator for the Facility, Lessee hereby agrees to enter into a reasonable operations transfer agreement with Lessor or such Successor Operator as is customary in the transfer to a successor operator of the operations of a facility similar to the Facility.

(ii) If requested by Lessor, Lessee shall, subject to compliance with all applicable Legal Requirements, continue to manage the Facility after the termination of this Lease and for so long thereafter as is necessary for Lessor or such Successor Operator to obtain all Required Governmental Approvals.

(d) Nothing contained herein shall prohibit Lessor or a Successor Operator from securing any Required Governmental Approvals for the Facility in its own name, or (to the extent receivership is available pursuant to applicable Legal Requirements) seeking the appointment of a receiver or temporary manager for the Facility (and Lessee shall use commercially reasonable efforts to cooperate in connection therewith), in each case but only in connection with any expiration or early termination of the Term or upon an Event of Default permitting an exercise of remedies with respect to the Facility.

(e) If after the expiration or earlier termination of this Lease, Lessor or a Successor Operator has not assumed the full operation of the Facility and received all of the records with respect to the Facility, then Lessee shall keep copies of the

records of the Facility for such period, and make such records available in such manner, in each case as may be required by applicable Legal Requirements.

45.1.5 Successors and Assigns. This Lease shall be binding upon Lessor and Lessee and their respective successors and assigns.

45.1.6 [Intentionally omitted]

45.1.7 Confidentiality. Lessor and Lessee hereby acknowledge and agree that the terms of this Lease are confidential and shall not be shared with any other Person, except for disclosures: (a) to, so long as such Persons agree to maintain the confidential nature thereof, Lessor's or Lessee's, as applicable, actual or prospective (i) financing sources, (ii) purchasers or assignees, (iii) partners, (iv) escrow holder, (v) investors, and (vi) replacement tenants; (b) to legal counsel, accountants and other professional advisors to Lessor or Lessee, as applicable, so long as such Persons agree to maintain the confidential nature thereof; and (c) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding, to the extent necessary in support of motions, filings, or other proceedings in court as required to be undertaken pursuant to this Lease, or otherwise as required by applicable Legal Requirements, provided that any party is given a reasonable opportunity to obtain a protective order in connection with such disclosure.

45.1.8 Termination Date. If this Lease is terminated by Lessor or Lessee under any provision hereof, and upon the expiration of the Term (collectively, the "termination date"), the following shall pertain:

(a) Lessee shall vacate and surrender the Leased Property, any of Lessee's Personal Property and Intangible Property that Lessor has elected to acquire pursuant to Section 6.3, and all Capital Additions to Lessor in the condition required by Section 9.1.4. Prior to such vacation and surrender, Lessee shall remove any items which Lessee is permitted or required to remove hereunder. Lessee shall, at Lessee's cost, repair any damage to such Leased Property and any Capital Additions caused by such vacation and/or removal of any items which Lessee is required or permitted hereunder to remove. Any items which Lessee is permitted to remove but fails to remove prior to the surrender to Lessor shall be deemed abandoned by Lessee, and Lessor may retain or dispose of the same as Lessor sees fit without claim by Lessee thereto or to any proceeds thereof. If Lessor elects to remove and dispose of any such items abandoned by Lessee, the cost of such removal and disposal shall be an Additional Charge payable by Lessee to Lessor.

(b) Without limiting the provisions of Section 45.1.1 above, upon any such termination or expiration of this Lease, the following shall pertain:

(i) Lessee agrees to defend, protect, indemnify, defend and hold harmless Lessor and its Affiliates from and against any and all claims, costs, losses, expenses, damages, actions, and causes of action for which Lessee is responsible under this Lease (including Lessee's indemnification obligations under Articles XXIII and XXXVII) and which accrue or have accrued on or before the termination date.

(ii) Lessee shall remain liable for the cost of all utilities used in or at the Leased Property and any Capital Additions relating to the Facility through the termination date and accrued and unpaid, whether or not then billed, as of the termination date until full payment thereof by Lessee. Lessee shall obtain directly from the companies providing such services closing statements for all services rendered through the termination date and shall promptly pay the same. If any utility statement with respect to such Leased Property and any Capital Additions includes charges for a period partially prior to and partially subsequent to the termination date, such charges shall be prorated as between Lessor and Lessee, with Lessee responsible for the portion thereof (based upon a fraction the numerator of which is the number of days of service on such statement through the termination date and the denominator of which is the total number of days of service on such statement) through the termination date and Lessor shall be responsible for the balance. The party receiving any such statement which requires proration hereunder shall promptly pay such statement and the other party shall, within ten (10) days after receipt of a copy of such statement, remit to the party paying the statement any amount for which such other party is responsible hereunder.

(iii) Lessee shall remain responsible for any and all Impositions imposed against the Leased Property, the Personal Property and any Capital Additions with a lien date on or before the termination date (irrespective of the date of billing therefor) and for its pro rata share of any Impositions imposed in respect of the tax-fiscal period during which the Term terminates as provided in Section 4.1.6, and Lessee shall indemnify and hold Lessor harmless with respect to any claims for such Impositions or resulting from nonpayment thereof.

(iv) Lessee shall (y) execute all documents and take any actions reasonably necessary to (1) cause the transfer to Lessor of any of Lessee's Personal Property and Intangible Property that Lessor has elected to acquire and any Capital Additions not owned by Lessor, to the extent provided in Section 6.3, in each case free of any encumbrance, as provided in such Section 6.3, and (2) remove this Lease and/or any memorandum hereof as

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a matter affecting title to the Leased Property as provided in Article XXXVIII and (z) comply with its covenants set forth in Section 45.1.4.

(v) Lessee shall cause the number of licensed beds to be restored to 193.

(vi) Lessee shall continue to observe the covenants of Lessee which are intended to survive the expiration or sooner termination of this Lease.

45.1.9 Governing Law. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO PRINCIPLES OR CONFLICTS OF LAW) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA, EXCEPT THAT ALL PROVISIONS HEREOF RELATING TO THE CREATION OF THE LEASEHOLD ESTATE AND ALL REMEDIES SET FORTH IN ARTICLE XVI RELATING TO RECOVERY OF POSSESSION OF THE LEASED PROPERTY OF THE FACILITY (SUCH AS AN ACTION FOR UNLAWFUL DETAINER OR OTHER SIMILAR ACTION) SHALL BE CONSTRUED AND ENFORCED ACCORDING TO, AND GOVERNED BY, THE LAWS OF THE STATE IN WHICH THE LEASED PROPERTY OF THE FACILITY IS LOCATED.

45.1.10 Waiver of Trial by Jury. EACH OF LESSOR AND LESSEE ACKNOWLEDGES THAT IT HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHTS TO TRIAL BY JURY UNDER THE CONSTITUTION OF THE UNITED STATES, THE STATE OF NEW YORK AND THE STATE IN WHICH THE LEASED PROPERTY OF THE FACILITY IS LOCATED. EACH OF LESSOR AND LESSEE HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR (ii) IN ANY MANNER CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF LESSOR AND LESSEE WITH RESPECT TO THIS LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREINAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; EACH OF LESSOR AND LESSEE HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY, AND THAT EITHER PARTY MAY FILE A COPY OF THIS

SECTION WITH ANY COURT AS CONCLUSIVE EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

LESSOR'S INITIALS: _____ LESSEE'S INITIALS: _____

45.1.11 Lessee Counterclaim and Equitable Remedies. Lessee hereby waives the right to interpose counterclaim in any summary proceeding instituted by Lessor against Lessee or in any action instituted by Lessor for unpaid Rent under this Lease. In the event that Lessee claims or asserts that Lessor has violated or failed to perform a covenant of Lessor not to unreasonably withhold or delay Lessor's consent or approval hereunder, or in any case where Lessor's reasonableness in exercising its judgment is in issue, Lessee's sole remedy shall be an action for specific performance, declaratory judgment or injunction, and in no event shall Lessee be entitled to any monetary damages for a breach of such covenant, and in no event shall Lessee claim or assert any claims for monetary damages in any action or by way of set-off defense or counterclaim, and Lessee hereby specifically waives the right to any monetary damages or other remedies in connection with any such claim or assertion.

45.1.12 Jurisdiction. Except as otherwise provided in this Section 45.1.12, Lessor and Lessee irrevocably submit to the exclusive jurisdiction of the courts of the State of New York or, in the case of claims over which federal courts have jurisdiction, the United States District Courts in the State of New York for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Notwithstanding anything to the contrary in this Section 45.1.12, Lessor and Lessee submit to the nonexclusive jurisdiction of the courts of the State of New Jersey for the purposes of any suit, action or other proceeding arising out of any provisions of this Lease relating to the creation of the leasehold estate and all remedies set forth in Article XVI relating to recovery of possession of the Leased Property (such as an action for unlawful detainer or other similar action). Each of Lessor and Lessee further agree that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth above shall be effective service of process for any action, suit or proceeding in New York or New Jersey with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentences. Lessor and Lessee irrevocably and unconditionally waive any objection to the laying of venue of any such action, suit or proceeding, and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

45.1.13 Entire Agreement. This Lease, the Exhibits hereto and such other documents as are contemplated hereunder, constitutes the entire agreement of the parties with respect to the subject matter hereof, and may not be changed or modified except by an agreement in writing signed by the parties.

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45.1.14 Headings. All titles and headings to sections, subsections, paragraphs or other divisions of this Lease are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other contents of such sections, subsections, paragraphs or other divisions, such other content being controlling as to the agreement among the parties hereto.

45.1.15 Counterparts; Electronically Transmitted Signatures. This Lease may be executed in any number of counterparts, each of which shall be a valid and binding original, but all of which together shall constitute one and the same instrument. Signatures transmitted via facsimile or other electronic means (including emailed PDF files) may be used in place of original signatures on this Lease, and Lessor and Lessee both intend to be bound by such signatures hereto transmitted via facsimile or other electronic means.

45.1.16 [Intentionally omitted]

45.1.17 Interpretation. Both Lessor and Lessee have been represented by counsel and this Lease and every provision hereof has been freely and fairly negotiated. Consequently, all provisions of this Lease shall be interpreted according to their fair meaning and shall not be strictly construed against any party.

45.1.18 Time of Essence. Time is of the essence of this Lease and each provision hereof in which time of performance is established; provided, that the foregoing shall not abrogate (but shall be applicable to) any notice or cure periods otherwise expressly provided for in this Lease.

45.1.19 Further Assurances. The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.

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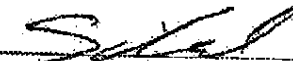
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IN WITNESS WHEREOF, the parties have caused this Lease to be executed and attested by their respective officers thereunto duly authorized.

LESSEE:

BRIDGETON SNF LLC
(a New Jersey limited liability company)

Dated: 10/31/2023

By: 
Name: Steve Koyel
Title: Managing Member

LESSOR:

BRIDGETON H & V REALTY LLC
(a New York limited liability company)

Dated:

By: 
Name: Arthur Verschleiser
Title: COO

Exhibit A

Legal Description

BEGINNING at a concrete monument set in the westerly line of Dare Avenue at the northeasterly corner of land reserved by James Ferguson said point being also 110 feet north from the north line of James Place and running thence (1) north 00 degrees 35 minutes west along the westerly line of Dare Avenue, 416.75 feet to a concrete monument; thence (2) north 51 degrees 55 minutes west along land of B.K.B. Realty Co., 102.70 feet to a concrete monument; thence (3) south 58 degrees 7 minutes west along the same 466.34 feet to a stone; thence (4) south 63 degrees 30 minutes west still along the same 237.28 feet to a concrete monument in the easterly of Manheim Avenue (66 feet wide); thence (5) south 0 degrees 35 minutes east along the easterly line of Manheim Avenue 305 feet to a stone at the northwesterly corner of land of Sutton Brothers; thence (6) north 89 degrees 25 minutes east along the same 312.24 feet to the southwest corner of the intersection of the south line of James Place (60 feet wide) with the west line of Coral Avenue; thence (7) north 0 degrees 35 minutes west 60 feet to a concrete monument; thence (8) north 89 degrees 25 minutes east along the northerly line of James Place 176.13 feet to an iron pipe set at the southwest corner of land of James Ferguson aforesaid; thence (9) north 0 degrees 35 minutes west along the same and passing 15 feet westerly from the dwelling of James Ferguson 110 feet to an iron pipe at the northwest corner of the same; thence (10) north 89 degrees 25 minutes east still along the same 203.69 feet to the westerly line of Dare Avenue and the place of BEGINNING. Containing 6.70 acres of land, more or less.

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Exhibit B
Form of Guaranty
(See attached)

GUARANTY

This GUARANTY (the “**Guaranty**”) is made as of the 1st day of November 2023 (the “**Guaranty Date**”) by Teddy Lichtschein (aka Ted or Tzvi Lichtschein), an individual, whose address is 2071 Flatbush Avenue, Suite 22, Brooklyn, New York 11234 (the “**Guarantor**,” as further defined below), for the benefit of Bridgeton H & V Realty, LLC, a New York limited liability company, (together with its successors and assigns, “**Lessor**”), whose address is 1148 East 19th Street, Brooklyn, New York, 11230.

Background

A. Lessor is about to enter into a lease agreement (as further defined below, the “**Lease**”) with Bridgeton SNF LLC, a New Jersey limited liability company (as further defined below, the “**Lessee**”), dated on or about the Guaranty Date.

B. The Lease demises the Leased Property (as that term is more particularly defined in the Lease) consisting of the real property and improvements thereon, including a long-term care facility, located at 99 Manheim Avenue in Bridgeton, New Jersey.

C. Lessor would not enter into the Lease unless Guarantor signed this Guaranty.

D. Guarantor is a principal of Lessee or, directly or indirectly, owns a substantial percentage of the equity interests of Lessee.

E. The Lease will benefit Guarantor.

NOW, THEREFORE, to induce Lessor to enter into the Lease, and in exchange for \$100 and for other good and valuable consideration, the receipt and sufficiency of which Guarantor hereby acknowledges, and intending to be legally bound, Guarantor agrees as follows:

1. DEFINITIONS

Except as otherwise defined herein, capitalized terms used but not defined in this Guaranty have the meanings ascribed to them in the Lease. This Guaranty also uses the following terms:

- 1.1 “Guarantied Obligations”** means all liabilities and obligations of Lessee under the Lease, in each case whether or not Lessee’s notice or cure period, if any, has ended. If a Guarantied Obligation arises only after notice to Lessee, then Lessor may at its option instead notify any Guarantor. The Guarantied Obligation shall then be determined, for this Guaranty, as if Lessor had notified Lessee. If the Lease gives Lessee a right or obligation to contract, expand, extend or renew, or to acquire the Leased Property or any Capital Additions (as defined in the Lease), then the “Guarantied Obligations” include Lessee’s obligations from an exercise of that right or obligation, regardless of whether or not any Guarantor consents.

- 1.2 “Guarantor”** means: Teddy Lichtschein (aka Ted or Tzvi Lichtschein), together with his successors and assigns.
- 1.3 “Insolvency Law”** means the United States Bankruptcy Code (11 U.S.C. §§ 101 et seq.), and any other or successor state or federal statute on assignment for benefit of creditors, appointment of a receiver, bankruptcy, composition, insolvency, moratorium, reorganization, trustee appointment, or similar matters.
- 1.4 “Insolvency Proceeding”** means any proceeding (or appointment), voluntary or involuntary, under Insolvency Law.
- 1.5 “Lessor Remedies”** means Lessor’s rights and remedies under the Lease or law, including Insolvency Law, including any right to terminate the Lease, evict Lessee, collect damages for default and apply or not apply any security deposit or letter of credit.
- 1.6 “Lease”** means: (a) the Lease, as initially defined above, as amended, assigned, extended or renewed from time to time, whether or not with any Guarantor’s consent; and (b) Lessee’s obligations to Lessor under law regarding the Leased Property. The “Lease” shall be defined without regard to any: (i) Insolvency Proceeding; (ii) resulting limitation, modification, reinstatement, rejection or termination of the Lease or Lessee’s obligations; or (iii) exercise of Lessor Remedies.
- 1.7 “Legal Costs”** means Lessor’s reasonable attorneys’ fees and costs of collection for any actual or threatened: (a) Lessee default under any Guaranteed Obligation; (b) Guarantor default or Lessor claim under this Guaranty; or (c) Proceeding. Legal Costs include reasonable attorneys’ fees, disbursements and other charges billed by Lessor’s attorneys, court costs and costs of process servers, private investigators and all other personnel whose services are charged to Lessor in connection with Lessor’s receipt of legal services.
- 1.8 “Lessee”** means: (a) Lessee as initially defined above; (b) any estate created through a Lessee Insolvency Proceeding; (c) any liquidator, receiver or trustee of Lessee or any of its property; (d) any similar person or officer, appointed in any Insolvency Proceeding or otherwise and (e) any heir, successor or assign of Lessee.
- 1.9 “Lessee Occupant”** means Lessee and any person occupying or claiming any Leased Property by or through Lessee, except to the extent Lessor has agreed in writing that such person may remain after the Lease ends.
- 1.10 “Proceeding”** means any action, arbitration, counterclaim, litigation or other proceeding on, arising out of or relating to interpretation or enforcement of this Guaranty or the Lease, including a Lessee or Guarantor Insolvency Proceeding and any exercise of Lessor Remedies.

1.11 “Recovered Payment” means any payment that Lessor: (a) received from any Guarantor or Lessee on account of a Guaranteed Obligation or as a condition to a Termination Date; but (b) must return or “disgorge” for any reason, for example because a court decided it constituted a preference or fraudulent transfer. The Recovered Payment shall include: (y) Lessor’s reasonably projected interest and other charges on the Recovered Payment until the date of reimbursement by Guarantor and (z) Lessor’s Legal Costs in determining the existence and amount of that Recovered Payment.

1.12 “Recovery Motion,” as defined in Section 12.2 of this Guaranty.

1.13 “Recovery Security Payment,” as defined in Section 12.2 of this Guaranty.

1.14 “Termination Date” means the date on which Lessee has met all of these conditions: (a) Lessee has given written notice to Lessor of its intent to surrender and vacate the Leased Property no less than 180 days, and no more than 200 days, in advance of the date on which Lessee intends to so surrender and vacate; (b) between such 180th and 200th day, inclusive, all Lessee Occupants have in fact vacated the Leased Property and delivered possession of the entire Leased Property in the condition the Lease requires; (c) all Lessee Occupants have surrendered the Lease under surrender documentation in form and substance reasonably satisfactory to Lessor; (d) Lessee has performed all its obligations arising under the Lease; and (e) all Rent accrued under the Lease to date has been paid, and all other obligations of Lessee accrued to date under the Lease (excluding any obligations calculated in whole or in part by any reference to obligations accruing or arising after the Termination Date) have been paid or performed.

2. GOOD-GUY GUARANTY

Guarantor’s liability under this Guaranty ends on the “Termination Date,” subject however to Lessor’s rights on Recovered Payments.

3. JOINT AND SEVERAL LIABILITY

Lessor may, at its option, proceed against any one or more Guarantor(s) in any order without proceeding against other any Guarantor(s). Lessor may settle its claims against any Guarantor without, as a result, impairing Lessor’s rights against any other Guarantor.

4. GUARANTY OF GUARANTIED OBLIGATIONS

Guarantor absolutely, irrevocably and unconditionally guarantees Lessee’s timely payment and performance of all Guaranteed Obligations. Guarantor covenants that Lessee will pay and perform all Guaranteed Obligations when and as the Lease requires. If Lessee does not do that, then Guarantor shall. For any Guaranteed Obligation, Guarantor shall pay all damages and losses that Lessor suffers and the Lease or governing law entitles Lessor to recover, including Lessor’s Legal

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Costs, because Lessee fails timely to pay or perform. Guarantor's liability under this Guaranty is primary, not secondary, in the full amount of the Guaranteed Obligations, including interest, default interest, late fees and costs and fees (including Legal Costs) relating to the Guaranteed Obligations. Any unpaid Guaranteed Obligation shall bear interest from the date it accrues until the date paid, both before and after entry of judgment, at the higher of: (a) the interest rate that applies after default under the Lease; or (b) the judgment rate. If Lessor obtains a judgment against Lessee for any Guaranteed Obligation, then Guarantor shall on Lessor's demand pay it and Lessor's Legal Costs of collecting it.

5. LESSOR'S EXERCISE OF LESSOR REMEDIES

Lessor may enforce this Guaranty against Guarantor independently of, and with or without enforcing, any Lessor Remedy, and without regard to any event in any Proceeding with Lessee or any other Guarantor. Except as otherwise provided under the Good-Guy provision in Section 2 of this Guaranty, any Guaranteed Obligation and Guarantor's primary personal liability for it shall not decrease if: (a) Lessee abandons, surrenders or vacates the Leased Property or is subject to an Insolvency Proceeding; (b) Lessor exercises any Lessor Remedy or enforces this Guaranty; (c) Lessor fails to do so or delays in doing so; (d) Lessor obtains a judgment against anyone; (e) the Lease ends; or (f) any other circumstance occurs except actual payment and full performance. Nothing in this paragraph limits Lessor's obligation to credit Guarantor for any sums actually collected on account of the Guaranteed Obligations.

6. NO OFFSET

The Guaranteed Obligations are not subject to counterclaim, deduction, defense, offset or reduction of any kind, including any arising or purportedly arising under the Lease or from the Lessor-Lessee relationship under the Lease, except actual payment or performance. If Lessor holds a security deposit: (a) Lessor need not apply it toward the Guaranteed Obligations; (b) Lessor may continue to hold or apply it, in accordance with the Lease, as Lessor determines; and (c) it does not limit the Guaranteed Obligations. If Lessor holds a letter of credit, Lessor may draw on it or not, in Lessor's sole discretion subject to the terms of the Lease.

7. CHANGES IN LEASE

Without notice to or consent by Guarantor, in Lessor's discretion and without prejudice to Lessor or in any way limiting or reducing Guarantor's liability under this Guaranty, Lessor may but shall have no obligation to: (a) grant extensions of time, renewals or other modifications; (b) amend the Lease by agreement with Lessee; (c) accept or make compositions or other arrangements or file or not file a claim in any Insolvency Proceeding; and (d) otherwise deal with Lessee and anyone else related to the Lease as Lessor sees fit. Guarantor's liability under this Guaranty shall continue even if Lessee's obligations under the Lease are altered or terminated in any way or if any Lessor Remedy is in any way impaired or suspended with or without Guarantor's or Lessor's consent.

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Except as otherwise provided under the Good-Guy provision in Section 2 of this Guaranty, any Lease assignment or Transfer (as defined in the Lease), even with Lessor's consent, does not limit this Guaranty.

8. WAIVERS OF RIGHTS AND DEFENSES

Guarantor waives any right to require Lessor to proceed against Lessee or anyone else or pursue any Lessor Remedy for Guarantor's benefit. Lessor may exercise in its sole discretion any right or remedy against anyone without impairing this Guaranty. Guarantor waives diligence and every demand, protest, presentment and notice, including notice of acceptance, accrual, creation, dishonor, extension, modification, nonpayment, protest or renewal of any Guaranteed Obligation. Guarantor waives any defense because Lessor failed to obtain or perfect any security interest. The parties waive jury trial in any proceeding under this Guaranty. Until all Guaranteed Obligations and all of Lessee's obligations under the Lease are fully performed, Guarantor (a) will have no right of subrogation against Lessee by reason of any payments or acts of performance by Guarantor under this Guaranty; and (b) subordinate any liability or indebtedness of Lessee now or hereafter held by Guarantor to Lessee's obligations under, arising out of, or related to the Lease or Lessee's use or occupancy of the Leased Property or Capital Additions.

9. NATURE OF GUARANTY

This is a guaranty of payment, not collection. Guarantor's liability is not conditioned or contingent on the Lease's enforceability or validity. If any Guaranteed Obligation is or becomes void or unenforceable, Guarantor's liability under this Guaranty shall continue as if all Guaranteed Obligations were and remained legally enforceable.

10. ADDITIONAL DOCUMENTS

Guarantor shall within 10 days after Lessor's request sign and deliver a certificate as Lessor reasonably requests directed to such addressee(s) as Lessor reasonably requires confirming: (a) this Guaranty and its continued status and validity; (b) the fact that it has not been waived or amended; (c) the current identity of Guarantor, Lessor and Lessee; (d) whether Guarantor has received notice of assignment; (e) whether Guarantor has any defenses and, if so, what they are; (f) if an attornment occurs under any nondisturbance agreement signed by Lessee, then the new Lessor will also be entitled to the benefit of this Guaranty but not be bound by any amendment or waiver of this Guaranty made by Lessor without the requisite mortgagee consent; (g) Guarantor knows of no facts inconsistent with any simultaneous estoppel certificate delivered by Lessee; and (h) other matters as Lessor reasonably requires. Lessor may from time to time without notice as Lessor deems appropriate: (a) obtain updated credit reports or other information on Guarantor; and (b) investigate Guarantor and Guarantor's credit, property and background. Guarantor shall, promptly on request, give Lessor any financial or other information on Guarantor as Lessor reasonably requests from time to time, including, without limitation, Guarantor's complete

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financial statements, schedules of assets identifying Guarantor's assets in reasonable detail, and tax returns.

11. REPRESENTATIONS AND WARRANTIES.

Guarantor acknowledges, represents and warrants as follows, and acknowledges that Lessor is relying on these assurances in entering into the Lease and accepting this Guaranty.

- 11.1 Accuracy of Facts.** The recitals of this Guaranty are correct.
- 11.2 Authority to Contract.** Guarantor has full power, authority and legal right to execute, deliver and perform its obligations under this Guaranty. Guarantor has taken all necessary actions to authorize this Guaranty, and has duly authorized, executed and delivered it.
- 11.3 Solvency.** Guarantor is solvent. Delivery of this Guaranty on the Guaranty Date does not render Guarantor insolvent.
- 11.4 Lease Representations and Warranties.** Lessee's representations and warranties in the Lease are correct in all material respects.
- 11.5 No Conflict.** The execution, delivery and performance of this Guaranty will not violate any provision of any law, regulation, judgment, order, decree, determination or award of any court, arbitrator or governmental authority, or of any mortgage, indenture, loan or security agreement, lease, contract or other agreement, instrument or undertaking to which Guarantor is a party or that purports to bind Guarantor or any of its assets.
- 11.6 No Legal Action Pending.** No litigation, arbitration, investigation or administrative proceeding of or before any court, arbitrator or governmental authority against or affecting Guarantor's property or assets is pending or, to Guarantor's knowledge, threatened against Guarantor or any of its assets.
- 11.7 No Third-Party Consent.** Guarantor's execution of, and payment and performance under, this Guaranty are not contingent on any unobtained consent, license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with any person or governmental authority.
- 11.8 Lessee's Financial Condition.** Guarantor is fully aware of Lessee's financial condition. Guarantor delivers this Guaranty based solely on its own independent investigation and based in no part on any representation or statement by Lessor. Guarantor is not relying on, nor expecting, Lessor to give Guarantor any information on Lessee's financial condition.

11.9 Valid Obligation. This Guaranty constitutes a legal, valid and binding obligation, enforceable against Guarantor in accordance with its terms.

12. RECOVERED PAYMENTS

12.1 Lessor's Disgorgement of Payments. If Lessor is required to return or "disgorge" any Recovered Payment, then Guarantor's obligations under this Guaranty shall continue and remain in full force and effect as if Lessor had never received the Recovered Payment. If Guarantor purports to revoke this Guaranty, or if this Guaranty otherwise terminates, before Lessor has a claim against Guarantor under the previous sentence, then that termination or purported revocation shall not limit Lessor's rights against Guarantor. Guarantor shall promptly pay Lessor the amount of any Recovered Payment. Guarantor's liability under this Guaranty shall continue until (a) all periods have expired within which Lessor could be required to make any Recovered Payment; (b) Guarantor has reimbursed all Recovered Payments; and (c) all other conditions to termination of this Guaranty have been met.

12.2 Recovery Motions. If, in any Lessee Insolvency Proceeding, any party claims Lessor must repay any Recovered Payment (a "**Recovery Motion**"), then Guarantor shall pay Lessor on demand an amount equal to the claimed Recovered Payment, as increased from time to time through accrual of interest and other fees (a "**Recovery Security Payment**"). If Guarantor pays a Recovery Security Payment and continues to perform its Guaranty obligations when and as required, then Lessor shall, at such Guarantor's request, allow such Guarantor to defend the Recovery Motion at Guarantor's expense (including Lessor's Legal Costs) on Lessor's behalf, all in a manner reasonably satisfactory to Lessor, provided this does not in Lessor's judgment cause Lessor to incur any cost, expense, liability or other detriment of any kind, including any adverse effect on any other actions by Lessor in the Lessee Insolvency Proceeding. To the extent Guarantor's defense succeeds, Lessor shall return the Recovery Security Payment. If the defense fails, Lessor shall apply the Recovery Security Payment to reimburse Lessor for the Recovered Payment.

13. MISCELLANEOUS

13.1 Consent to Jurisdiction. Any Proceeding to enforce this Guaranty may be brought in any state or federal court located in the New York. Guarantor irrevocably accepts and submits to the personal jurisdiction of each such court, generally and unconditionally for any such Proceeding. Guarantor shall not assert any basis to transfer jurisdiction of any such Proceeding to another court. A final judgment against Guarantor in any Proceeding shall be conclusive evidence of Guarantor's liability for the full amount of that judgment. Any such judgment may be enforced in any other jurisdiction, either

inside or outside of the United States, by suit on the judgment. Nothing in this paragraph limits Lessor's right to enforce this Guaranty in any court with jurisdiction.

- 13.2 Further Assurances.** Guarantor shall execute and deliver such further documents, and perform such further acts, as Lessor reasonably requests to achieve the intent of the parties as expressed in this Guaranty, provided in each case that Lessor's requests are consistent with this Guaranty and the Lease.
- 13.3 Entire Agreement.** This Guaranty constitutes the entire agreement between the parties with respect to its subject matter. Guarantor is not relying on any representations, warranties, or inducements from Landlord that are not expressly stated in this Guaranty.
- 13.4 Other Guaranties.** This Guaranty is in addition to and independent of any: (a) guaranty(ies) executed by any other person(s) and (b) other guaranties of Lessee's obligations executed by Guarantor in favor of Lessor.
- 13.5 Counterparts.** This Guaranty may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.
- 13.6 Choice of Law.** New York law governs this Guaranty, its interpretation and enforcement and the relationship between the parties, but without regard to conflict-of-laws principles.
- 13.7 Severability.** If a court decides that any provision of this Guaranty is unenforceable, then the balance of this Guaranty shall remain fully effective.
- 13.8 Notices.** Any notice, request, demand, instruction, or other communication to be given to any party under this Guaranty must be in writing and must be delivered in the manner provided in the Lease for delivery of notices (and will be deemed delivered in accordance with the time periods set forth in the Lease) and addressed to the party to be notified at the address set forth in the opening paragraph of this Guaranty, or to such other place as the party to be notified may from time to time designate. Copies of all notices to Lessor shall be given to Lessor's counsel at the address specified in the Lease.
- 13.9 Successors and Assigns.** This Guaranty is executed and delivered to benefit Lessor and its successors and assigns, and no one else. This Guaranty shall bind Guarantor and Guarantor's administrators, assigns, executors, heirs, and successors.
- 13.10 Amendment/Waiver.** Nothing in this Guaranty may be amended, terminated or waived without Lessor's written consent. No provision of this Guaranty or right of Lessor under it may be amended or waived, nor may Guarantor be released from any obligation under this Guaranty except by a writing duly executed by an authorized

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officer or director of Landlord. No course of dealing, trade usage, or parol or extrinsic evidence shall modify this Guaranty or waive any Lessor right. The waiver or failure to enforce any provision of this Guaranty will not operate as a waiver of any other breach of such provision or any other provisions of this Guaranty; nor will any single or partial exercise of any right, power, or privilege preclude any other or further such exercise or the exercise of any other right, power, or privilege.

13.11 As used in this Guaranty, the words “include” or “including” shall be interpreted as if followed by “without limitation.”

13.12 Time is strictly of the essence under this Guaranty and any amendment, modification, or revision of this Guaranty.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the _____ day of _____ 2023.

GUARANTOR:

Teddy Lichtschein, in his
individual and personal capacity

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ACKNOWLEDGMENT

STATE OF _____)
) ss:
COUNTY OF _____)
)

On the _____ day of _____ in the year 2023, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/ their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

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Exhibit C

Property Condition Assessment Report

(See attached)

PROPERTY CONDITION ASSESSMENT

COMMUNITY

SOUTH JERSEY EXTENDED CARE, 99 MANHEIM AVE, BRIDGETON, NJ 08302

This Property Condition Assessment (PCA) was performed on Tuesday, December 20, 2022 at the request of Mr. Ari Verschleiser. The property has reportedly been owned for 35 years and during that time has been under 2 consecutive lease agreements, 15 and 20 yrs. respectively, with the former lease ending in March 2023.

Time on site: 7:56 am to 2:48 pm

Weather: Clear and Sunny.

Temperature: 31 degrees F at arrival, warming to a high of 40 degrees F.

Information provided herein is based on site visit observations, conversations with Catherine Fitzgerald, Facilities Manager of 2 years, and Terry, Maintenance person of 6 years, and on-site documentation and blueprints. Perspective and suggestions come from an educational degree in Construction Management combined with 25+ years of experience in the construction and maintenance fields.

Based on the dates of a limited number of random blueprints, it appears that the community was constructed in three phases. Dates on the blueprints reflected mid 1960's and 1974 construction. There were no blueprints showing a date for the third phase of the building project.

BUILDING LAYOUT LINK

https://americaneaglelifecare-my.sharepoint.com/:b:/p/wendel/EY0VIZT7RZ9DvNaTJLIq4KMBh89W1CCmY9_g-p-SwEvPPQ?e=tCRCSf

COMMUNITY ENTRANCE

The main community entrance is visible from both directions on the main road, convenient and easily accessible. The community sign is clean and neat looking. While there are electrical wires running to the sign, due to the daylight conditions, no sign lights were observed if present. The landscape bed below the sign is without any vegetation but is spread with red wood mulch.

A typical picket-style white fence borders the entry drive leading to the main parking lot and building entrance. The left side fence is a painted wood fence showing several lower areas of decay. The fence on the right is vinyl and in relatively good condition. Landscaping at the entrance is minimal but the beds are mulched with red wood mulch. Light poles in good condition are present on either side of the drive. Additional light poles, in various stages of maintenance are spread throughout the community grounds but similarly, at the time of this visit, these lights were not on.

PARKING LOT/CONCRETE AREAS

All areas of the parking lot are asphalt pavement with a single lane drive that continues around the back and left side of the building, leading back to the main road and creating a second entrance point to the community. Since there is no record, indicators, or knowledge of previous asphalt replacement work or overlays, based on its appearance and condition, the asphalt could be original. As such there are various degrees of deterioration evident as well as indicators of potential base erosion and failure. Throughout the parking lot, there is spider web cracking and alligator cracks that have, in multiple locations, deteriorate into areas of failed asphalt and base forming asphalt voids or potholes. Also, evident primarily along the length of the parking lot are large cracks that have formed along the lines of the asphalt joints. Asphalt deterioration is a progressive failure resulting from time and encouraged by lack of proper preventative maintenance. Once small cracks form, water can enter the cracks, erode the base

below, and during the winter, cause additional cracking due to freeze/thaw events. As more cracks form, more water enters the cracks creating still more cracking and erosion. Traffic patterns and heavy traffic loads exacerbate and hasten the deterioration. Additionally, base failure is seen in the parking spaces that are more frequently used – the sunken areas typically seen where the front tires sit is often a result of the asphalt base shifting and failing. There are several areas throughout the asphalt where bad sections of asphalt have had patches applied over them as a repair attempt. These may have been the worst areas with the patch repairs attempting to slow further deterioration progression in these areas or minimize hazardous navigation on foot or by vehicle.

There are several asphalt sidewalks around the community, one of which leads toward the Rehab entrance and butts up to a concrete pad. Near this junction, the asphalt base is severely failed and the asphalt has sunken and created a serious tripping hazard.

The rest of the sidewalks, the kitchen outside unloading area, front entry, courtyards, and outside covered storage areas are concrete slabs. While the front entry way concrete is stamped concrete in very good condition, other concrete areas have varying degrees of cracking, areas of settlement (and subsequent tripping hazards), or failure where the concrete is deteriorated, broken up, or gone. Unless settling has occurred, cracking is not necessarily a significant immediate problem, but it will continue to get worse with water intrusion and freeze/thaw cycling. Where concrete settlement has occurred or concrete is severely broken up, tripping hazards are likely to exist.

If a decision is ever made in the future to replace the asphalt parking lot, it would be good time to consider installing a concrete pad for all 4 dumpsters to sit on that has a concrete approach extending out at least 40' (by 10" thick, reinforced) for the heavy garbage trucks to pull in and sit on to empty the dumpsters. This particular area takes a significant amount of abuse by these super heavy trucks and reinforced concrete will endure this abuse much better than asphalt over the long run.

COMMUNITY VEHICLE(S)

The community reported that there are no community vehicles.

GROUNDS

Except for grass around the majority of the campus, there is minimal landscaping around the building. What is present is close to the building; shrubs, bushes, and some trees are mature and overgrown for the space they occupy. They appear to be managed well through trimming and pruning to keep them, in most cases, off the building. Vegetation in the courtyards is not managed well so that it has become overgrown, blocking windows, and encroaching on the building. oversized vegetation or that which is too close to the building can become problematic by limiting adequate light and air penetration which results in moisture accumulation, algae growth, and deterioration of building surfaces. Root systems too close to a building can compromise footings and foundations by growing into and cracking them.

There are large mature trees spread around the grassy areas of the campus. They appear to be in good health but this would better be evaluated by an arborist or tree specialist during the spring and growing season.

In addition to the two types of fencing boarding the entrance of the community, there are other types and locations of fencing around the building and grounds. Along the right side of the campus, there is another picket style wooden fence that, except for needing pressure washed and a fresh coat of paint, appears to be in fair condition. As a wooden fence, there is to be expected areas of rot. Towards the back of the campus, the wood fence ends and is replaced by a chain link fence that is mostly taken over by brush and weeds. Another vinyl fence stands further back along the parking area to the Rehab entrance.

Chain link fencing is also used at several of the exterior perimeter doors to create small courtyard areas. These fence locations contain a locked gate. This lock is concerning from an egress perspective as anyone exiting the building through these exterior perimeter doors is then locked into this small courtyard. If these doors are part of a fire egress rout, these locks may prohibit the safe passage away from the building in the event of an emergency.

At the front of the building, a 6 foot privacy vinyl fence is used to enclose a covered outside storage area that also contains a storage shed. This fence is in good condition.

There are no indicators of an irrigation sprinkler system being present for watering landscape beds or grassy areas around the campus.

STORAGE BUILDINGS/OUTBUILDINGS

There are 5 individual storage buildings on site. 3 are stick built, typical storage sheds, of estimated sizes at 12x10, 16x20, and 20x20, and 2 storage buildings are commercial shipping containers, a 20 foot and a 40 foot. I did not enter any of the storage shed spaces.

The shipping containers exterior paint is peeling and rusting but the containers themselves appear to be structurally sound and no evidence of significant structural deterioration was noted. If not for aesthetics, it would be good to maintain the painted exterior of these shipping containers to extent their useful life and minimize structural decay.

Of the 3 stick-built sheds, two are set up near the shipping containers, 16x20 and 20x 20. Similarly, these have not been exteriorly maintained. The singles on their roofs are curling, pulling up, and deteriorated to the point of the roof being compromised. Their siding, which is T111 siding, has not been kept painted exposing the T111 to the elements. This has allowed water to absorb into the wood and significantly rot it. With these type of sheds, the siding is part of the structural integrity of the building providing shear strength and resistance to structural racking. With the extent of the existing rot around the bottom of the building, not only is the exterior component of the structure compromised but internal structures, wall studs, floor joist, and floor decking, are at minimum exposed to water and rot if not already experiencing compromising rot. The 3rd shed is located within the vinyl privacy fence on the front of the building. It is the same type of construction and subject to similar deferred maintenance issues related to its roof and siding.

EXTERIOR BUILDING

During a complete walk of the exterior of the building, several categories of opportunity were observed, some related to deferred maintenance and other unrelated.

Cracks: The majority of the exterior of the building, all three phases, is exposed brick masonry or stucco'ed brick masonry. Within the masonry wall construction, there are wood framed window insets that are painted wood or stucco'ed wood. While it is not uncommon to have some settlement cracks in a masonry structure, the amount, locations, and impact of the observed cracks is cause for concerning and further evaluation.

There are many cracks in the stucco of the walls (masonry and stucco'ed wood), along the masonry mortar joints, and in some areas even vertically through solid bricks (where it didn't naturally follow the mortar joint). Some of the cracks are relatively random, small, and are often from settlement shifts but of minimal concern or impact. Other cracks that follow a masonry joint from the top of the wall towards the bottom in a stair step pattern can indicate some greater foundational or structural settlement that may or may not transfer to the inside finishes of the building. Still other cracks follow a mortar joint horizontally, just above the windows, and can be a result of lintel rust and expansion. In this situation, the steel lintels above the windows that support the masonry above the window and distribute its weigh around the window, are rusting. As the steel rusts, it expands and causes the joint it is laid in to expand and crack the mortar joint. This expansion typically becomes continuous along the same horizontal joint where multiple window lintels exist in a row.

Anytime there is cracking in masonry or any material, it becomes an entry point for wind and water. With water intrusion, mold can develop, wood and other similarly vulnerable materials can rot, and masonry can absorb the

water creating a moisture issue in summer months, but during the winter, this absorbed water can freeze and further break the masonry facade (spalling) or force additional mortar out of the joint.

While it is judicious to investigate and determine the cause of cracks, it is even more important to fix the cracks to avoid the development of further crack related problems.

Boring insects: Within the wood framed window insets, especially on the windows facing the main road, there are boring holes in the wood and saw dust below the holes. These could be caused by boring bees, carpenter ants, termites, or other location specific boring insects. This is not displayed on all window wood framing but is primarily seen on the left front wing of the building (facing the road).

Wood Rot: Many areas of the wood around the windows are also demonstrating characteristics of rot. Reportedly, there have been window AC units used to cool the rooms in the summer. The condensate dripping from these units is likely one of the causes for the moisture on the wood that has led to the rot. Other causes may include lack of maintenance in caulking cracks and keeping the wood painted. When cracks are present, water enters and causes rot. When a protective coating, paint or water sealing stain, is not maintained on wood, exposure to the elements allows for moisture and water to get in, hastening its deterioration through rot.

Soffit openings: The soffit is the horizontal part under the roof overhang. This can be covered with a variety of materials (wood, vinyl, metal, etc.) to keep weather and critters from entering the attic spaces. Depending on the design method for ventilating the attic space, a soffit can either be vented (with intentional but protected openings) or unvented. The majority of the soffit material on the building is wood with metal louvered vents installed that allow for this air flow into the attic space. Many of these metal vent covers are rusted and deteriorated so that there is just an open hole at these locations. Additionally, there are other holes that have been cut into the wood soffit for different reasons. Both of these open hole scenarios allow both weather and critters into the attic space. Critters can devastate an attic space by building nests in the insulation, urinating and defecating throughout the attic space, and they may eventually die in the attic creating an often unidentifiable stench. Additionally, critters can chew on the protective insulation around electrical wires exposing bare copper. These exposed wires can come into contact with other exposed wires or metal surfaces causing the circuit to short out, trip fuses, and in a conducive environment, arcing sparks can result in fire. Some areas of wood soffit are dry rotted from water intrusion.

Windows: Reportedly, the windows throughout all sections of the building were replaced 5 years ago. They are vinyl jambs, double glass with evacuated air space between the glass for insulation value. It was not known if they were low E or argon filled. The opening type (double hung, awning, casement, etc.) varies throughout the building with some being fixed unopenable picture windows.

Pressure wash and Paint: It is not uncommon for people to judge the type of care that happens inside a building by the look and care given to the outside and grounds of a building. Not only does a clean, painted building add aesthetic value and curb appeal but it can add a level of protection from element exposure, wind and water intrusion, and mold and algae growth while contributing to keeping the inside surfaces and environments safe and healthy for the building occupants.

ROOF

The roof structure and roofing types is indeed unique. Due to each addition, several types of roofing materials have been used to accomplish the desired water proofing, shedding, and channeling of water off the building. Also due to the additions and the repairs or replacement of roofing that have been done, the roofing materials range in age and condition from newly installed to what appears to be original roofing.

The types of roof material present on the building and outbuildings include:

Smooth, painted metal over the main entryway – While the support structure for this covered entryway roof appears to have been hit by a vehicle at some time, the overall structure appears sturdy. The roof material appears to be in good condition with what would be considered normal wear and sun fading.

Stretched canvas over metal frames – It is not uncommon for this type of material, if not intentionally kept clean, to demonstrate algae growth resulting in material deterioration over time. Exposure to the sun also deteriorates and weakens the canvas material subjecting it to rips and tears at locations where it is tensioned across the metal support framing. Both of these conditions are evident on the buildings stretched canvas roofing materials.

Corrugated metal roofing – This type of roofing is primarily used in the courtyards as coverings over entry ways and sitting areas. While its condition appears to be good, by the nature of its corrugated design, it easily collects and holds leaf and twig debris that if not cleaned out will contribute to hastened deterioration and rusting. Corrugated metal is also used as a substructural roofing (not exposed to external elements). This was observed in the laundry room area where it is demonstrating significant rust through, possibly due to leaks and/or the moisture related to the laundry environment.

Rubber and TPO Membranes - Several areas of the roof are flat or low slope. Because typical shingles can't be used on flat or low slope roof pitches, a solid membrane is often used. Whether rubber or TPO, these are large solid sheet membranes that are welded together at the seams and have additional layers added around penetrations. One section of roof that was actively leaking was recently replaced with a new white TPO membrane (over rooms G-16 through G-8). Other areas of rubber membrane have visibly been coated and recoated to maintain the water tightness of the membrane especially at the seams and around penetrations.

Wood Shakes – The gazebo outside the entrance to the Rehab wing has wood shakes on the roof. Again, with time and exposure, this type of roofing material deteriorates, curls, cracks, and can pull away from the roof leaving exposed areas for wind and water intrusion. While this structure is an outdoor sitting area, allowing the roof to deteriorate and leak will slowly compromise the roof structure to the point of possible failure. It is easy for out buildings to experience deterioration more than the main buildings since no one is impacted by water intrusion or structural failure on outbuildings. As part of the physical plant, however, these buildings should be maintained with similarly intentionality and effort.

Shingles – Last but certainly not least, the majority of the buildings roofing material is asphalt shingles. There are at least 3 colors and 3 ages of shingles present, all 3-tab shingles; some with 8-10 years of life left and other shingles requiring more immediate attention. Ironically, the front side of the building, seen when driving in, has one color of shingle while the back side, that isn't seen, has another color. I have seen this on other buildings where the front is replaced and the back is not to save money. Other sections of the building have different shingles applied as well but of biggest concern in all the roofing is the section of shingles over rooms C-41 through C-57. These shingles appear to be original to the building due to their condition and the visibly deteriorated condition of the underlying roof structure. There are several areas along the lower part of this section where there is clearly structural damage below the shingles. The decking is rotted, and the shingles are caved in. While it was reported that there are currently no actively roof leaks, every time it rains, water is at least entering the attic space in these areas and causing water damage and structural rot. As mentioned previously, the shingles on the storage sheds are curling and in poor condition.

Other roof related components for consideration:

Fascia (the vertical component to the roof overhang and where the gutters typically attach) – While the condition of majority of the fascia was not able to be seen due to the gutters being in place, there were a few areas where fascia was missing or loose and on the left side of the front entrance gable there is demonstrated water related dry rot.

Flashing – Where roofing slopes intersect with a vertical surface like a chimney, parapet wall, equipment penetration, or other vertical structure typically there is flashing to keep water out of the intersecting surface joint.

Flashing can come in a variety of materials but where metal flashing is used, it can over time pull away from the vertical surface creating a gap where water is channeled exactly into the area it should be kept out of. There are several gaps between flashing and vertical surfaces on the roof where water is getting into the roof/attic/structure below. There is evidence that these areas have been patched over previously with roofing tar, mastic, or other products to seal up the gap, over time, however, these products fail and either have to be reapplied or the flashing repaired more permanently. While there are reportedly no active roof leaks, there is evidence on the interior of the building that there have been leaks at failed flashing points previously.

Flashing boots – When a pipe penetrates vertically through the roof, a flashing boot is placed over the pipe to seal around the penetration and keep water from entering the attic or structure below. Many of the flashing boots on the front roof section, to the left of the main entrance, are seriously compromised and are allowing water entry into the attic/structure below. By the condition of the deteriorated rubber on the flashing boots, this is not a new problem but has been present for some time and has possibly created some interior water damage.

Scuppers – Where a flat or low slope roof exists there is often a parapet wall around it that can vary in height. Even on flat or low slope roofs, water still has to be channeled and drained off the roof. This can be accomplished through roof drains (on flat roofs), gutters, or drain holes through the parapet wall that tie into downspouts. The connecting point between the hole through a parapet wall and the downspout is a scupper – a mechanical collecting point where water running off the roof and through the parapet wall is channeled into the downspout. On this buildings low slope roofs, where there are no gutters, scuppers are used. While some scuppers have been replaced or repaired to maintain their function, the majority of the scuppers are missing or damaged to the point of not being functional. Because of this, water that should enter the downspout instead is just running down the side of the building. The result of this can be discoloration and deterioration of the siding, algae or bacterial growth on the siding, and where brick is present, it can contribute to mortar erosion, and water absorbing and entering the brick cavity at an unusual rate.

Gutters and downspouts - Gutters and downspouts appear to be in place where they should be and are in good condition. However, due to the number trees in the proximity of the building, the gutters are easily collect and are currently full of leaves that clog both the gutters and the downspouts hindering proper drainage of roof water. When the amount of water exceeds what the clogged gutter and downspout can handle, the water will overflow the gutters and run down the fascia and building entering gaps and contributing to water intrusion damage.

Tree Proximity – While there are many trees surrounding the building at a distance, there are several trees that overhang the roof and contribute more significantly to leaves in the gutters.

ATTIC

Only the original part of the building had a navigable, enterable attic space. While walking this space, batt ceiling insulation was observed but it was in disarray. It appeared as though areas of insulation had been pulled out to do work and then just got thrown back into place rather than laying out the batts nicely for even continuous insulation covering.

There is a lot of space in the attic that can't be used due to fire regulation codes. In fact, it was reported that they had to clear out all the items that were being stored in the attic for this reason.

The attic space does have a fire sprinkler system installed that is working. It is part of the wet system but has a separator device in the system piping such that the attic piping and any outside sprinkler piping is filled with antifreeze to keep it from freezing since the attic space is not well heated. There are attic heaters hanging from the rafters.

All other attic areas were not entered as they have no access point and due to the low roof pitch, would not be navigable.

CORRIDORS AND COMMON AREAS

The common areas throughout the building are very dated in appearance but in fair condition for their age. Reportedly, no significant updates or renovations have been done to these areas. The corridor floors are ceramic or porcelain tile of various colors, styles, and sheens. Office spaces have laminate or vinyl wood-look flooring. Floor tiles are cracked or chipped throughout the building as would be expected for tile flooring of its age and use. There was no carpet observed in the building, all flooring is hard surface. The majority of the walls in the common areas have a wood wainscoting with drywall above. In specific areas that may have a tendency to be wet or walls that get bumped with heavier equipment traffic, the wainscoting was ceramic tile. Handrails are attached along at least one wall in the corridors at the height of the top of the wainscoting. Wall coverings above the wainscoting as well as full walls in certain areas include paint and/or wallpaper each with expected age-related deterioration and repairs observed. Ceilings are primarily 2x4 drop ceilings with trougher drop-in or surface mounted light fixtures. The style of 2x4 drop-in acoustic tile style varies from being replaced as needed. The majority of the acoustical tiles are sagging in the middle likely from the impact of age or humidity. Sag resistant acoustic tiles can be purchased for use in such environments where humidity is problematic.

KITCHEN/PANTRY

Kitchen environment is in overall good condition. The floor is ceramic, porcelain, or quarry tile. While it is expected to find some cracked or broken tile in a kitchen due to its use, from the perspective of health safety (cracks can harbor food particles and germs) and worker safety (workers can get cut on broken tile edges), cracked or broken tile should be replaced. In the dish room, it was noted that the tile grout has eroded significantly due to the amount of water in this area. This is not uncommon in such an environment. Regrouting these areas would be advised to avoid continued erosion and water intrusion under the tile where it can't escape or adequately dry out. Walls and the metal grid of the drop ceiling were in fair condition, but the ceiling acoustic tiles are sagging from the humidity. These tiles appear to be standard acoustic tiles as you would find in the rest of the building. In a kitchen, however, typically the regulations or codes require a special vinyl coated rigid tile (sheetrock backed or thin plastic) is required for ease of cleaning and added fire resistance. It may be that since the community hasn't cited this yet, either this is not an enforceable code in the area, or the local governing authorities aren't enforcing it at this time. The kitchen is equipped with standard kitchen equipment and appliances which reportedly were working well. There were no complaints about any of the equipment not working or needing replaced. Equipment includes a walk-in refrigerator, walk-in freezer, 4-5 reach in freezers, convection oven, stove/oven, steamer, 2 steam table, plate warmer, dishwasher, and icemaker. There was a hood system over the stove/oven that contained a charged ANSUL fire protection system. A separate climate-controlled adjoining pantry area contains dry goods and several of the reach-in freezers. The climate is controlled by a window type AC unit. Just outside the back door of the kitchen is a grease trap in the ground that is pumped and maintained regularly through the maintenance department.

LAUNDRY AREA

The laundry facilities provide services to all the residents of the community. There are 5 commercial size washers and 5 commercial size dryers. All equipment is reportedly leased and maintained by the leasing company. All equipment was in operational condition during my visit. The corrugated metal roofing above the machines has been rusting for some time likely from the moisture associated with the laundry room and there are voids where it has rusted through. There were no reported roof leaks in this area at the time of the visit.

RESIDENT APARTMENTS

I was able to enter a few unoccupied and a couple occupied resident apartments. The décor was very similar throughout all resident rooms and has an overall dated look. Minimal improvements have been made from the

original. Flooring in resident rooms is VCT (Vinyl Composition Tile) tile, walls are painted with a wallpaper boarder at the top, and ceilings are crop-in acoustical tile. In one section of the building, they had just gotten all new furniture and beds which definitely improved the dated look of these rooms. It was reported that each month, every room's floor is stripped and waxed, and any maintenance items are taken care of. Painting is done as needed.

EMERGENCY GENERATOR

There is an existing 200Kw diesel generator on site with an estimated 100-gallon diesel tank below it. Reportedly installed in 2009 and based on the existing documentation, it is preventatively maintained by a third part company. The generator does not provide power to the whole building during a power outage but only supports the red outlets in the building, lighting circuits in certain areas of the building, as well as critical equipment in the kitchen that would be needed to maintain food and prepare it.

RENOVATIONS/ADDITIONS/MAJOR BUILDING CHANGES

Aside from the 3 phases of original building, there have been not additional major building changes or additions. Reportedly, there have been no significant renovations to the community. Painting or flooring changes have only been done as needed.

As part of recent survey citation, the community is working towards a renovation of the second required egress out of the basement. Currently and as part of the original design, there is a Bilco style door going from the exterior down into the basement area. Because the wood build stairs from the Bilco door down into the basement are too steep and do not allow for proper/required head clearance, the whole exit is having to be evaluated and redesigned to be compliant. The community has a 5-year waiver during which time the project will need to be completed and compliant.

SYSTEMS

Fire Suppression System – The building has one main wet fire suppression system that is appears to be original to the building and provides sprinkler protection to all locations of the building, heated, unheated, and exterior as required. While a standard wet system typically is charged with water, in unheated and exterior applications, this would be problematic under freezing conditions. This system, though wet, employs a separator in the attic that allows for the unheated attic space and the exterior spaces to be charged separately with an antifreeze solution which still keeps the system as a “wet” system but with a fluid that is not subject to freeze or cause other system damage during inclement weather. Repairs have been made to the system as needed to maintain a compliant and operational system.

Fire Panel – The Main Fire panel is located in the basement with remote annunciators located at different locations through the building.

Electrical Panels – The large main electrical panels are located in the maintenance shop while sub panels are located throughout the building. They were observed in the corridors (with child safety locks on them) and nurses stations.

Hot Water Heaters – 4 total and all newer. 1 for the laundry room was installed in 2022 and the other 3 are for kitchen and resident room hot water but did not have install dates on them. A replacement date was not written on these or known but they appeared to be newer and in good condition.

Boilers - The 2 boilers located in the basement provide heated water distribution to the community for heating purposes and were replaced within the last 12 month. As part of the replacement scope, all related pumps and piping to, between, and away from the boilers was also replaced.

HVAC units - are various ages and conditions. All were reportedly working with repairs made as needed and units replaced if repairs didn't make sense. Reportedly, several of the roof top HVAC units were original equipment and

have been replaced but the original equipment was not removed from the roof. Maintenance wasn't even sure which units were abandoned and which were the functional units.

Nurse call system – Pull cords are located in each resident room allowing for care givers to be called as needed. The system was reportedly in good working condition.

Door Access Control – All exterior doors are secured by mag locks and keypads requiring a code for entry and exit through the door. Some doors also have a wander guard type of system that will alert the care givers if exit-seeking resident wearing a specific bracelet get near the door when it is opened or has not returned to a locked position after someone has entered or exited through it.

PHOTO LINK

[HTTPS://AMERICANEAGLELIFECARE-MY.SHAREPOINT.COM/:F:/P/WENDEL/EGTVDSGORMHGRGHMDHO4_UMBEJMG_CjDQQRJWDSbEm4xAQ?E=B93NVI](https://AMERICANEAGLELIFECARE-MY.SHAREPOINT.COM/:F:/P/WENDEL/EGTVDSGORMHGRGHMDHO4_UMBEJMG_CjDQQRJWDSbEm4xAQ?E=B93NVI)

EXECUTION VERSION

Exhibit D

Form of Letter of Credit

[Bank Letterhead]

[Date]

IRREVOCABLE, UNCONDITIONAL LETTER OF CREDIT NO. _____

Bridgeton H & V Realty, LLC
c/o Epps & Coulson, LLP
Attn: Dawn M. Coulson
1230 Crenshaw Boulevard, Suite 200
Torrance, CA 90501

[Name of financial institution issuing letter of credit], a national banking association (“Bank”), of *[city]*, *[state]*, hereby issues its Irrevocable, Unconditional Letter of Credit in favor of Bridgeton H & V Realty, LLC, a New York limited liability company and/or its successors and assigns (“Landlord”), for the account of *[tenant's name]*, a *[type of entity/state of registration]* (“Tenant”), up to the aggregate amount of \$300,000.00, available at sight by the drafts of Landlord on the Bank. Drafts drawn on this Letter of Credit will be honored when presented. Multiple and partial draws will be permitted under this Letter of Credit. This Letter of Credit is transferable in whole or in part at any time and from time to time. The Bank will look solely to Tenant for payment of any fee for such transfer. Such payment is not a condition to transfer.

The Bank agrees with drawers, endorsers, and bona fide holders of this Letter of Credit that all drafts drawn by reason of this Letter of Credit and in accordance with the above conditions will meet with due honor when presented at the office of the Bank located at *[Bank's Los Angeles address]*.

The obligations of the Bank will not be subject to any claim or defense by reason of the invalidity, illegality, or inability to enforce any of the agreements set forth in the lease between Landlord and Tenant dated as of *[date]* (“Lease”).

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2006) fixed by the International Chamber of Commerce (Brochure No. 600) when not in conflict with the express terms of this Letter of Credit.

This Letter of Credit will terminate at 3:00 p.m. Eastern Standard/Daylight Savings Time on *[insert date 60 days following scheduled expiration of Term; or, if Letter of Credit will be automatically renewed annually, then insert date one year after date of Letter of Credit and add the following: This Letter of Credit will be deemed automatically extended without amendment(s)]*

EXECUTION VERSION

for successive period(s) of 1 year each from its current or any future expiration date(s), but in any event not beyond [insert date 60 days following scheduled expiration of Term]], which will be the final expiration date of this Letter of Credit unless, at least 60 days prior to the then-current expiration date, we notify you in writing by certified mail, return receipt requested, at the following address (or at such other address as you may specify by written notice to us), that this Letter of Credit will not be extended beyond the current expiration date; provided that our obligation to make any payment under this Letter of Credit, in respect of a drawing request made prior to the expiry hereof, will continue until payment is made:

Bridgeton H & V Realty, LLC
c/o Epps & Coulson, LLP
Attn: Dawn M. Coulson
1230 Crenshaw Boulevard, Suite 200
Torrance, CA 90501

Amounts drawn on this Letter of Credit are to be endorsed on the reverse side of this Letter of Credit by the negotiating bank.

Date _____

By: _____
Name:
Title: