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DEPARTMENT OF JUSTICE

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September 1, 2023

Johanna M. Williams
Hanson Bridgett LLP
500 Capitol Mall, Suite 1500
Sacramento, CA 95814
jwilliams@hansonbridgett.com

Sent via email

RE: Eskaton Fair Oaks, Eskaton Greenhaven, and Eskaton Manzanita Sale

Dear Ms. Williams:

Pursuant to Corporations Code section 5914 et seq., the Attorney General hereby conditionally consents to the proposed sale of three skilled nursing facilities by Eskaton Properties Inc., a California nonprofit public benefit corporation, to International Equity Partners LLC, a California limited liability company: Eskaton Care Center Fair Oaks located at 11300 Fair Oaks Blvd., Fair Oaks, CA, 95628; Eskaton Care Center Greenhaven located at 455 Florin Road, Sacramento, CA, 95831; and Eskaton Care Center Manzanita located at 5318 Manzanita Avenue, Carmichael, CA 95608.

Corporations Code section 5917 and California Code of Regulations, title 11, section 999.5, subdivision (f), set forth factors that the Attorney General shall consider in determining whether to consent to a proposed transaction between a nonprofit corporation and a for-profit corporation or entity. The Attorney General has considered such factors and consents to the proposed transaction subject to the attached conditions that are incorporated by reference herein. Please also find enclosed a copy of the expert's report.

Sincerely,

Heidi Lehrman

HEIDI L. LEHRMAN
Deputy Attorney General

For ROB BONTA
Attorney General

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SUMMARY OF CONDITIONS

Condition I: Identifies the parties, entities, and facilities that are legally bound by the conditions.

Condition II: Identifies the transaction documents.

Condition III: Requires sixty days' notice of either transfer or of transfer of governance or control of any of the facilities.

Condition IV: Requires continued employment of all staff in good standing as of the applicable closing dates of the Asset Purchase Agreement (APA).

Condition V: Prohibits discrimination on the basis of protected personal characteristics.

Condition VI: Requires the entities listed in Condition I to create, maintain, and consult with a Community Advisory Board at each facility.

Condition VII: Requires the entities listed in Condition I to abide by all resident agreements in place on the applicable closing date of the APA.

Condition VIII: Requires the Fair Oaks skilled nursing facility (SNF) to operate and be maintained for the next five years at the same types and levels of skilled nursing services.

Condition IX: Requires the Greenhaven SNF to operate and be maintained for the next five years at the same types and levels of skilled nursing services.

Condition X: Requires the Manzanita SNF to operate and be maintained for the next five years at the same types and levels of skilled nursing services.

Condition XI: Requires the continuation of Medicare and Medi-Cal participation at each of the facilities.

Condition XII: Requires the entities listed in Condition I to submit annual compliance reports to the Attorney General's Office and respective Community Advisory Boards for five years after the applicable closing dates for each of the SNFs.

Condition XIII: Requires the entities listed in Condition I to submit any requested information necessary to monitor compliance to the Attorney General's Office.

Condition XIV: Deems the entities listed in Condition I to have consented to and to have waived any right to seek judicial relief regarding these Conditions. The Attorney General reserves the right to enforce each and every condition and to recover fees and costs associated with enforcement.

Attorney General's Conditions to Proposed Sale of Three Skilled Nursing Facilities by Eskaton Properties Inc., a Nonprofit Public Benefit Corporation, to International Equity Partners LLC, a California Limited Liability Company.

I.

These Conditions shall be legally binding on the following entities: International Equity Partners LLC, (IEP); E3 Acquisition LLC; 11300 Fair Oaks Boulevard LLC; 455 Florin Road LLC; 5318 Manzanita Avenue LLC; Mackenzie LLC; Bawitdaba LLC; Baleen LLC; and Cypress Healthcare Group LLC (Cypress), and any other subsidiary, parent, general partner, limited partner, member, affiliate, successor, successor in interest, assignee, or person or entity serving in a similar capacity of IEP, E3 Acquisition, or any entity succeeding thereto as a result of consolidation, affiliation, merger, or acquisition of all or substantially all of the real property or operating assets of any one of the three skilled nursing facilities (SNFs) or the real property on which those facilities is located; any and all current and future owners, lessees, licensees, or operators of the three SNFs and any and all current and future lessees and owners of the real property on which the three SNFs are located. The three SNFs are Eskaton Care Center Fair Oaks (Fair Oaks SNF) at 11300 Fair Oaks Boulevard in Fair Oaks, CA; Eskaton Care Center Greenhaven (Greenhaven SNF) at 455 Florin Road in Sacramento, CA; and Eskaton Care Center Manzanita (Manzanita SNF) at 5318 Manzanita Avenue in Carmichael, CA.

II.

The transaction conditionally approved by the Attorney General consists of the Asset Purchase Agreement executed on March 23, 2023, by and between Eskaton Properties Inc. (Eskaton) and IEP, and any and all amendments, agreements, or documents referenced in or attached as an exhibit or schedule to any of the foregoing agreements (collectively, the APA, attached hereto as Exhibit 1).

The entities listed in Condition I shall fulfil the terms of the APA including, but not limited to, any exhibits or schedules to the APA, and shall notify the Attorney General in writing of any proposed modifications or rescissions. Such notifications shall be provided at least sixty (60) days prior to their effective date in order to allow the Attorney General to consider whether they affect the factors set forth in Corporations Code section 5917 and require the Attorney General's approval.

III.

For five (5) years from the closing date of the APA, the entities listed in Condition I shall be required to provide written notice to the Attorney General sixty (60) days prior to entering into any agreement or transaction to do any of the following:

(a) Sell, transfer, lease, exchange, option, convey, or otherwise dispose of any of the three SNFs or any portion thereof.

(b) Transfer control, responsibility, or governance of a material amount of the assets or operations of any of the facilities or portions thereof. The substitution, merger, or addition of a new member of the governing body, general partner, or limited partner of

any of the entities listed in Condition I that transfers the control of, responsibility for, or governance of any of the three SNFs, or any portion thereof, shall be deemed a transfer for purposes of this Condition. The substitution or addition of one or more members of the governing body, general partner, or limited partners of any of the entities in Condition I or any arrangement, written or oral, that would transfer voting control of the members of the governing body, general partner, or limited partners of any of the entities listed in Condition I shall also be deemed a transfer for purposes of this Condition. The transfer of the operations or management agreement for any of the SNFs from Cypress to another entity shall also be deemed a transfer for purposes of this Condition.

IV.

For five (5) years from the applicable closing date of the APA, the entities listed in Condition I shall continue to offer employment to staff at each facility who are and remain in good standing. This condition is not intended to preclude operational flexibility or staff leadership changes as warranted for operational flexibility.

V.

The entities listed in Condition I shall prohibit unlawful discrimination in their services and programs at the facilities on the basis of any protected personal characteristic identified in state and federal civil rights laws, including section 51 of the California Civil Code and title 42, section 18116 of the United States Code. Categories of protected personal characteristics include:

a) Gender, including sex, gender, gender identity, and gender expression;
b) Intimate relationships, including sexual orientation and marital status;
c) Ethnicity, including race, color, ancestry, national origin, citizenship, primary language, and immigration status;
d) Religion;
e) Age; and
f) Disability, including disability, protected medical condition, and protected genetic information.

VI.

For five (5) years from the closing date of the APA, the entities listed in Condition I shall cause to be created and thereafter maintain a Community Advisory Board at each facility with which it shall consult on a quarterly basis. The Community Advisory Board shall consist of 7-12 volunteer SNF residents at the respective facility chosen by the residents of the respective facility. The Community Advisory Board will provide feedback and comments on a quarterly basis on the quality of care and quality of life being provided to the residents and patients at the respective facility. The entities listed in Condition I shall provide a copy of each annual report described in Condition XVI to the respective Community Advisory Boards. The Community Advisory Boards may provide comments on all respective reports to the Attorney General regarding compliance with these Conditions and any such comments shall be included in the written report provided to the Attorney General pursuant to Condition XVI.

VII.

The entities listed in Condition I shall abide by all resident admission agreements, leases, and other agreements relating to the occupancy of the facilities in place on the applicable closing date of the APA.

The Operations Transfer Agreements for each of the facilities shall contain language effectuating this Condition. Upon execution of the Operations Transfer Agreements for each of the facilities, the entities listed in Condition I shall provide copies of those agreements to the Attorney General.

VIII.

For five (5) years from the closing date of the APA, the Fair Oaks SNF shall be operated and maintained as a skilled nursing facility with 149 skilled nursing beds and shall maintain the same licensure, types, and levels of services being provided as its current licensure and types and levels of services including, but not limited to occupational therapy, physical therapy, and speech therapy.

11300 Fair Oaks Boulevard LLC, Mackenzie LLC, Cypress, or any other operator or licensee of the Fair Oaks SNF shall not place all or any portion of the Fair Oaks SNF's licensed-bed capacity or services in voluntary suspension or surrender its license for any beds or services.

IX.

For five (5) years from the closing date of the APA, the Greenhaven SNF shall be operated and maintained as a skilled nursing facility with 148 skilled nursing beds and shall maintain the same licensure, types, and levels of services being provided as its current licensure and types and levels of services including, but not limited to occupational therapy, physical therapy, and speech therapy.

455 Florin Road LLC, Bawitdaba LLC, Cypress, or any other operator or licensee of Greenhaven SNF shall not place all or any portion of the Greenhaven SNF's licensed-bed capacity or services in voluntary suspension or surrender its license for any beds or services.

X.

For five (5) years from the closing date of the APA, the Manzanita SNF shall be operated and maintained as a skilled nursing facility with 99 skilled nursing beds and shall maintain the same licensure, types, and levels of services being provided as its current licensure and types and levels of services including, but not limited to, occupational therapy, physical therapy, and speech therapy.

5318 Manzanita Avenue LLC, Baleen LLC, Cypress, or any other operator or licensee of Manzanita SNF shall not place all or any portion of the Manzanita SNF's licensed-bed capacity or services in voluntary suspension or surrender its license for any beds or services.

XI.

For five (5) years from the closing date of the APA, the entities listed in Condition I shall be certified to participate in the Medi-Cal and Medicare programs and have Medi-Cal and Medicare Provider Numbers (or provider number for any successors to Medi-Cal or Medicare) to provide the same types and levels of skilled nursing services to Medi-Cal and Medicare beneficiaries (both Traditional and Managed Care) at the facilities' SNFs as required in these Conditions.

XII.

For five (5) years from the applicable closing date of the APA, IEP, E3 Acquisition, and any subsidiaries and operators or licensees of the three SNFs shall annually submit to the Attorney General, no later than four (4) months after each anniversary of the applicable closing date of the APA, a report describing in detail its compliance with each Condition set forth herein regarding each SNF. The Chief Executive Officer or their equivalents at IEP, E3 Acquisition, and any subsidiaries and operators or licensees of any portion of the facilities shall each certify that the report is true, accurate, and complete. The entities listed in Condition I shall ensure a copy of the report is provided to each respective Community Advisory Board at the time of submission of the report to the Attorney General.

XIII.

At the request of the Attorney General, the entities listed in Condition I shall provide such information as is reasonably necessary for the Attorney General to monitor compliance with these Conditions and the terms of the transaction as set forth herein. The Attorney General will, at the request of any entity listed in Condition I and to the extent provided by law, keep confidential any information so produced to the extent that such information is a trade secret or is privileged under state or federal law, or if the private interest in maintaining confidentiality clearly outweighs the public interest in disclosure.

XIV.

Once the relevant portions of the APA have closed, the entities listed in Condition I are deemed to have explicitly and implicitly consented to the applicability of and compliance with each and every Condition and to have waived any right to seek judicial relief with respect to each and every Condition.

The Attorney General reserves the right to enforce each and every Condition set forth herein to the fullest extent provided by law. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court may deem appropriate for breach of any of these Conditions.

Pursuant to Government Code section 12598, the Attorney General shall also be entitled to recover its attorney fees and costs incurred in remedying each and every violation.

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of March 24, 2023 (the "Effective Date"), is entered into by ESKATON PROPERTIES, INCORPORATED, a California nonprofit public benefit corporation ("Seller"), on the one hand, and 11300 FAIR OAKS BOULEVARD, LLC, a California limited liability company, 455 FLORIN ROAD, LLC, a California limited liability company, and 5318 MANZANITA AVENUE, LLC, a California limited liability company (each, a "Purchaser" and collectively, the "Purchasers"), on the other hand, with respect to the following facts:

RECITALS

A. WHEREAS, Seller owns the applicable real property and improvements more particularly described in Exhibits A-1 through A-3 (each, the "real property"), on which is housed the applicable skilled nursing facility set forth opposite such Seller's name in Schedule "1" attached hereto (each, a "Facility", and collectively referred to herein as, the "Facilities").

B. WHEREAS, each Facility is licensed as a skilled nursing facility, to the extent required, for the number of beds set forth opposite its name in Schedule "3.05(b)" attached hereto.

C. WHEREAS, Seller desires to sell to Purchasers, and Purchasers desire to purchase from Seller, substantially all the real and personal property, and all other assets of Seller directly relating to the Facilities and the business conducted at the Facilities (the "Business"), upon the terms and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties hereto hereby agrees as follows:

ARTICLE I
PURCHASE AND SALE OF ACQUIRED ASSETS

SECTION 1.01. Purchase and Sale.

(a) On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Section 2.01), Seller shall grant, sell, assign, transfer, convey and deliver to the applicable Purchaser(s), and each applicable Purchaser shall purchase from Seller all of its rights, title and interests as of such Closing of Seller in, to and under the Acquired Assets (as defined in Section 1.02(a)), for (i) an aggregate purchase price of $35,640,000.00 (the "Purchase Price"), payable as set forth in Section 1.01(b), and (ii) the assumption of the Assumed Liabilities (as defined in Section 1.03(a)). The purchase and sale of the Acquired Assets and the assumption of the Assumed Liabilities is referred to in this Agreement as the "Acquisition".

(b) The Purchase Price shall be payable as follows:

(i) As set forth in Section 2.02(a), the sum of $500,000.00 (the "Initial Deposit") has been deposited with Escrow Agent. One Hundred Dollars ($100.00) of the Initial Deposit shall be

immediately released to Seller as non-refundable consideration for entering into this Agreement and providing Purchasers the right to terminate this Agreement, as expressly herein provided (the "Independent Consideration");

(ii) As set forth in Section 2.02(a), the sum of $1,250,000.00 (the "Additional Deposit") shall be deposited with Escrow Agent;

(iii) The balance of the Purchase Price, less the Escrow Funds (defined below), shall be payable in cash pursuant to Section 2.01, below ("Balance Net of Escrow Funds"); and

(iv) A portion of the Purchase Price in the amount of $500,000.00 (the "Escrow Funds") shall remain on deposit with Escrow and held by Escrow Agent after Closing pursuant to the Escrow Indemnity Agreement, further described in Section 8.05(d), below.

SECTION 1.02. Acquired Assets and Excluded Assets.

(a) The term "Acquired Assets" means all the business, properties, assets, goodwill and rights of Seller of whatever kind and nature, real or personal, tangible or intangible, that are owned by, or leased or licensed to, Seller as of the Closing Date (as defined in Section 2.01), as applicable, and used, held for use or intended to be used primarily in the operation or conduct of the Business (other than the Excluded Assets (as defined in Section 1.02(b)), including, without limitation, the following:

(i) all real property interests, including leaseholds, licenses, easements, rights of way and any other interests of Seller in each real property and each Facility, in each case together with all of Seller's rights, title and interests in all buildings, improvements and fixtures thereon and all other appurtenances thereto (the "Premises");

(ii) all supplies of Seller that on the Closing Date are located on the applicable Premises, and all supplies of Seller (including in transit, on consignment or in the possession of any third party) on the Closing Date that are used, held for use or intended to be used primarily in the operation or conduct of the Business, (collectively, the "Supplies");

(iii) all other tangible personal property and interests therein, including all machinery, equipment, computer systems, furniture, furnishings and vehicles of Seller that are used, held for use or intended to be used primarily in the operation or conduct of the Business (collectively, the "Personal Property");

(iv) Intentionally Omitted;

(v) all Licenses (as defined in Section 3.05(a)) and Permits (as defined in Section 3.14(a)) of Seller that are used, held for use or intended to be used primarily in the operation or conduct of the Business, to the extent assignable under Applicable Law (as defined in Section 3.03) (collectively, the "Assigned Licenses and Permits");

(vi) all material contracts (including purchase orders and sales orders), equipment leases and subleases, licenses, indentures, agreements, provider agreements, managed care contracts, commitments, certificates of need and all other legally binding arrangements, whether oral or

written (collectively, the "Contracts"), to which Seller is a party or by which each is bound that any Purchaser, or the New Operator (as defined in Section 1.05 below), expressly elect to assume, prior to the Real Estate Due Diligence Period Expiration Date, and (x) all other Contracts to which Seller is a party or by which Seller is bound that are used, held for use or intended to be used primarily in, or that arise primarily out of, the operation or conduct of the Business or to which the Acquired Assets are subject, which any Purchaser or the New Operator expressly elect to assume prior to the Real Estate Due Diligence Period Expiration Date (collectively, the "Assigned Contracts"). The term "material" contracts shall mean contracts involving Ten Thousand Dollars ($10,000.00) or more;

(vii) all rights, claims and credits to the extent relating to any other Acquired Asset or any Assumed Liability, including any such items arising under insurance policies (including all insurance proceeds arising from any casualty, including all business interruption insurance) and all guarantees, warranties, indemnities and similar rights in favor of Seller in respect of any other Acquired Asset or any Assumed Liability;

(viii) all records of every type and nature related to any of the Acquired Assets or the Business, including all books of account; ledgers; general, financial and accounting records; Resident Records (as defined in Section 3.21(e)); Employee Records (as defined in Section 5.08)); files; invoices; patient lists, resident lists and suppliers; other distribution lists; billing records; sales and promotional literature; manuals; and patient, resident and supplier lists and correspondence (in all cases, in any form or medium), of Seller that are used, held for use or intended to be used primarily in, or that arise primarily out of, the conduct or operation of the Business (collectively, the "Records"); and

(ix) all goodwill generated by or associated with the Business ("Goodwill").

(b) The term "Excluded Assets" means:

(i) All assets identified on Schedule 1.02(b);

(ii) All bank accounts (except as otherwise provided in the MOTA, as defined below), cash, cash equivalents, securities, accounts receivable (including third party settlements and all Medicare and Medi-Cal receivables), prepaid expenses, deferred charges, prepaid accounts, advance payments, utility deposits and inter-company accounts of Seller;

(iii) Amounts of any nature which are or might be due to Seller for goods provided, services rendered, or any other transaction of any type prior to the Closing Date;

(iv) all rights, claims and credits of Seller to the extent relating to any Excluded Liability (as defined in Section 1.03(b));

(v) all shares, options, warrants, general or limited partnership interests, membership interests, participations or other equivalents (regardless of how designated) in a corporation, limited liability company, partnership, joint venture, trust or any equivalent entity, whether voting or nonvoting, including, without limitation, common stock, preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of

1934, as amended) in any corporation, limited liability company, partnership or other business entity (collectively, "Stock");

(vi) Any Contracts other than the Assigned Contracts;

(vii) all insurance policies;

(viii) all rights of Seller under this Agreement and the other agreements and instruments executed and delivered in connection with this Agreement (collectively, the "Ancillary Agreements" and, together with this Agreement, collectively, the "Transaction Documents").

(ix) all Intellectual Property associated with the Business, including but not limited to Seller's name, trademarks, tradenames, logos, proprietary information including operational and training manuals, personnel files, software, telephone numbers and facsimile numbers (collectively, the "Intellectual Property").

SECTION 1.03. Assumption of Certain Liabilities.

(a) Upon the terms and subject to the conditions of this Agreement, the New Operator shall assume, effective as of the Closing, and from and after the Closing, the New Operator shall pay, perform and discharge when due, all the following liabilities, obligations and commitments of Seller as of the Closing Date (the "Assumed Liabilities"):

(i) all liabilities, obligations and commitments of Seller under each of the Assigned Contracts being assumed by the New Operator to the extent such liabilities, obligations and commitments relate to the period from and after the Closing.

(b) Notwithstanding Section 1.03(a), or any other provision of any Transaction Document, and regardless of any disclosure to any Purchaser, neither Purchasers nor New Operator shall assume any Excluded Liability (as defined below), each of which shall be retained and paid, performed and discharged when due by Seller. The term "Excluded Liability" means:

(i) any liability, obligation, Tax, account payable, or commitment of Seller, except as specifically set forth in Section 1.03(a), relating to or arising out of the Business or any Acquired Asset, whether express or implied, liquidated, absolute, accrued, contingent or otherwise, or known or unknown, and based upon, arising out of or resulting from any fact, circumstance, occurrence, condition, act or omission existing on or occurring on or prior to the Closing;

(ii) any liability, obligation or commitment of Seller, whether express or implied, liquidated, absolute, accrued, contingent or otherwise, or known or unknown, arising out of the operation or conduct by Seller or any of its respective affiliates of any business other than the Business;

(iii) any liability, obligation or commitment of Seller (A) arising out of any actual or alleged breach by Seller of, or nonperformance by Seller under, any Contract (including any Assigned Contract) prior to the Closing, (B) accruing under any Assigned Contract with respect to any period prior to the Closing, or (C) arising under any Contract (x) required to be listed in

Schedule 3.08 or Schedule 3.09 and not so listed, (y) entered into in violation of this Agreement, or (z) that is not an Assigned Contract;

(iv) any liability, obligation or commitment of Seller arising out of (A) any suit, action, investigation or proceeding brought by or involving any person (a "Proceeding") pending, threatened or arising on or before the Closing Date, or (B) any actual or alleged violation by Seller or any of its affiliates of any Applicable Law prior to the Closing;

(v) any liability, obligation or commitment of Seller that relates primarily to, or that arises primarily out of, any Excluded Asset, or that arises out of the distribution to, or ownership by Seller of the Excluded Assets or associated with the realization of the benefits of any Excluded Asset;

(vi) any liability, obligation or commitment for income, capital gains, excise, estate, inheritance, gross receipts, business, corporation or franchise taxes, fees or penalties, value-added and other similar Taxes related amounts incurred by any person in connection with this Agreement, the Ancillary Agreements, the Acquisition and the other transactions contemplated hereby and thereby;

(vii) any liability, obligation or commitment of Seller arising under Seller's Benefit Plan (as defined in Section 3.19(a));

(viii) any liability, obligation or commitment of Seller that relates to, or that arises out of, the operations of any Facility and/or services rendered by or on behalf of Seller on or prior to the Closing Date (including claims of negligence, personal injury, elder abuse, workers' compensation, employer's liability or other claims);

(ix) any liability, obligation or commitment of Seller that relates to, or that arises out of, the employment or the termination of the employment with Seller of any employee or former employee of the Business (including as a result of the transactions contemplated by this Agreement or any Ancillary Agreement);

(x) any indebtedness of Seller;

(xi) any liability, obligation or commitment of Seller relating to workers' compensation arising from any act, omission or event occurring prior to the Closing;

(xii) any professional liability or general liability of Seller arising from acts, omissions or events occurring prior to the Closing;

(xiii) any liability, obligation or commitment of Seller to any of its respective affiliates;

(xiv) Intentionally Omitted;

(xv) any liability for quality assurance fees or bed taxes accruing or arising prior to the Closing;

(xvi) any liability for Medicare or Medi-Cal recoupments or claims in connection with payments made to or for the benefit of Seller for dates of service prior to the Closing;

(xvii) any other liabilities, obligations or commitments of Seller that are not Assumed Liabilities; and

(xviii) any liabilities and obligations with respect to any Stimulus/Relief Funds (as defined below) received by Seller.

(c) Each Purchaser, and as applicable with respect to Acquired Assets that are to be acquired at the applicable Closing by the New Operator, shall acquire the Acquired Assets free and clear of all liabilities, obligations and commitments of Seller, other than the Assumed Liabilities, and free and clear of all Liens (as defined in Section 3.06(a)), other than Permitted Liens (as defined in Section 3.06(a)).

(d) Seller and Purchasers acknowledge that certain expenses of the Business are paid on a periodic basis. Accordingly, the items listed below, shall be apportioned between Seller on one hand, and the applicable Purchaser(s) (and New Operator, if applicable) on the other, with Seller being responsible for all such expenses attributable to periods on or prior to the Closing Date, and the applicable Purchaser(s), or as applicable, New Operator, being responsible for all expenses attributable to periods after the Closing Date (collectively, the "Pro-rations"):

(i) prepaid rent;

(ii) utility company charges, including electricity, gas, fuel, water and sewer charges;

(iii) real estate taxes, general and special assessments and other public or private charges affecting the applicable Premises; and

(iv) other items typically apportioned in sale of assets transactions of the type contemplated by this Agreement, specifically excluding any license fees paid by Seller prior to the Closing Date.

(e) Pro-rations shall be payable at the Closing, provided that if it is determined after the Closing Date that any Pro-rations are payable by Seller, such amount shall be paid by Seller within thirty (30) days of written demand. The provisions of this Section 1.03(e) shall survive the Closing.

(f) Notwithstanding anything to the contrary in this Agreement, Seller and Purchaser acknowledge that additional funds under the CARES Act and other state or federal stimulus funding related to the COVID-19 pandemic may be made available after the Effective Date or after the Closing Date (collectively, "Additional Stimulus/Relief Funds"). To the extent Additional Stimulus/Relief Funds are made available to Seller, and the terms and conditions associated with the receipt, retention, and use of such funds allow for the transfer to, or proration of such funds for the benefit of, New Operator, Seller and New Operator shall transfer and/or prorate such Additional Stimulus/Relief Funds, in good faith and in accordance with Applicable Laws, consistent with Section 1.03(d) and Section 1.03(e) of this Agreement. For purposes of this Agreement, Additional Stimulus/Relief Funds shall be considered an Assumed Liability, but

solely to the extent such funds are actually received by Seller and transferred to, or prorated for the benefit of, New Operator. For the avoidance of doubt, Additional Stimulus/Relief Funds shall exclude PPP, AAP (as each such term is defined below), and any Additional Stimulus/Relief Funds received directly by New Operator.

SECTION 1.04. Consents of Third Parties.

(a) Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any asset or any claim or right or any benefit arising under or resulting from such asset if an attempted assignment thereof, without the consent of a third party, would constitute a breach or other contravention of the rights of such third party, would be ineffective with respect to any party to an agreement concerning such asset, or would in any way adversely affect the rights of Seller or, upon transfer, Purchasers or New Operator (or any of their respective subsidiaries or assigns) in connection with such asset. If any transfer or assignment by Seller to, or any assumption by any Purchaser or the New Operator (or any of their respective subsidiaries or assigns) of, any interest in, or liability, obligation or commitment in connection with, any asset requires the consent of a third party, then such assignment or assumption shall be conditioned upon consent being obtained.

(b) If any such consent is not obtained prior to the Closing, Seller and the applicable Purchaser or New Operator shall cooperate (at their own expense) in any lawful and reasonable arrangement reasonably proposed by such Purchaser or New Operator under which such Purchaser or New Operator (or its subsidiaries or affiliates or assigns) shall obtain the economic claims, rights and benefits in connection with the asset, claim or right with respect to which the consent has not been obtained in accordance with this Agreement. Such reasonable arrangement may include (i) the subcontracting, sublicensing or subleasing to such Purchaser or New Operator (or its subsidiaries or affiliates or assigns) of any and all rights of Seller against the other party to such third-party agreement arising out of a breach or cancellation thereof by the other party, and (ii) the enforcement by Seller of such rights. To the extent, and only to the extent, the applicable Purchaser or New Operator (or its subsidiaries or affiliates or assigns) receives the economic claims, rights and benefits under such asset, such Purchaser or New Operator shall be responsible for the Assumed Liabilities, if any, arising under such asset.

(c) Seller shall pay on or before the Closing all transfer costs and expenses charged or incurred by third parties whose consents are required for Seller to transfer any Acquired Assets or Assigned Contracts to Purchaser, including, but not limited to the transfer charges set forth on Schedule 1.04(c) attached hereto (collectively, the "Transfer Costs").

SECTION 1.05. Joinder of New Operator. Seller acknowledges that Purchasers, as of the Effective Date of this Agreement, have selected Cyprus Health Care ("Cypress") to take over the operations of the Facilities from Seller on the Closing Date through one or more subsidiaries or affiliates of Cypress (each, a "New Operator", and collectively, the "New Operators"). Purchaser shall cause New Operator to execute and deliver to Seller, a Joinder Agreement in the form attached hereto as Exhibit I.

ARTICLE II
THE CLOSING

SECTION 2.01. Closing Date. The closing of the Acquisition of the Acquired Assets with respect to any of the Facilities (each, a "Closing" and the date on which a Closing occurs shall be referred to as the "Closing Date") shall take place on the last day of the month that is at least fifteen (15) days after the date that Seller has received the written approval of the Attorney General of the State of California (the "Attorney General") to the closing of the transactions contemplated under this Agreement (the "Attorney General Approval"), but only following the satisfaction (or, to the extent permitted, the waiver) of the conditions set forth in Section 6.01, or, if on such day any condition set forth in Section 6.02 or 6.03 has not been satisfied (or, to the extent permitted, waived by the party entitled to the benefit thereof), as soon as practicable after all the conditions set forth in Article VI have been satisfied (or, to the extent permitted, waived by the parties entitled to the benefits thereof), or at such other place, time and date as shall be agreed to in writing between Seller and Purchasers, but in no case later than September 30, 2023 (the "Outside Closing Date"); provided, however, if the Closing has not occurred as of the Outside Closing Date because the receipt of the Attorney General Approval is still pending as of such date, then the Outside Closing Date shall continue to be extended for additional periods of thirty (30) days each, as necessary, so long as Seller, Purchaser and New Operators are diligently pursuing obtaining the Attorney General Approval and the Attorney General Approval has not been denied by the Attorney General.

SECTION 2.02. Earnest Money.

(a) Purchasers has deposited the Initial Deposit with Escrow Agent. If this Agreement has not been terminated by Purchaser on or before the Real Estate Due Diligence Period Expiration Date (as defined below) in accordance with Section 2.04 below, then within one (1) Business Day after the Real Estate Due Diligence Period Expiration Date, Purchasers shall deposit with Escrow Agent the Additional Deposit into an interest-bearing account designated by Escrow Agent with all interest thereon accruing to the benefit of the Purchasers. The Initial Deposit and the Additional Deposit, less the Independent Consideration, together with accrued interests thereon, are collectively referred to herein as, the "Deposit". Upon the Closing, the Deposit shall be released by Escrow Agent to Seller and applied towards the Purchase Price. As used herein, "Escrow Agent" shall mean Paul Avila of Fidelity National Title Insurance Company ("Escrow Agent"), 8525 Madison Avenue, Suite 110, Fair Oaks, CA 95628, telephone 916-646-6057, pavila@fnf.com.

(b) If this Agreement does not terminate on or before the Real Estate Due Diligence Period pursuant to Section 2.04 below, then the Deposit shall become non-refundable, except as otherwise expressly provided in this Agreement. The Deposit, and all components thereof as and when deposited with Escrow Agent, shall be held in an interest-bearing account and all interest thereon shall accrue to the benefit of Purchaser. If Purchasers terminate this Agreement on or before the Operations Due Diligence Period Expiration Date or the Real Estate Due Diligence Period Expiration Date, then the Deposit (less the Independent Consideration) shall be returned to Purchasers, and neither Seller, nor Purchasers shall have any further rights or obligations hereunder, except as otherwise expressly provided herein.

(c) In the event this Agreement is terminated as a result of (i) the failure to satisfy any condition contained in Sections 6.01, 6.02 or 6.03; or (iii) the termination of this Agreement in accordance with Section 2.09 (Risk of Loss), Section 2.05(b) or (c) (Title and Environmental Review), or Section 2.04 (Due Diligence), then the Escrow Agent shall pay the Deposit (less the Independent Consideration), to the Purchaser, and neither Seller nor Purchasers shall have any further rights or obligations hereunder, except as otherwise expressly provided herein.

(d) Notwithstanding anything to the contrary, if the Closing fails to occur due to the Attorney General Approval being denied either due to a rejection of the Purchasers and/or the New Operator by the Attorney General and/or the Attorney General imposing such conditions on its approval that are unacceptable to Purchasers (in its reasonable determination), then upon termination of this Agreement by Purchasers, a portion of the Deposit in the amount of $250,000.00 shall be released to Seller and the balance of the Deposit (plus all accrued interest thereon) shall be returned to Purchasers.

(e) Seller shall not be in default of this Agreement, unless Seller shall fail to cure any breach of the terms of this Agreement following ten (10) days' written notice thereof from Purchasers and the New Operator. In the event of a breach or default under this Agreement by Seller prior to Closing, the Purchaser's sole and exclusive remedies solely shall be to either (i) terminate this Agreement in accordance with the terms and provisions of Section 7.01, in which case, the Deposit, plus all accrued interest thereon, shall be returned to Purchaser, and Purchaser may recover from Seller damages for Purchaser's actual out-of-pocket transaction costs and expenses incurred by Purchaser in connection with this Agreement and its due diligence of the Acquired Assets (including, without limitation, its attorneys' fees) in an amount not to exceed $100,000 or (ii) Purchaser shall have the right to bring an action for specific performance of this Agreement within ninety (90) days after the breach; provided, however, if the nature of the breach or default by Seller causes specific performance to not be available to Purchaser, then Purchaser shall have all rights and remedies under law and equity in connection with such breach or default by Seller and the limitations of remedies and liability of Seller under this Section 2.02(e) shall be of no further force and effect.

(f) Purchaser shall not be in default of this Agreement, unless Purchaser shall fail to cure any breach of the terms of this Agreement following ten (10) days' written notice thereof from Seller. Notwithstanding anything to the contrary herein, in the event of a default by any Purchaser in performing any obligation on any Purchaser's part to be performed under this Agreement prior to Closing, including, without limitation, to pay the cash portion of the Purchase Price due at such Closing, or in any other provision hereof which would entitle Seller to cancel this Agreement, Seller's sole and exclusive remedy shall be to terminate this Agreement, in which case, Seller shall be entitled to retain the Deposit as damages and not as a penalty, and upon such retention this Agreement shall be deemed null and void and neither party hereto shall have any obligations to or rights against the other hereunder, except for any Agreements or provisions hereof which are specifically provided herein to survive any cancellation or termination of this Agreement. **SELLER AND PURCHASERS AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER UPON SUCH A PURCHASER DEFAULT AND THAT THE DEPOSIT REPRESENTS A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER**

UPON SUCH A PURCHASER DEFAULT. SUCH LIQUIDATED DAMAGES ARE NOT INTENDED AS A FORFEITURE OR A PENALTY WITHIN THE MEANING OF APPLICABLE LAWS AND REGULATIONS. THE LIQUIDATED DAMAGE PROVISIONS SHALL NOT BE APPLICABLE TO (i) ANY INDEMNIFICATION OBLIGATION PURCHASERS MAY HAVE UNDER THIS AGREEMENT AND (ii) TO THE AWARD OF ATTORNEY'S FEES PURSUANT TO SECTION 9.03.

_____ _____

(Purchasers' Initials) **(Seller's Initials)**

SECTION 2.03. Documents and Information. Seller warrants and represents to the Purchasers and to New Operators that to Seller's knowledge, Seller has provided true, correct, and complete copies of all of the information, materials and documents described on Schedule 2.03 which are in Seller's possession or control (collectively, the "Documents and Information"), on or before the execution and delivery of this Agreement. Seller does not warrant or represent as to the accuracy or completeness of the information, materials and documents, or as to the possible existence of any additional information, materials or documents which may be material to Purchasers' decision to purchase the Acquired Assets, except as to any information materials and documents prepared by Seller. Seller shall promptly deliver to Purchaser any other documents and information reasonably requested by Purchaser between the Effective Date and the Closing Date. Seller shall go through all of the managed care payor contracts (collectively, the "Managed Care Contracts") within ten (10) days of the Effective Date to determine if there are any confidentiality restrictions in any of the Managed Care Contracts prohibiting Seller from sharing copies of same with Purchaser and New Operator (collectively, the "Confidentiality Restricted Managed Care Contracts"). Notwithstanding anything to the contrary, Seller shall not provide Purchaser and New Operator with copies of any Confidentiality Restricted Managed Care Contracts unless and until Seller obtains the consent of the party under such contract to provide a copy of such contract to Purchaser and New Operator.

SECTION 2.04. Purchaser Due Diligence Period. Seller and Purchasers hereby acknowledge that Purchasers may terminate this Agreement, for any reason or no reason at all, at any time prior to 5:00 p.m. Pacific time on the date that is seven (7) business days after Purchasers' receipt of all of the Required Operations Due Diligence Materials (as defined below) (the "Operations Due Diligence Period Expiration Date"), by providing written notice of termination to Seller and Escrow Agent prior to the Operations Due Diligence Period Expiration Date. Seller and Purchasers hereby acknowledge that Purchasers may terminate this Agreement, for any reason or no reason at all, at any time prior to 5:00 p.m. Pacific time on the date that is thirty (30) days after the Effective Date (the "Real Estate Due Diligence Period Expiration Date"), by providing written notice of termination to Seller and Escrow Agent prior to the Real Estate Due Diligence Period Expiration Date; provided, however, Purchasers may not terminate this Agreement after the Operations Due Diligence Period Expiration Date and prior to the Real Estate Due Diligence Period Expiration due to any matters disclosed in the Required Operations Due Diligence Materials. If Purchaser terminates this Agreement in accordance with this Section 2.04, then this Agreement shall automatically terminate, the Deposit plus all accrued interest thereon shall be returned to Purchaser, and the parties shall thereafter be released from all further obligations under this Agreement, except those specifically provided herein to survive the

UPON SUCH A PURCHASER DEFAULT. SUCH LIQUIDATED DAMAGES ARE NOT INTENDED AS A FORFEITURE OR A PENALTY WITHIN THE MEANING OF APPLICABLE LAWS AND REGULATIONS. THE LIQUIDATED DAMAGE PROVISIONS SHALL NOT BE APPLICABLE TO (i) ANY INDEMNIFICATION OBLIGATION PURCHASERS MAY HAVE UNDER THIS AGREEMENT AND (ii) TO THE AWARD OF ATTORNEY'S FEES PURSUANT TO SECTION 9.03.

(Purchasers' Initials) **(Seller's Initials)**

SECTION 2.03. Documents and Information. Seller warrants and represents to the Purchasers and to New Operators that to Seller's knowledge, Seller has provided true, correct, and complete copies of all of the information, materials and documents described on Schedule 2.03 which are in Seller's possession or control (collectively, the "Documents and Information"), on or before the execution and delivery of this Agreement. Seller does not warrant or represent as to the accuracy or completeness of the information, materials and documents, or as to the possible existence of any additional information, materials or documents which may be material to Purchasers' decision to purchase the Acquired Assets, except as to any information materials and documents prepared by Seller. Seller shall promptly deliver to Purchaser any other documents and information reasonably requested by Purchaser between the Effective Date and the Closing Date. Seller shall go through all of the managed care payor contracts (collectively, the "Managed Care Contracts") within ten (10) days of the Effective Date to determine if there are any confidentiality restrictions in any of the Managed Care Contracts prohibiting Seller from sharing copies of same with Purchaser and New Operator (collectively, the "Confidentiality Restricted Managed Care Contracts"). Notwithstanding anything to the contrary, Seller shall not provide Purchaser and New Operator with copies of any Confidentiality Restricted Managed Care Contracts unless and until Seller obtains the consent of the party under such contract to provide a copy of such contract to Purchaser and New Operator.

SECTION 2.04. Purchaser Due Diligence Period. Seller and Purchasers hereby acknowledge that Purchasers may terminate this Agreement, for any reason or no reason at all, at any time prior to 5:00 p.m. Pacific time on the date that is seven (7) business days after Purchasers' receipt of all of the Required Operations Due Diligence Materials (as defined below) (the "Operations Due Diligence Period Expiration Date"), by providing written notice of termination to Seller and Escrow Agent prior to the Operations Due Diligence Period Expiration Date. Seller and Purchasers hereby acknowledge that Purchasers may terminate this Agreement, for any reason or no reason at all, at any time prior to 5:00 p.m. Pacific time on the date that is thirty (30) days after the Effective Date (the "Real Estate Due Diligence Period Expiration Date"), by providing written notice of termination to Seller and Escrow Agent prior to the Real Estate Due Diligence Period Expiration Date; provided, however, Purchasers may not terminate this Agreement after the Operations Due Diligence Period Expiration Date and prior to the Real Estate Due Diligence Period Expiration due to any matters disclosed in the Required Operations Due Diligence Materials. If Purchaser terminates this Agreement in accordance with this Section 2.04, then this Agreement shall automatically terminate, the Deposit plus all accrued interest thereon shall be returned to Purchaser, and the parties shall thereafter be released from all further obligations under this Agreement, except those specifically provided herein to survive the

termination of this Agreement. As used herein, "Required Operations Due Diligence Materials" means all of the items and materials identified in Schedule 2.04 attached hereto.

SECTION 2.05. Title, Environmental Review and Physical Review.

(a) Within seven (7) days after the Effective Date, Seller shall provide to Purchaser a copy of all currently effective title insurance policies and commitments and plats and land surveys ("ALTA Surveys") in its possession that relate to the Facilities and each of the real property on which each Facility is located (collectively, the "Real Property"). Any new ALTA Survey or any existing ALTA Surveys updates (each, a "New Survey") required by any Purchaser or any Purchaser's lender shall be at such Purchaser's sole cost and expense.

(b) Purchaser will use its commercially reasonable efforts to obtain as soon as practical, a preliminary report on title for each Facility, issued by Fidelity National Title Insurance Company ("Title Company"), which shall contain a commitment (each, a "Title Report") of the Title Company to issue to the applicable Purchaser an owner's policy of title insurance (each, a "Title Policy") insuring the fee simple interest of such Purchaser in the applicable Facility. Each Title Report shall be delivered with legible copies of all recorded exceptions to title referred to therein to the extent reasonably available (the "Exception Documents"). Each Title Policy shall be in an amount equal to the amount of the Purchase Price allocated to such Facility. Seller will use their commercially reasonable efforts to cause all standard exceptions to be deleted from the policies at the Closing, including without limitation, executing Seller's affidavits, gap indemnities and the like. The Purchasers shall have from the Effective Date until 5:00 p.m. Pacific Time on the Real Estate Due Diligence Period Expiration Date (the "Title Review Period") to approve or disapprove in writing each Title Report, the ALTA Surveys and any New Survey with respect to the Facilities, with any such notice of disapproval specifying the Exception Documents or other matters to which the Purchasers object. The failure of any Purchaser to disapprove any lien or other matter reflected in any Title Report within the Title Review Period shall be deemed approved by the applicable Purchaser(s). Notwithstanding the foregoing, no Purchaser shall have the right to disapprove any of the following, all of which shall be deemed to be Permitted Liens hereunder: (A) matters created or consented to by any Purchaser, and (B) the Assumed Liabilities. All monetary liens on each of the Real Property and each Facility (other than for taxes and assessments not yet due and payable) shall be removed by the applicable Seller, at its sole cost and expense, prior to the Closing. If any Purchaser disapproves any lien or other matter reflected in any Title Report prior to the expiration of the Title Review Period, Seller shall have five (5) Business Days from the date of such disapproval in which to advise such Purchaser whether or not Seller is prepared to cure the same prior to the Closing, which decision shall be made by Seller in its sole and absolute discretion (which cure may be effected by payment and discharge of the objectionable item or by causing the Title Company to remove the same as an exception or affirmatively insure over such item) and in the event Seller shall fail or refuse to do so within said five (5) Business Day period, such Purchaser shall have five (5) Business Days thereafter in which to advise Seller in writing of such Purchaser's election (x) to waive the matters to which Purchaser objected and which Seller is not prepared to cure and to proceed to Closing or (y) to either (i) terminate this Agreement in full, in which event the Deposit (less the Independent Consideration) shall be returned to Purchasers, or (ii) terminate this Agreement with respect to the Real Property housing the Facility to which a Purchaser made an objection that Seller is unable or unwilling to cure, in

which case the Purchase Price shall be reduced by an amount equal to the Allocated Value (as defined below) for the Facility in which this Agreement is being terminated.

If, after the Title Review Period, the Title Company issues any amendment, supplement or modification to a Title Report (each a, "Supplemental Commitment") with respect to any of the Real Property showing a lien or encumbrance against any Real Property that was not listed in any Title Report or any prior Supplemental Commitment (each a "New Title Matter"), then the applicable Purchaser may object to such New Title Matter by delivering written notice to Seller within five (5) days after such Purchaser's receipt of such Supplemental Commitment. If such Purchaser fails to so notify Seller in writing, then the New Title Matter shall be deemed a Permitted Lien. Seller shall have until five (5) days from receipt of such Purchaser's notice to notify Purchaser whether Seller will, in Seller's sole discretion (except for any voluntary monetary liens securing financings created by Seller, which Seller covenants to cause to be removed at the Closing), attempt to cause the New Title Matter to be removed at or before the Closing. If Seller fails to so notify the applicable Purchaser, Seller shall be deemed to have declined to remove the New Title Matter. If Seller declines or is deemed to have declined to remove a New Title Matter, then such Purchaser shall have five (5) days following the date that Seller declines, or is deemed to have declined, to remove the New Title Matter ("Termination Deadline") in which to advise in writing of Purchaser's election (x) to waive the matters to which Purchaser objected and which Seller is not prepared to cure and to proceed to Closing or (y) to either (i) terminate this Agreement in full, in which event the Deposit (less the Independent Consideration), shall be returned to Purchasers, or (ii) terminate this Agreement with respect to the Real Property housing the applicable Facility, in which case the Purchase Price shall be reduced by an amount equal to the Allocated Value for the Facility in which this Agreement is being terminated. If such Purchaser does not terminate this Agreement (in full or in part) pursuant to the preceding sentence on or before the Termination Deadline, then the New Title Matter shall be deemed a Permitted Lien. The Closing Date shall be extended up to fifteen (15) days, if necessary, to accommodate the foregoing time periods.

As used herein, "Allocated Value" with respect to any Facility means the total amount of the Purchase Price allocated to such Facility under Section 5.19 of this Agreement.

(c) Seller shall, upon request and reasonable advance notice from any Purchaser, permit any Purchaser and its agents to conduct Phase I environmental assessments for any of the Facilities (the "Phase I"), and Seller shall make available for review and copy any previously prepared Phase I's or other environmental assessments in their possession conducted for any of the Facilities or any of the Real Property. No Purchaser shall take any core samples, install any monitoring wells, or undertake any other invasive tests or studies, or communicate with any government officials or agencies regarding Hazardous Substances without Seller's prior written consent (which may be withheld or conditioned by Seller in its reasonable discretion). Purchasers shall have until the Real Estate Due Diligence Period Expiration Date to approve or disapprove any Phase I in writing delivered to Seller. If any Phase I recommends that a Phase II be ordered, then such Phase II shall be obtained before such Purchaser is required to give the Environmental Notice (as defined below). Should any Purchaser disapprove any Phase I and/or related Phase II, such Purchaser shall notify Seller in writing of such disapproval at or prior to the Real Estate Due Diligence Period Expiration Date (the "Environmental Notice"). The failure of any Purchaser to deliver an Environmental Notice to Seller on or prior to the Real Estate Due

Diligence Period Expiration Date shall be deemed approval by such Purchaser of the Phase I and Phase II (if applicable). If any Purchaser delivers an Environmental Notice to Seller before the Real Estate Due Diligence Period Expiration Date, then Purchasers shall have the right to terminate this Agreement in full, in which event the Deposit (less the Independent Consideration) shall be returned to Purchasers, and neither Seller nor Purchasers shall have any further rights or obligations hereunder, except as otherwise expressly provided herein.

(d) From the Effective Date until 5:00 p.m. Pacific time on the Real Estate Due Diligence Period Expiration Date, Seller shall, upon request and reasonable advance notice from Purchasers, permit Purchasers and its authorized agents, employees, consultants, and representatives ("Purchasers' Agents") to conduct physical inspections of the Facilities, their component systems, and the furniture, fixtures and equipment located at the Facilities. Purchasers shall not conduct any invasive tests for studies at the Facilities in connection with their aforesaid inspections without Seller's prior written consent (which may be withheld or conditioned by Seller in its reasonable discretion).

(e) Conditions to Entry. Purchasers' and Purchasers' Agents' right of entry upon the Facilities shall be subject to, and Purchasers agree to perform, each of the following conditions:

(i) Purchasers shall pay all costs, expenses, liabilities and charges incurred by Purchasers and Purchasers' Agents related to said entry.

(ii) Purchasers, at Purchasers' sole cost, shall repair any and all damage or injury caused by Purchasers or Purchasers' Agents in connection with any such inspection or entry (if any) and shall return the Facilities to the condition existing prior to such entry.

(iii) Any entry upon the Facilities shall be upon a minimum of forty-eight (48) hours' written notice to Seller, and Seller shall have the right to accompany Purchasers and Purchasers' Agents on any such entry upon the Facilities.

(iv) Purchasers shall keep the Facilities free and clear of all liens arising out of Purchasers' and Purchasers' Agents' activities conducted upon the Facilities.

(v) Purchasers shall indemnify, defend and hold Seller and its agents, employees, consultants and representatives ("Seller's Agents") and the Facilities free and harmless of and from all costs, expenses, damages, claims, liabilities, reasonable attorneys' fees and costs or charges arising out of, or in any way connected with, the entry upon the Facilities by Purchasers and Purchasers' Agents; provided, however, that the foregoing indemnity and hold harmless obligation shall not extend to, and in no event shall Purchasers be liable to Seller and Seller's Agents for, any (a) diminution in the market value of any of the Facilities and/or the Acquired Assets resulting from the information disclosed by any such investigation or tests, (b) the sole and active negligence or willful misconduct of Seller or any of the Seller's Agents, or (c) pre-existing condition(s) on or about any Facility (except and to the extent such pre-existing condition(s) is/are exacerbated by Purchaser's entry onto and investigation of any Facility).

(vi) Purchasers shall provide to Seller a certificate of liability insurance, with a combined single limit of liability not less than TWO MILLION DOLLARS ($2,000,000.00), and

with an endorsement reasonably acceptable to Seller attached to such certificate. Seller shall be named as additional insured upon such insurance. Purchasers shall provide the certificate of such insurance with the additional insured endorsement prior to, and as a condition of, any such entry. The certificate of insurance: (i) shall require a minimum of thirty (30) days' written notice prior to the cancellation, lapse or modification of the insurance policy; (ii) shall not include provisions which only require the insurer to "endeavor to" provide such notice to Seller; and (iii) shall not include provisions which purport to exculpate the insurer for its failure to provide such notice.

(vii) Prior to performing any environmental tests or studies on the Facilities beyond the scope of work generally performed in a Phase I study, Purchasers shall notify Seller in writing of the scope of work intended to be performed and shall provide Seller an opportunity to confer, either directly or through Seller's consultants, with Purchasers' environmental consultants in order to determine whether to permit any sampling or testing of surface or subsurface soils, surface water or ground water (and with respect thereto Seller shall have complete and absolute discretion to grant or withhold its consent) or to refine the scope of the work to be performed. All information derived from Purchasers' tests and test results shall, to the extent permissible under existing law, remain confidential and not to be disclosed to any party other than as is necessary in connection with the consummation of the transactions contemplated hereby or as is necessary to comply with any obligations Purchasers may have under applicable law. Seller shall be entitled to receive copies of all tests, test results, studies and reports together with the right as a party of interest, to be able to access the consultant's file information and work product in the event of future need subsequent to the Closing. Purchasers shall obtain all consultants' consent to the foregoing as a part of any retention agreement. Such Seller's rights shall survive the Closing and recording of the grant deed from Seller to Purchasers.

(f) No Other Warranties/"As Is" Purchase. Purchasers represent and warrant to Seller that: (i) Purchasers are experienced and sophisticated purchasers of properties such as the Facilities; (ii) Purchasers have (or prior to Closing, will have) inspected and examined all aspects of the Facilities and its current condition which Purchasers believes are relevant to Purchasers' decision to purchase the Facilities; (iii) Purchasers, as of the date of this Agreement, have (or prior to Closing, will have) satisfied itself as to all matters relating to the Facilities; (iv) Seller has (or prior to the Real Estate Due Diligence Period Expiration Date, will have) made available to Purchasers and Purchasers' representatives for their review and inspection all plans, drawings. reports and other documents with respect to the Facilities which Purchasers have requested; (v) except as contained in this Agreement, Seller is not making, has not made and expressly disclaims any representation or warranty, express or implied, that such documents delivered by Seller or made available for Purchasers' review and inspection constitute all of the documents and information in Seller's files relating to the Facilities; (vi) Seller is not making, has not made and expressly disclaims any representation, warranty, or other assurance whatsoever with respect to the Facilities or any condition or feature thereof, except as contained in this Agreement, including without limitation, any representation, warranty or assurance regarding the validity or accuracy of any documents delivered by Seller to Purchasers or made available for Purchasers' review and inspection, other than documents prepared by Seller; (vii) Purchasers shall verify the accuracy and reliability of such documents with the third parties who prepared the same; (viii) Purchasers are (or prior to the Closing, will be) fully acquainted with the nature and condition, in all respects, of the Facilities, including the existence or availability

of all permits and approvals from governmental authorities and the soil and geology thereof, except as specifically represented and warranted by Seller in this Agreement, in purchasing the Facilities pursuant to this Agreement, Purchasers are relying solely on their own investigation and inspection of the Facilities, and that the Facilities will be conveyed to and accepted by Purchasers at Closing in its "AS IS, WITH ALL FAULTS BASIS" condition. Purchasers acknowledge and agree that, except as expressly set forth herein below: Seller has not made any representation or warranty, express or implied, written or oral, concerning the Facilities or any use to which the Facilities may or may not be put, except as contained in this Agreement; in purchasing the Facilities, Purchasers are not relying upon any representation made by any agent of Seller; and no agent had, or has, authority to make any representation concerning the Facilities or any matter or condition relating thereto. Except as otherwise expressly set forth in this Agreement, Purchasers agree that from and after Closing, Purchasers shall conclusively be deemed to have accepted the Facilities in its then existing "AS IS, WITH ALL FAULTS BASIS" condition, without representation and warranty of any kind except as expressly set forth herein, and with all faults and problems of any kind or nature whatsoever that may then exist, whether the same are of a legal nature, a physical nature or otherwise, including, without limitation, the presence of any hazardous substances that may be located on, under or around the Facilities, and any faults and/or problems that could have been discovered by Purchasers prior to entering into this Agreement, whether or not the same had actually been discovered at that time, it being expressly agreed that Purchasers assume all responsibility for such faults and conditions.

As of the Closing, Purchasers hereby expressly waive and forever release any and all rights, claims and actions that Purchasers may now have or hereafter acquire against Seller arising from or related to the Facilities (collectively, the "Released Claims"); provided, however, that such waiver and release shall not apply to any claims of Purchasers and/or New Operators for any claims for breaches of any express representations, warranties, covenants and other obligations of Seller under this Agreement and/or any of the Ancillary Agreements (including, without limitation, the MOTAs (as defined below), including, without limitation, any claims for Losses of any Purchaser Indemnified Parties (as each such term is defined below) under Article VIII of this Agreement (collectively, "Surviving Claims"). The Released Claims shall not include any items covered by Seller's express representations and warranties contained in Article III hereof. Under no circumstances shall the Released Claims be deemed or construed to include any Surviving Claims. This release applies to all described rights, claims and actions (specifically excluding any Surviving Claims), whether known or unknown, foreseen or unforeseen, present or future. Purchasers specifically waive application of California Civil Code Section 1542, which provides as follows:

A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor or released party.

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Purchasers' initials Seller's initials

of all permits and approvals from governmental authorities and the soil and geology thereof, except as specifically represented and warranted by Seller in this Agreement, in purchasing the Facilities pursuant to this Agreement, Purchasers are relying solely on their own investigation and inspection of the Facilities, and that the Facilities will be conveyed to and accepted by Purchasers at Closing in its "AS IS, WITH ALL FAULTS BASIS" condition. Purchasers acknowledge and agree that, except as expressly set forth herein below: Seller has not made any representation or warranty, express or implied, written or oral, concerning the Facilities or any use to which the Facilities may or may not be put, except as contained in this Agreement; in purchasing the Facilities, Purchasers are not relying upon any representation made by any agent of Seller; and no agent had, or has, authority to make any representation concerning the Facilities or any matter or condition relating thereto. Except as otherwise expressly set forth in this Agreement, Purchasers agree that from and after Closing, Purchasers shall conclusively be deemed to have accepted the Facilities in its then existing "AS IS, WITH ALL FAULTS BASIS" condition, without representation and warranty of any kind except as expressly set forth herein, and with all faults and problems of any kind or nature whatsoever that may then exist, whether the same are of a legal nature, a physical nature or otherwise, including, without limitation, the presence of any hazardous substances that may be located on, under or around the Facilities, and any faults and/or problems that could have been discovered by Purchasers prior to entering into this Agreement, whether or not the same had actually been discovered at that time, it being expressly agreed that Purchasers assume all responsibility for such faults and conditions.

As of the Closing, Purchasers hereby expressly waive and forever release any and all rights, claims and actions that Purchasers may now have or hereafter acquire against Seller arising from or related to the Facilities (collectively, the "Released Claims"); provided, however, that such waiver and release shall not apply to any claims of Purchasers and/or New Operators for any claims for breaches of any express representations, warranties, covenants and other obligations of Seller under this Agreement and/or any of the Ancillary Agreements (including, without limitation, the MOTAs (as defined below), including, without limitation, any claims for Losses of any Purchaser Indemnified Parties (as each such term is defined below) under Article VIII of this Agreement (collectively, "Surviving Claims"). The Released Claims shall not include any items covered by Seller's express representations and warranties contained in Article III hereof. Under no circumstances shall the Released Claims be deemed or construed to include any Surviving Claims. This release applies to all described rights, claims and actions (specifically excluding any Surviving Claims), whether known or unknown, foreseen or unforeseen, present or future. Purchasers specifically waive application of California Civil Code Section 1542, which provides as follows:

A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor or released party.

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Purchasers' initials Seller's initials

SECTION 2.06. Escrow

(a) Opening of Escrow. For purposes of this Agreement, the "Escrow" shall be deemed opened on the date which is the date Escrow Agent receives a fully executed copy of this Agreement from Seller and Purchasers. Seller and Purchasers agrees to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions of Escrow Agent or other instruments as may reasonably be required by Escrow Agent in order to consummate the transaction contemplated by this Agreement. Any such supplemental instructions shall not conflict with, amend or supersede any portions of this Agreement. To the extent of any inconsistency between the provisions of such supplemental instructions and the provisions of this Agreement, the provisions of this Agreement shall control.

(b) Close of Escrow.

(i) For purposes of this Agreement, the "Close of Escrow" shall be defined as the date that each Deed (as defined below) conveying a Facility to each Purchaser is recorded in the Official Records of the county in which each Facility is located. This Escrow shall close on the Closing Date.

(ii) Seller and Purchasers agree that a Closing may consist of the simultaneous delivery of each Deed, delivery by the parties of the executed documents required of them in Section 2.07 below (the "Closing Documents"), payment of the Purchase Price and any other amounts Purchasers have agreed to pay Seller hereunder and issuance to the applicable Purchaser(s) and its lender(s), if applicable, of a "marked up" title insurance policy and/or commitment in accordance with a customary "New York style" closing, all subject to the provisions hereof. The afore-described recording confirmation/gap coverage closing shall be conducted by the Escrow Agent and Title Company. In such case, upon delivery by the parties of all duly executed Closing Documents and upon the Title Company being irrevocably committed to deliver to the applicable Purchaser(s) each Owner's Title Policy required hereunder, and, if applicable, to such Purchaser's lender each ALTA Extended Lender's Policy, such Purchaser shall pay through the Escrow Agent the Purchase Price and any other amounts due to Seller, all subject to the provisions hereof. Furthermore, in such case, Seller will provide the Title Company any additional gap coverage affidavits and/or indemnities as reasonably requested by the Title Company.

SECTION 2.07. Transactions To Be Effected at the Closing. At least two (2) days prior to the Closing Date for each applicable Facility:

(a) Seller shall deliver to Escrow Agent, or Purchasers or New Operators, where designated, the following:

(i) a duly executed original Grant Deed (each, a "Deed"), executed by Seller and acknowledged in recordable form, conveying good and marketable fee simple title for all of the Real Property and the Premises of the applicable Facility, free and clear of all liens, encumbrances, easements, and restrictions of every nature and description except as permitted by this Agreement, in the form attached hereto as Exhibit B;

(ii) to the applicable Purchaser, executed copies of the Bill of Sale, in favor of the applicable Purchaser, substantially in the form attached hereto as Exhibit C for each Facility (each, a "Purchaser Bill of Sale");

(iii) to the Purchasers, a fully executed copy of the Eskaton Guaranty, executed by the Eskaton Guarantor (as defined below);

(iv) to the applicable New Operator, executed copies of the Bill of Sale, in favor of the applicable New Operator, substantially in the form attached hereto as Exhibit D for each Facility (each, a "New Operator Bill of Sale");

(v) such additional bills of sale and other appropriate instruments of assignment and conveyance as the applicable Purchaser may reasonably request (including bills of sale required for conveyance of vehicles, if any), in form and substance reasonably satisfactory to the applicable Purchaser;

(vi) to the applicable New Operator, executed counterpart copies of the Assignment and Assumption of Assigned Contracts in the form attached hereto as Exhibit E for each Facility (each, an "Assignment of Contracts"), executed by Seller;

(vii) to the applicable New Operator, executed counterpart copies of the MOTA for each Facility (as defined in Section 5.23) executed by Seller;

(viii) to the applicable New Operator, executed counterpart copies of the Interim Sublease in the form attached as Exhibit "A" of the MOTA for each Facility (each, an "Interim Sublease") executed by Seller;

(ix) to the applicable New Operator, two (2) duly executed original counterpart copies of an Assignment and Assumption of Admission Agreements in the form attached as Exhibit "B" of the MOTA for each Facility (each, an "Assignment of Admission Agreements");

(x) to the Purchaser and each applicable New Operator, a then-current census by payor type certified by Seller as of the Closing Date as true, complete and accurate in all material respects, which shall include such information for the residents and patients of the applicable Facility as is reasonably acceptable to the applicable Purchaser and the applicable New Operator;

(xi) to the Purchaser and each applicable New Operator, a then-current schedule of rents payable (prorated between Seller and the applicable Purchaser) certified by Seller as of the Closing Date as true, complete and accurate in all material respects;

(xii) to the applicable New Operator, to the extent not already delivered by Seller, and to the extent available, originals of all of the Contracts, Patient Care Contracts (as defined in Section 3.09(d)), Licenses and Permits;

(xiii) an affidavit in form satisfactory to obtain the title insurance contemplated by Section 2.05(b), without exception for mechanic's, materialman's or other statutory liens;

(xiv) any other documents reasonably required by the Title Company (as defined in Section 2.05(b));

(xv) to the applicable New Operator, the Employee Records;

(xvi) to the applicable Purchaser, certificates pursuant to Sections 6.02(a), 6.02(b) and any other certificates required pursuant to this Agreement;

(xvii) to Escrow Agent and the applicable Purchaser, executed copies of a certificate of non-foreign status in form reasonably acceptable to the applicable Purchaser (a "FIRPTA") from Seller;

(xviii) to each New Operator, all keys to the applicable Facility;

(xix) to each New Operator, completed/executed (where appropriate) pages 5 and 38 (and such other pages requiring information concerning Seller) of Centers on Medicare & Medicaid Services Form 855A ("CMS Form 855A Pages"); and

(xx) such other documents as the applicable Purchaser or its counsel may reasonably request to demonstrate satisfaction of the conditions and compliance with the covenants set forth in this Agreement.

(b) On or before the Closing Date, the applicable Purchaser(s) shall deliver to Escrow Agent or Seller where designated, the following:

(i) payment, by wire transfer to a bank account designated in writing by Escrow Agent, immediately available funds in an amount equal to (A) the Purchase Price, minus (B) the Deposit , minus (C) any pro-rations payable by Seller pursuant to Section 1.03(d) (the "Closing Wire");

(ii) to Seller, executed counterpart copies of each Assignment of Contracts, executed by the applicable New Operator; and

(iii) to Seller, executed counterpart copies of each MOTA, executed by the applicable New Operator;

(iv) to Seller, executed counterpart copies of each Interim Sublease, executed by the applicable New Operator;

(v) to Seller, executed counterpart copies of each Assignment of Admission Agreements, executed by the applicable New Operator;

(vi) a duly executed preliminary change of ownership report; and

(vii) to Seller, certificates pursuant to Sections 6.03(a), 6.03(b) and any other certificates required pursuant to this Agreement;

(c) Each Purchaser and Seller shall execute and deliver to Escrow Agent at least two (2) days prior to the Closing Date:

(i) executed copies of the Escrow Indemnity Agreement, a copy of which is attached hereto as Exhibit F (the "Escrow Indemnity Agreement");

(ii) Intentionally Omitted.

(d) Each Purchaser shall be entitled to deduct and withhold from the Purchase Price that otherwise is payable under this Agreement such amounts as are required by any Tax law provision to be deducted and withheld with respect to the making of such payment.

(e) Upon written authorization to close from each applicable Purchaser and Seller, or its respective counsel, Escrow Agent shall release the Purchase Price (less the Escrow Funds which shall be retained by Escrow Agent pursuant to the Escrow Indemnity Agreement) to Seller, and cause each Deed to be recorded in the Official Records of the county in which each Facility is located, and shall release and deliver the Transaction Documents to the parties as follows:

(i) a copy of the recorded Deed shall be delivered to each applicable Purchaser for the Facility acquired; and

(ii) a copy of the recorded Deed shall be delivered to Seller for the Facilities.

SECTION 2.08. Patient Funds.

(a) At the Closing and pursuant to the MOTA, subject to adjustment within fifteen (15) days following the Closing Date, Seller shall provide each applicable New Operator with an accounting (and if required by Applicable Law, an audit) of all funds belonging to residents at the applicable Facility which are held by Seller in a custodial capacity and an accounting of all advance payments received by it pertaining to patients at the applicable Facility. Seller shall transfer all such funds to the applicable New Operator pursuant to the procedures described within the MOTA.

(b) Notwithstanding the foregoing, Seller will indemnify and hold each applicable Purchaser and each applicable New Operator harmless from all liabilities, claims, and demands, in the event the amount of such funds, if any, transferred to the bank account designated by each applicable New Operator does not represent the full amount due to the residents at the applicable Facility as of the Closing Date.

SECTION 2.09. Risk of Loss.

(a) If, on or before the Closing Date, all or any of the Acquired Assets are damaged or destroyed by fire or other casualty or taken by condemnation, Seller shall promptly notify the applicable Purchaser. If the resulting damage to such Acquired Assets of any Facility would cost in excess of $100,000.00 to repair, then such Purchaser may terminate this Agreement with respect to such Facility by delivery of notice of termination to Seller within ten (10) days of the date of delivery of Seller's written notice of such casualty or condemnation, in which case the Purchase Price shall be reduced by an amount equal to the Allocated Value for the Facility in which this Agreement is being terminated. If such Purchaser does not terminate this Agreement with respect to such Facility prior to the expiration of such ten (10) day period,

such Purchaser shall remain obligated to close the acquisition of such Acquired Assets with respect to such Facility. Seller shall share with Purchaser and the New Operator all communications with its insurance carrier concerning the casualty, the cost to rebuild or restore the Facility, and the amount of the insurance proceeds to be paid for such purpose, together with all reports from any adjustors who have been engaged by Seller or its insurer.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER

The Seller hereby represents and warrants to Purchasers and New Operators, as of the date of this Agreement and as of the Closing Date, as follows:

SECTION 3.01. Organization, Standing and Power. Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and has full corporate power and authority and possesses all governmental franchises, licenses, permits, authorizations and approvals necessary to enable it to own, lease or otherwise hold its properties and assets and to conduct the Business and its other businesses as presently conducted. Seller has delivered to each Purchaser true and complete copies of the respective articles of incorporation and bylaws of Seller, as amended through the date of this Agreement.

SECTION 3.02. Authority; Execution and Delivery; Enforceability. Seller has the full power and authority to execute the Transaction Documents to which it is, or is specified to be, a party and to consummate the Acquisition and the other transactions contemplated thereby. The execution and delivery by Seller of the Transaction Documents to which it is, or is specified to be, a party and the consummation by Seller of the Acquisition and the other transactions contemplated thereby have been duly authorized by all necessary corporate action. Seller has approved the execution, delivery and performance of the Transaction Documents and the consummation of the Acquisition and the other transactions contemplated thereby. Seller has duly executed and delivered this Agreement, and this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the enforcement of creditor's rights generally. Prior to the Closing, Seller will have duly executed and delivered each Ancillary Agreement to which it is, or is specified to be, a party, and each Ancillary Agreement to which it is, or is specified to be, a party will after the applicable Closing constitute its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the enforcement of creditor's rights generally.

SECTION 3.03. No Conflicts; Consents. The execution and delivery by Seller of this Agreement does not, and the execution and delivery by Seller of each Ancillary Agreement to which it is, or is specified to be, a party will not, and the consummation of the Acquisition and the other transactions contemplated hereby and thereby and compliance by such Seller with the terms hereof and thereof will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any Lien upon any of the properties or assets of Seller under any provision of (i) the articles of

incorporation or bylaws of Seller, (ii) any Contract to which such Seller is a party or by which any of its respective properties or assets is bound, or (iii) any judgment, order or decree ("**Judgment**") or statute, law (including common law), codes, ordinance, rule or regulation ("**Applicable Law**") applicable to Seller or its properties or assets. No material consent, approval, license, permit, order or authorization ("**Consent**") of, or registration, declaration or filing with, any Federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign (a "**Governmental Entity**"), is required to be obtained or made by or with respect to Seller in connection with (A) the execution, delivery and performance of the Transaction Documents or the consummation of the Acquisition or the other transactions contemplated thereby, or (B) the conduct by each applicable Purchaser of the Business following the Closing as conducted on the date hereof, other than (I) compliance with licensing requirements of the state health departments or equivalent (or any subdivision) or other applicable state licensing agencies of the State of California, and (II) those that may be required solely by reason of any Purchaser's or New Operator's (as opposed to any other third party's) participation in the Acquisition and the other transactions contemplated by the Transaction Documents.

SECTION 3.04. Financial Statements.

(a) Schedule 3.04 sets forth the balance sheet and cash flows of the Business as of December 31, 2020, December 31, 2021 and December 31, 2022 (the "**Balance Sheet**") and the unaudited statements of income and cash flows of the Business for the one (1) month period ended January 31, 2023, including in the case of clauses (i) and (ii) the related schedules and notes (collectively, the "**Financial Statements**"). The Financial Statements have been prepared from the books and records of Seller in conformity with generally accepted accounting principles consistently applied ("**GAAP**") (except in each case as described in the notes thereto) and on that basis fairly present (subject, in the case of the unaudited statements, to normal, recurring year-end audit adjustments) the financial condition and results of operations of the applicable Facility(ies) as of the respective dates thereof and for the respective periods indicated. The books and records of Seller accurately, fairly and correctly set out and disclose, in all material respects, all financial transactions of Seller relating to the Business for the periods noted therein.

(b) The Business and each Facility do not have any material liabilities or obligations of any nature (whether accrued, absolute, contingent, unasserted or otherwise), except (i) as disclosed, reflected or reserved against in the Balance Sheet and the notes thereto, (ii) for items set forth in Schedule 3.04, and (iii) for liabilities and obligations incurred in the ordinary course of business consistent with past practice since the date of the Balance Sheet and not in violation of this Agreement.

(c) The accounting for advance payments and patient trust fund accounts provided to each Purchaser by Seller pursuant to Section 2.08 is accurate in all material respects.

SECTION 3.05. Health Care Representations.

(a) All material Medicare and Medi-Cal provider agreements, certifications, governmental licenses, permits, regulatory agreements or other agreements and approvals,

including certificates of operation, completion and occupancy, and state nursing facility licenses or other licenses required by Health Care Authorities (as defined below) for the legal use, occupancy and operation of each Facility (collectively, the "Licenses") have been obtained by Seller required to hold such Licenses, and are in full force and effect, including approved provider status in any approved third-party payor program. Seller owns and/or possesses and holds free from restrictions or conflicts with the rights of others, all such Licenses and has operated or caused the applicable Facility to be operated in such a manner that the Licenses shall remain in full force and effect.

(b) Each Facility is duly licensed as a skilled nursing facility as required under the Applicable Laws of the State of California. The licensed bed capacity of each Facility is set forth in Schedule 3.05(b) and the actual bed count operated at each Facility is set forth in Schedule 3.05(b). Seller has not applied to reduce the number of licensed or certified beds of any of the Facilities or to move or transfer the right to any and all of the licensed or certified beds of any of the Facilities to any other location or to amend or otherwise change any of the Facilities and/or the number of beds approved by the state health department or equivalent (or any subdivision) or other applicable state licensing agency, and there are no proceedings or actions pending or contemplated to reduce the number of licensed or certified beds of any of the Facilities. Except as set forth in Schedule 3.05(b), none of the licensed beds are currently in suspension.

(c) Each License with respect to each Facility (i) has not been (A) transferred to any location other than such Facility or (B) pledged as collateral security, (ii) to Seller's knowledge, is and will continue after the Closing to be held free from restrictions or known conflicts that would materially impair the use or operation of such Facility as intended, and (iii) to Seller's knowledge, is not provisional, probationary, or restricted in any way, except in instances where a Governmental Entity or Health Care Authority has issued a provisional, probationary or restricted license, permit or certification in the ordinary course pending issuance of a final license, permit or certification.

(d) Seller has not taken any action to rescind, withdraw, revoke, amend, modify, supplement or otherwise alter the nature, tenor or scope of any License or applicable provider payment program participation other than non-material alterations effected in the ordinary course of business consistent with past practice.

(e) To Seller's knowledge, Seller (and the operation of each Facility participating in the Medicare and/or Medi-Cal programs or in any program of any Health Care Authority) is in compliance in all material respects with the applicable provisions of the Applicable Laws, standards, policies, restrictions or rules of any Health Care Authority having jurisdiction over the ownership, use, occupancy or operation of each Facility, including (i) staffing requirements, (ii) health and fire safety codes including quality and safety standards, (iii) accepted professional standards and principles that apply to the provision of services at each Facility, (iv) federal, state or local laws, rules, regulations or published interpretations or policies relating to the prevention of fraud and abuse, (v) insurance, reimbursement and cost reporting requirements, government payment program requirements and disclosure of ownership and related information requirements, (vi) requirements of applicable Health Care Authorities, including those relating to each Facility's physical structure and environment, licensing, quality and adequacy of nursing

facility care, distributions of pharmaceuticals, rate setting, equipment, personnel, and operating policies, and (vii) any other Applicable Laws or agreements for reimbursement for the type of care or services provided with respect to each Facility.

(f) Except as set forth in Schedule 3.05(f), To Seller's knowledge, Seller is in compliance in all material respects with the requirements for participation in the Medicare and Medi-Cal programs with respect to each Facility that currently participates in such programs and Seller has a current provider agreement under Title XVIII and/or XIX of the Social Security Act which is in full force and effect. Except as set forth in Schedule 3.05(f), Seller has not had any deficiencies with respect to each Facility on its most recent survey (standard or complaint) that is reasonably expected to result in a denial of payment for new admissions. Except as set forth in Schedule 3.05(f), Seller has not had any deficiencies at "level G" or above on its most recent survey (standard or complaint), nor has Seller been cited with any substandard quality of care deficiencies (as that term is defined in Part 488 of 42 C.F.R.) on its most recent survey, nor has any Governmental Entity determined there to be an Immediate Jeopardy at a Facility (as defined in 42 C.F.R. 489.3) on the most recent survey. No Facility has been designated as a Special Focus Facility or a candidate for Special Focus Facility (as such term is defined by the Centers for Medicare and Medicaid Services Special Focus Facility Program) to Seller's knowledge.

(g) Except as set forth in Schedule 3.05(g), to Seller's knowledge, Seller is not a participant in, or subject to any action, proceeding, suit, audit, investigation or sanction, nor to Seller's knowledge is Seller a target of any of the foregoing, by any Health Care Authority or any other administrative or investigative body or entity or any other third party payor or any patient or resident (including whistleblower suits, or suits brought pursuant to federal or state False Claims Acts, and Medicare/Medi-Cal/State fraud/abuse laws) which may result, directly or indirectly or with the passage of time, in the imposition of a material fine, penalty, alternative, interim or final sanction, a lower rate certification, recoupment, recovery, suspension or discontinuance of all or part of reimbursement from any Health Care Authority, third-party payor, insurance carrier or private payor, a lower reimbursement rate for services rendered to eligible patients, or any other civil or criminal remedy, or which could reasonably be expected to have a material adverse effect on Seller or the operation of any Facility, including any Facility's ability to accept or retain residents, or which could result in the appointment of a receiver or manager, or in the modification, limitation, annulment, revocation, transfer, surrender, suspension or other impairment of a License, or affect Seller's participation in the Medicare, Medi-Cal, or other third-party payor program, as applicable, or any successor program thereto, at current rate certification, nor has any such action, proceeding, suit, investigation or audit been threatened.

(h) To Seller's knowledge, there are no Contracts with residents of any Facility or with any other persons or organizations that deviate in any material respect from or that conflict with any statutory or regulatory requirements.

(i) Other than the Medicare, Medi-Cal, and Veterans Administration programs, Seller is not a participant in any federal, state or local program whereby any Governmental Entity or any intermediary, agency, board or other authority or entity may have the right to recover funds with respect to any Facility by reason of the advance of federal, state or local funds, including those authorized under the Hill-Burton Act (42 U.S.C. 291, et seq.). Seller has

not received notice, or have knowledge, of any actual or alleged violation of applicable antitrust laws by Seller.

(j) Except as set forth in Schedule 3.05(j), to Seller's knowledge, all private payor, Medi-Cal, Medicare, managed care company, insurance company and other third-party insurance accounts receivable of Seller is free of any Liens and no such receivables have been pledged as collateral security for any loan or indebtedness.

(k) To Seller's knowledge, Seller has instituted, and each Facility is operated in compliance in all material respects with, a compliance plan which follows all applicable guidelines established by the Health Care Authorities.

(l) To Seller's knowledge, Seller is in compliance in all material respects with the Health Care Insurance Portability and Accountability Act of 1996, and the regulations promulgated thereunder.

(m) There is no pending, or to Seller's knowledge, threatened or pending revocation, suspension, termination, probation, restriction, limitation, or non-renewal affecting Seller, any Facility or provider agreement with any third-party payor, Medicare or Medi-Cal.

(n) To Seller's knowledge, all Medicare, Medi-Cal, and private insurance cost reports and financial reports submitted by or on behalf of each Facility are accurate and complete in all material respects and have not been misleading in any material respects. Except as set forth in Schedule 3.05(n), to Seller's knowledge, (i) there are no current, pending or outstanding Medicare, Medi-Cal or other third-party payor programs reimbursement audits or appeals, (ii) there are no cost report years that are subject to audits, (iii) no cost reports remain "open" or unsettled, and (iv) there are no current or pending Medicare, Medi-Cal or other third-party payor programs recoupment efforts, in each case with respect to any of Facilities.

(o) To Seller's knowledge, each Facility and the use thereof complies in all material respects with all applicable local, state, and federal building codes, fire codes, and other similar regulatory requirements and no waivers of such physical plant standards exist at such Facility. All HCAI-required permits and/or approvals for all repairs, replacements, refurbishments or improvements ("HCAI Work") at each Facility were received by Seller in connection with all HCAI Work. To Seller's knowledge there is no pending or open HCAI Work at any Facility, except as disclosed in Schedule 3.05(o). For purposes hereof, "HCAI" shall mean the California Department of Health Care Access and Information, or any successor department thereto.

(p) True and complete copies of all survey reports, notices and waivers of deficiencies, plans of correction, and any other investigation reports issued with respect to each Facility, together with material correspondence with Health Care Authorities concerning each Facility (collectively, the "Survey Reports") for the last three (3) years have been provided to each applicable Purchaser and each applicable New Operator.

(q) To Seller's knowledge, neither Seller nor any Facility has received any notice or communication from any Governmental Entity, accreditation body, professional association (including trade associations and industry organizations), landlord or resident of the areas

neighboring any of the Facilities alleging any violation of accreditation, professional, trade, industry, ethical or other applicable standards by Seller or any Facility.

(r) To Seller's knowledge, neither Seller nor any of its affiliates have provided any incentives to contracted provider networks or providers that have violated any Applicable Law with respect to inducing, directly or indirectly, such contracted provider networks or providers to refer patients to any Facility. To Seller's knowledge, Seller and each Facility are, and at all relevant times have been, in compliance with all federal anti-kickback statutes, the Stark law, the federal False Claims Act and any state law prohibiting kickbacks or certain referrals relating or applicable to Medicare or any other state or federal health care programs. In addition, to Seller's knowledge, Seller, the Business and each Facility are, and at all relevant times have been, in compliance with all Applicable Laws pertaining to (i) billings to insurance companies, health maintenance organizations and other managed care plans or otherwise related to insurance fraud and (ii) collection agencies and the performance of collection services.

(s) To Seller's knowledge, each employee of Seller who is required by Applicable Law to hold a valid permit or other qualification to deliver health care services to patients (including the performance of diagnostic services such as x-ray or lab services) holds such permit or other qualification and is performing only those services which are permitted by such permit or other qualification.

(t) Seller has delivered to each Purchaser true, complete and accurate Patient Census Information for each Facility for the last three (3) calendar years and current year-to-date.

(u) Schedule 3.05(u) sets forth all leases and subleases currently affecting each Facility, identifying same by date, particular facility covered, and parties to such leases and subleases (collectively, the "Leases"). Seller has full power and authority to terminate the Leases at the Closing so that the real Facilities and improvements comprising the applicable Facility, together with all furniture, fixtures and equipment used in the operation of the Business at such Facility, can be assigned, transferred, and conveyed to the applicable Purchasers at the Closing, free and clear of all Leases.

(v) Seller has paid all quality assurance fees and bed taxes due and owing to the applicable Health Care Authorities as of the Closing Date.

(w) All repairs, replacements, remodeling, alterations, improvements and construction at, to or on each Facility have been made pursuant to approved permits and approvals required by applicable Health Care Authorities. To Seller's knowledge there is no open or pending HCAI permitted projects at any Facility except as disclosed in Schedule 3.05(o).

(x) There is no corporate integrity agreement or other monitoring or compliance agreement required by the Office of Inspector General or any other Governmental Entity that is currently in place and affecting any Facility or Seller. There is currently no Department of Justice investigation or proceeding pending or to Seller's knowledge, threatened against Seller and/or any Facility.

(y) To Seller's knowledge, Seller is in compliance with all federal, state and local laws, rules and regulations relating to the employment authorization of its employees and independent contractors (including the Immigration Reform and Control Act of 1986, as amended and supplemented, and Sections 212(n) and 274A of the Immigration and Nationality Act, as amended and supplemented, and all implementing regulations relating thereto), and to Seller's knowledge, Seller is not employing or engaging as an independent contractor any unauthorized aliens (as such term is defined under 8 CFR § 274a.1(a)(1994)).

(z) Except as set forth on Schedule 3.05(z), (i) none of the Facilities have any room size waivers subject to 42 C.F.R. Section 483.70(d)(l)(i) (each a "Room Size Waiver"), (ii) to Seller's knowledge, any existing Room Size Waivers are in full force and effect, and (iii) the most recent renewal dates for each such Room Size Waiver are set forth on Schedule 3.05(z). To Seller's knowledge, Seller has not received any written correspondence from any Governmental Entity which indicates that any Room Size Waiver is in jeopardy of non-renewal, expiration or cancellation.

(aa) Seller, and to Seller's knowledge, none if its employees and/or agents (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in any "Federal health care program" as defined in 42 U.S.C. Section 1320a-7b(f) or in any other government payment program; (ii) is bound to be excluded, suspended, debarred or otherwise declared ineligible to participate in any Federal health care program or other government payment program; and (iii) has received any written notice of any federal, state or local government investigation, and Seller has no knowledge of any circumstances that may result in Seller or its employees or agents being excluded from participation in any Federal health care program or other government payment program. Seller will promptly notify Purchasers and New Operators in writing of any change in the status of the representations and warranties set forth in this Section 3.05(aa).

For purposes of this Agreement the following capitalized terms are defined as follows:

"Health Care Authority/ies" shall mean any Governmental Entity or quasi-Governmental Entity or any agency, intermediary, board, authority or entity concerned with the ownership, operation, use or occupancy of each Facility as a nursing facility, long-term acute care facility or assisted living facility.

"Health Care Requirements" shall mean, with respect to each Facility, all Applicable Laws, Judgments and Contracts, in each case, pertaining to or concerned with the establishment, construction, ownership, operation, use or occupancy of each Facility or any part thereof as a nursing facility, long-term acute care facility, assisted living facility or other health care facility and all Licenses and Permits, including all Applicable Laws promulgated by Judgments of and Contracts with Health Care Authorities as pertaining to each Facility.

"Medi-Cal" means Title XIX of the Social Security Act, which was enacted in 1965 to provide a cooperative federal-state program for low income and medically indignant persons, which is partially funded by the federal government, as applied by the State of California.

"Medicare" means Title XVIII of the Social Security Act, which was enacted in 1965 to provide a federally funded and administered health program for the aged and certain disabled persons.

"Patient Census Information" shall mean a true, correct and complete schedule (provided in accordance with Health Care Requirements related to privacy) which accurately and completely sets forth the occupancy status of each Facility, the average daily rate and other charges payable with respect thereto, the class of payment or reimbursement (i.e., private, third-party payor, Medicare, Medi-Cal, and Veterans Administration), the average monthly census of each Facility, occupancy rates and any arrearages in payments.

SECTION 3.06. Assets Other than Real Property Interests.

(a) Seller has good and valid title to all of the Acquired Assets, in each case free and clear of all mortgages, liens, security interests, charges, easements, leases, subleases, covenants, rights of way, options, claims, restrictions or encumbrances of any kind (collectively, the "Liens"), except (i) such as are set forth in Schedule 3.06 (all of which shall be discharged prior to the Closing), (ii) Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business which the applicable New Operator has elected to assume at Closing, and liens for Taxes that are not due or payable, all as set forth in Schedule 3.06, and (iii) other imperfections of title or encumbrances, if any, that individually or in the aggregate, do not materially impair, and could not reasonably be expected to materially impair, the continued use and operation of the assets to which they relate in the conduct of the Business as presently conducted (the Liens described in clauses (ii) and (iii) above, together with the Liens referred to in clauses (i) through (iii) of Section 3.07(b) are referred to collectively as "Permitted Liens"). Seller has not granted to any person any rights or options to acquire any of the Acquired Assets or any interest therein.

(b) This Section 3.06 does not relate to real property or interests in real property, such items being the subject of Section 3.07.

SECTION 3.07. Real Property; Title Insurance and ALTA Surveys.

(a) Intentionally Omitted.

(b) To Seller's knowledge, Seller has good and valid title to the fee interests in the real property and improvements housing each Facility, in each case free and clear of all Liens, except (i) liens for Taxes that are not yet due and payable, (ii) easements, covenants, rights-of-way and other similar restrictions of record that are approved (or deemed approved) by the applicable Purchasers under Section 2.05(b) and (c), (iii) any lien created by any Purchaser and (iv) any conditions that may be shown by a current, accurate survey or physical inspection of the applicable Premises made prior to the Closing.

(c) Seller has provided to Purchasers a copy of all currently effective title insurance policies and commitments and the ALTA Surveys in its possession that relate to the Facilities and each of the Real Property.

(d) Seller has not granted to any person any rights or options to acquire any interests in any of the Facilities or any of the Premises.

(e) Schedule 3.07(e) attached hereto sets forth all Liens affecting Seller's real property interests in the Acquired Assets all of which are to be discharged prior to the Closing.

(f) During Seller's period of ownership of the applicable Acquired Assets, (a) there have been no supplemental taxes and/or escape taxes assessed against any of the Premises with respect to any change of ownership and/or improvements to any of the Premises that have not been previously paid in full, and (b) no event, act, occurrence or circumstance has occurred that could result in any supplemental and/or escape taxes being assessed against any of the Premises that have not previously been assessed against any of the Premises and paid in full

SECTION 3.08. Intellectual Property.

(a) None of Seller's Intellectual Property used in connection with the operation of the Business is included in this sale.

SECTION 3.09. Contracts.

(a) Except as set forth in Schedule 3.09 and except for Contracts relating solely to Excluded Assets, Seller is not party to or bound by any Contract that is used, held for use or intended for use in, or that arises out of, the operation or conduct of the Business and that is:

(i) an employment Contract, collective bargaining agreement or other Contract with any labor organization, union or association;

(ii) a covenant not to compete or other covenants restricting the development, rendition or marketing of the services of Seller;

(iii) a Contract with (A) any current and former shareholder or affiliate of Seller or (B) any current or former officer, director or employee of Seller or any of its affiliates (other than employment Contracts covered by clause (i) above);

(iv) a lease, sublease or similar Contract with any person under which Seller is a lessor or sublessor of, or makes available for use to any person, (A) any Facility or (B) any portion of any of the Premises otherwise occupied by any;

(v) a lease, sublease or similar Contract with any person under which (A) Seller is lessee of, or holds or uses, any machinery, equipment, vehicle or other tangible personal property owned by any person or (B) Seller is a lessor or sublessor of, or makes available for use by any person, any tangible personal property owned or leased by Seller, in any such case has an aggregate future liability or receivable, as the case may be, in excess of $10,000.00 and is not terminable by Seller by notice of not more than sixty (60) days without payment or penalty;

(vi) (A) a continuing Contract for the future purchase of materials, supplies or equipment (other than purchase orders for inventory in the ordinary course of business consistent with past practice), (B) a management, service, consulting or other similar Contract, or (C) an advertising

agreement or arrangement, in any such case that has an aggregate future liability to any person in excess of $10,000.00 and is not terminable by Seller by notice of not more than thirty (30) days without payment or penalty;

(vii) Intentionally omitted;

(viii) (A) a Contract under which Seller has borrowed any money from, or issued any note, bond, debenture or other evidence of indebtedness to, any person or (B) any other note, bond, debenture or other evidence of indebtedness issued to any person;

(ix) a Contract (including any guaranty and so-called take-or-pay or keepwell agreement) under which (A) any person has directly or indirectly guaranteed indebtedness, liabilities or obligations of Seller, or (B) Seller has directly or indirectly guaranteed indebtedness, liabilities or obligations of any other person (in each case other than endorsements for the purpose of collection in the ordinary course of business);

(x) a Contract under which Seller has, directly or indirectly, made any advance, loan, extension of credit or capital contribution to, or other investment in, any person (other than Seller and other than extensions of trade credit in the ordinary course of business);

(xi) a Contract granting a Lien upon any of the Premises or any other Acquired Asset;

(xii) a Contract providing for indemnification of any person with respect to liabilities relating to any current or former business of Seller or any predecessor person;

(xiii) a power of attorney;

(xiv) a Contract not made in the ordinary course of business;

(xv) a confidentiality agreement (other than the confidentiality provisions under Section 5.04 of this Agreement);

(xvi) a Contract (including a purchase order), involving payment by Seller of more than $10,000.00 or extending for a term more than one hundred eighty (180) days from the date of this Agreement (unless terminable without payment or penalty upon no more than thirty (30) days' notice);

(xvii) a Contract (including a sales order) involving the obligation of Seller to render services for payment of more than $10,000.00 or extending for a term more than one hundred eighty (180) days from the date of this Agreement (unless terminable without payment or penalty upon no more than thirty (30) days' notice);

(xviii) a Contract for the sale of any Acquired Asset or the grant of any preferential rights to purchase any Acquired Asset or requiring the consent of any party to the transfer thereof;

(xix) a Contract with or license (other than the Licenses) or Permit by or from any Governmental Entity;

(xx) a currency exchange, interest rate exchange, commodity exchange or similar Contract;

(xxi) a Contract for any joint venture, partnership or similar arrangement;

(xxii) Intentionally Omitted;

(xxiii) any other Contract that has an aggregate future liability to any person (other than Seller) in excess of $10,000.00 and is not terminable by Seller by notice of not more than thirty (30) days without payment or penalty; or

(xxiv) a Contract other than as set forth above to which Seller is a party or by which it or any of its assets or businesses is bound or subject that is material to the Business or the use or operation of the Acquired Assets.

(b) Except as set forth in Schedule 3.09, all Contracts listed in the Schedules are valid, binding and in full force and effect and are enforceable by Seller, in accordance with their terms, subject to the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the enforcement of creditor's rights generally. Except as set forth in Schedule 3.09, Seller has performed all material obligations required to be performed by them to date under the Assigned Contracts, and they are not (with or without the lapse of time or the giving of notice, or both) in breach or default in any material respect thereunder and, no other party to any Assigned Contract is (with or without the lapse of time or the giving of notice, or both) in breach or default in any material respect thereunder. Except as disclosed in the applicable schedule, Seller has not (i) received any notice of the intention of any party to terminate any Assigned Contract listed in any schedule or (ii) delivered to the other party any notice of its intention to terminate any Assigned Contract listed in any schedule. Complete and correct copies of all Contracts listed in the schedules, together with all modifications and amendments thereto, have been delivered to Purchasers.

(c) Schedule 3.09(c) sets forth each Assigned Contract with respect to which the Consent of the other party or parties thereto must be obtained by virtue of the execution and delivery of the Transactions Documents or the consummation of the Acquisition and the other transactions contemplated thereby to avoid the invalidity of the transfer of such Contract, the termination thereof, a breach, violation or default thereunder or any other change or modification to the terms thereof.

(d) Specimen patient admission agreements ("Patient Care Contracts") have been delivered to Purchasers. Except as set forth in Schedule 3.09(d), no Patient Care Contract deviates in any material respect from such specimens. All residents of each Facility or their legal representatives have executed Patient Care Contracts.

SECTION 3.10. Intentionally Omitted.

SECTION 3.11. Personal Property. Schedule 3.11 sets forth a brief description of each item of Personal Property with an original cost in excess of $25,000.00, indicating, in each case, the purchase price thereof, the year of purchase and the accumulated book depreciation. Each item of Personal Property is in good working order, is free from any material defect and has been

well maintained, and no repairs, replacements or regularly scheduled maintenance relating to any such item has been deferred. All leased personal property of the Business is in all material respects in the condition required of such property by the terms of the lease applicable thereto.

SECTION 3.12. Stimulus/Relief Funds. Schedule 3.12 attached hereto contains a true, complete and correct list of (a) the type and the amount of all Stimulus/Relief Funds received by Seller, and (b) the current amount of such Stimulus/Relief Funds that have not yet been expended by Seller as of the Effective Date. Seller did not obtain or receive any loan under the PPP (as defined below). As used herein, "Stimulus/Relief Funds" means any grant payments, stimulus payments, retroactive rate adjustments, credits and any and all other payments and support paid with respect to a Facility in relation to COVID-19 relief efforts, as well as other funds related to the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), Paycheck Protection Program ("PPP"), CMS Accelerated and Advance Payments ("AAP") and/or any other state or federal law providing for stimulus funding related to the COVID-19 pandemic.

SECTION 3.13. Intentionally Omitted.

SECTION 3.14. Permits. Seller possesses all certificates, licenses, permits, Medicare and Medi-Cal certifications, authorizations and approvals (other than the Licenses) (collectively, the "Permits") required to own or hold under lease, occupy and operate the Acquired Assets and to conduct the Business as currently conducted at all locations where the Business is conducted, all of which, together with any other, are listed on Schedule 3.14. All Permits are validly held by the Seller has complied with all terms and conditions thereof. Seller has not received notice of any Proceedings relating to the violation, revocation or modification of any Permits. None of the Permits will be subject to suspension, modification, revocation or nonrenewal as a result of the execution and delivery of the Transaction Documents, the consummation of the Acquisition or the other transactions contemplated thereby.

SECTION 3.15. Insurance. Seller maintains policies of fire and casualty, liability and other forms of insurance with respect to the Acquired Assets and the Business in such amounts, with such deductibles and against such risks and losses as are, in such Seller's judgment, which judgment is consistent with current industry practices, reasonable for the Acquired Assets and the Business and in conformity with the insurance obligations imposed on Seller under all applicable Assigned Contracts and Leases. The insurance policies maintained by Seller with respect to the Acquired Assets and the Business and certain key information relating thereto (including carriers, ratings, deductibles and co-payments) as are set forth in Schedule 3.15. All such policies are in full force and effect, all premiums due and payable thereon have been paid (other than retroactive or retrospective premium adjustments that are not yet, but may be, required to be paid with respect to any period ending prior to the Closing Date), and no notice of cancellation or termination has been received with respect to any such policy which has not been replaced on substantially similar terms prior to the date of such cancellation. The Business has been conducted in a manner so as to conform in all material respects to all applicable provisions of such insurance policies. Seller has not received any notice from the insurance companies that Seller is not in compliance with such insurance policies.

SECTION 3.16. Acquired Assets. The Acquired Assets (together with the Excluded Assets) comprise all the assets employed by Seller in connection with the Business. The

Acquired Assets are sufficient for the conduct of Business at each applicable Facility immediately following the Closing in substantially the same manner as currently conducted. No part of the Acquired Assets has been taken or expropriated by any Governmental Entity, nor has any notice or Proceeding in respect thereof been given to Seller, threatened or commenced, nor does Seller has knowledge of any intent or proposal to give any such notice or commence any such proceedings.

SECTION 3.17. Taxes.

(a) For purposes of this Agreement:

"Tax" means (i) any tax, governmental fee or other like assessment or charge of any kind whatsoever (including any tax imposed under Subtitle A of the Code (defined below) and any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, bulk sales, use, real property, personal property, ad valorem, value added, transfer, franchise, profits, license, withholding tax on amounts paid, withholding, payroll, employment, excise, severance, stamp, capital stock, occupation, property, environmental or windfall profit tax, premium, custom, duty or other tax or assessment), together with any interest, penalty, addition to tax or additional amount due, imposed by any Governmental Entity responsible for the imposition of any such tax, fee, assessment or charge (a "Taxing Authority"), (ii) any liability for the payment of any amount of the type described in clause (i) above as a result of a party to this Agreement being a member of an affiliated, consolidated, combined or similar group (an "Affiliated Group") with any other corporation or other person at any time on or prior to the Closing Date, and (iii) any liability of any person with respect to the payment of any amounts of the type described in clause (i) or (ii) above as a result of any express or implied obligation of such person to indemnify any other person or of any Applicable Law regarding transferee or successor liability.

"Code" means the Internal Revenue Code of 1986, as amended.

(b) Except as set forth in Schedule 3.17, (i) Seller has filed or caused to be filed in a timely manner (within any applicable extension periods) all material Tax returns, reports and forms required to be filed by the Code or by applicable state, local or foreign Tax laws, and all such returns, reports and forms, to the extent they relate to the Acquired Assets or the Business, are complete and accurate in all material respects, (ii) all Taxes shown to be due on such returns, reports and forms have been timely paid in full or will be timely paid in full by the due date thereof, and (iii) no Tax Liens have been filed with respect to any Taxes in connection with any Acquired Assets.

(c) No claim has ever been made by a Taxing Authority in a jurisdiction where Seller does not file Tax returns that Seller is or may be subject to taxation by that jurisdiction.

(d) To Seller's knowledge there is no action, suit, investigation, audit or assessment pending or proposed or to Seller's knowledge, threatened, with respect to Taxes in connection with the Acquired Assets or the Business.

(e) (i) all monies required to be withheld by Seller with respect to the Acquired Assets or the Business (including from employees of the Business for income Taxes and social security and other payroll Taxes) have been collected or withheld and paid to the respective

Taxing Authorities, and (ii) Seller has withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other person, and all Internal Revenue Service ("IRS") Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed.

(f) None of the Acquired Assets is properly treated as owned by persons other than Seller, as the case may be, for income Tax purposes.

(g) No "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(1) (including any "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b)(2)) has been affected in connection with the Business.

(h) (i) Neither Seller nor any of its respective affiliates has made with respect to Seller or any assets of the Business any consent under Section 341 of the Code, (ii) none of the Acquired Assets is "tax exempt use property" within the meaning of Section 168(h) of the Code, and (iii) none of the Acquired Assets is a lease made pursuant to Section 168(f)(8) of the Code.

(i) Seller is not a "foreign person" within the meaning of Section 1445 of the Code.

SECTION 3.18. Proceedings. Schedule 3.18 sets forth a list of each pending or threatened Proceeding or claim arising out of the conduct of the Business or against or affecting any Acquired Asset or any of the Facilities with respect to which Seller has been contacted and that (a) relates to or involves more than $25,000.00, (b) seeks any injunctive relief, or (c) relates to or may give rise to any legal restraint on or prohibition against the Transaction Documents or might constitute Seller Material Adverse Effect (as defined below). Except as set forth in Schedule 3.18, none of the Proceedings or claims listed in Schedule 3.18 as to which there is at least a reasonable possibility of adverse determination would have, if so determined, individually or in the aggregate, Seller Material Adverse Effect. Except as set forth in Schedule 3.18, there are no unasserted claims of the type that would be required to be disclosed in Schedule 3.18 if counsel for the claimant had contacted Seller that if asserted would have at least a reasonable possibility of an adverse determination. Except as set forth in Schedule 3.18, Seller is not a party or subject to or in default under any material Judgment applicable to the conduct of the Business or any Acquired Asset or Assumed Liability. Except as set forth in Schedule 3.18, to Seller's knowledge there is no Proceeding or claim by Seller pending, or which Seller intends to initiate, against any other person arising out of the conduct of the Business. Except as set forth in Schedule 3.18, there is no pending or threatened investigation of or affecting the conduct of the Business or any Acquired Asset or Assumed Liability. "Seller Material Adverse Effect" means any event, state of facts, circumstance, development, change, effect or occurrence (an "Effect") that might (or in the case of a Proceeding or claim, if determined against Seller or any Facility), materially and adversely affect the business, financial condition or results of operations of the Business or any Facility or Seller.

SECTION 3.19. ERISA and Benefit Plans.

(a) Schedule 3.19(a) sets forth a true and complete list of all "employee pension benefit plans" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), established, maintained or contributed to by Seller for the benefit of any officers or employees of the Business (collectively, the "Seller Pension Plans") and all "employee welfare benefit plans" (as defined in Section 3(1) of ERISA), bonus, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, restricted stock, stock appreciation right, vacation, employment, retention, severance, medical, dental, vision, disability, death benefit, sick leave, insurance, fringe benefit or other plan, arrangement or understanding, in each case established, maintained, or contributed to by Seller or any of their affiliates for the benefit of any officers or employees of the Business (all the foregoing, including Seller Pension Plans, being herein called "Seller Benefit Plans"). None of Seller Benefit Plans is a "multiemployer plan" as defined in Section 3(37) of ERISA.

(b) Intentionally Omitted

(c) Seller Benefit Plan which is intended by its terms to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS that such Seller Benefit Plan is so qualified under the Code and no circumstance exists which might cause such Seller Benefit Plan to cease being so qualified. Seller Benefit Plan complies and has been maintained in all respects in accordance with its terms and all requirements of Applicable Laws, and there has been no notice issued by any governmental authority questioning or challenging such compliance. To Seller's knowledge there are no actions, suits or claims (other than routine claims for benefits) pending or threatened against or involving Seller Benefit Plan or the assets of Seller Benefit Plan. Seller has liability of any kind whatsoever, whether direct, indirect, contingent or otherwise, on account of (i) any violation of the health care requirements of Part 6 of Title I of ERISA or Section 4980B of the Code, (ii) under Section 502(i) or Section 502(l) of ERISA or Section 4975 of the Code, (iii) under Section 302 of ERISA or Section 412 of the Code, or (iv) under Title IV of ERISA.

(d) No amounts related to any bonus, retirement, severance, job security or similar benefit will become payable as a result of the Closing or at any time thereafter for which any Purchasers or any New Operator will bear any liability.

SECTION 3.20. Absence of Changes or Events. Since the date of the Balance Sheet, there has not been Seller Material Adverse Effect other than changes relating to the industry in which the Business operates and not specifically relating to or disproportionately affecting the Business. Since the date of the Balance Sheet, Seller has caused the Business to be conducted in the ordinary course and in substantially the same manner as previously conducted and has made all reasonable efforts consistent with past practices to preserve the relationships of the Business with residents, patients, families of residents and patients, suppliers and others with whom the Business deals. Since the date of the Balance Sheet to the date of this Agreement, Seller has not taken any action that, if taken after the date of this Agreement, would constitute a breach of Section 5.01.

SECTION 3.21. Compliance with Applicable Laws.

(a) To Seller's knowledge, the Business is in compliance in all material respects with all Applicable Laws, including those relating to occupational health and safety. Seller has not received any written communication during the past three (3) years from any person that alleges that the Business is not in compliance in any material respect with any Applicable Law. To Seller's knowledge, the current use of the plants, offices and other facilities located on each of the Premises does not violate any local zoning or similar land use or government regulations in any material respect. This Section 3.21(a) does not relate to matters with respect to Taxes, which are the subject of Section 3.17, or to environmental matters, which are the subject of Section 3.21(b).

(b) (i) Seller has not received any written communication from any person that alleges that the Business conducted at any of the Premises is not in compliance with any Environmental Law (as defined below) relating to Hazardous Materials, including the discharge and removal of Hazardous Materials, (ii) Seller holds, and is in compliance in all material respects with, all Permits required to conduct the Business under the Environmental Laws, and is in compliance in all material respects with all Environmental Laws, (iii) Seller has no knowledge of any environmental reports, audits, data and other information that disclose environmental liabilities; (iv) to Seller's knowledge, no Release (as defined below) has occurred during the term of the ownership and occupancy of any of the Premises by Seller or at any other time; (v) to Seller's knowledge, there is no Mold (as defined below) on any of the Premises in a condition, location, or of a type which may pose a risk to human health or safety or the environment or which may result in damage to or would adversely affect or impair the value or marketability of the Acquired Assets; (vi) in connection with the conduct of the Business, Seller has not entered into or agreed to any court decree or order and are not subject to any Judgment relating to compliance with any Environmental Law or to investigation or cleanup of Hazardous Materials (as defined below) under any Environmental Law; (vii) to Seller's knowledge, no portion of any of the Premises have ever been (x) utilized for the manufacture, use, generation, voluntary transmission, storage or presence of any Hazardous Materials, nor (y) subject to any dumping, discharge, disposal, spillage or leakage (whether legal or illegal, accidental or intentional) of Hazardous Materials; (viii) to Seller's knowledge, no asbestos or any substance containing asbestos or any other substance deemed hazardous by Environmental Laws is present on, at, in or under any of the Premises; (ix) to Seller's knowledge, no petroleum hydrocarbons have migrated on or below the surface of any portion of any of the Premises; (x) to Seller's knowledge, no portion of any of the Premises have ever been used as a landfill or, are free from any flora, fauna or other material which would materially and adversely impact any Purchaser's ownership of the Acquired Assets or impose any material obligation upon any Purchaser with respect to the removal or relocation thereof; and (xi) to Seller's knowledge, no portion of any of the Premises is subject to any existing, pending or threatened investigation by any Governmental Entity, or any remedial obligations under any Environmental Laws. To Seller's knowledge, Seller does not have any material contingent liabilities in respect of the Business in connection with any Hazardous Materials. Except as set forth on Schedule 3.21(b), there are no aboveground or to Seller's knowledge, underground storage tanks on or under any of the Premises; and Seller has delivered to Purchasers all environmental reports, audits or other environmental documents relative to any of the Premises in the possession, custody or control of Seller. The term "Environmental Laws" means any and all Applicable Laws, Judgments and Permits issued,

promulgated or entered into by any Governmental Entity, relating to the environment, preservation or reclamation of natural resources, or to the management, Release (as such term is defined below) or threatened Release of Hazardous Materials, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq. ("CERCLA"), the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq., the Clean Air Act of 1970, as amended, 42 U.S.C. §§ 7401 et seq., the Toxic Substances Control Act of 1976, 15 U.S.C. §§ 2601 et seq., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq., the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. §§ 300(f) et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801 et seq., and any similar or implementing state or local law, and all amendments or regulations promulgated under any of the foregoing. The term "Hazardous Materials" means all explosive or regulated radioactive materials or substances, hazardous or toxic substances, wastes or chemicals, petroleum (including crude oil or any fraction thereof) or petroleum distillates, radon, asbestos or asbestos containing materials, Mold, and all other materials or chemicals regulated pursuant to any Environmental Law, including materials listed in 49 C.F.R. § 172.101 and materials defined as hazardous pursuant to Section 101(14) of CERCLA or any other chemical, material, or substance that may pose a hazard to the environment. The term "Mold" shall mean any mold, fungi, bacterial or microbial matter present at or in any of the Premises, including, without limitation, building materials which is in a condition, location or a type which may pose a risk to human health or safety or the environment, may result in damage to or would adversely affect or impair the value or marketability of any of the Premises. The term "Release" means any spill, leak, emission, leaking, penetration, pumping, emptying, escape, injection, deposit, disposal, discharge, dispersal, leaching, emanation, migration or other movement of any Hazardous Materials in, into, under, onto, or through the environment (including ambient air, surface water, ground water, soils, land surface, subsurface strata or workplace).

(c) Seller has not received any written communication from any person that alleges that any Facility is in a condition requiring a Material Repair (as defined in Section 9.06(b)) and (ii) Seller has no knowledge of any condition on any of the Premises requiring a Material Repair or any Facilities condition assessments, audits, data and other information, that disclose any condition requiring a Material Repair.

(d) The occupancies and uses of any the Premises, as well as the development, construction, management, maintenance, servicing and operation of any of the Premises, comply with all Applicable Laws and are not in violation of any thereof. All certificate(s) of occupancy and all other Permits required by Applicable Law for the proper use and operation of any of the Premises are in full force and effect. All approvals, consents, Permits, utility installations and connections required for the development, construction, maintenance, operation and servicing of any of the Premises have been granted, effected, or performed and completed (as the case may be), and all fees and charges therefor have been fully paid. Seller has not received written notice of, or otherwise has knowledge of, any violations, Proceedings or Judgments relating to building use and occupancy, traffic, fire, health, sanitation, air pollution, ecological, environmental or other laws or regulations, against, or with respect to, any of the Premises.

(e) (i) Resident Records (as defined below) used or developed in connection with the Business conducted at each Facility have been maintained in accordance with all Applicable Laws governing the preparation, maintenance of confidentiality, transfer and/or destruction of such records and (ii) there is no material deficiency in the Resident Records. For the purposes of this Agreement, the "Resident Records" means all books, data and records (including electronic versions thereof) related to the operation of each Facility, including financial and accounting records, customer lists, patient lists, patient charts and care plans, family or emergency contact lists, referral source lists, regulatory surveys and reports, incident tracking reports, advertising and marketing materials and competitive analyses, all policy and procedure manuals, and all records and reports (except for such records and reports where transfer is prohibited by Applicable Law) relating to all residents or patients at each Facility.

(f) Seller has not received written notice of, or otherwise has knowledge of, any violations, Proceedings or Judgments relating to zoning laws or regulations, against, or with respect to, any of the Premises.

SECTION 3.22. Employee and Labor Matters.

(a) Except as set forth in Schedule 3.22: (i) there is no, and during the past three (3) years there has not been any, labor strike, dispute, work stoppage or lockout pending or threatened, against or affecting the Business; (ii) no union organizational campaign is in progress with respect to the employees of the Business and no question concerning representation of such employees exists; (iii) to Seller's knowledge, Seller is not engaged in any unfair labor practice in connection with the conduct of the Business; (iv) to Seller's knowledge, there are no unfair labor practice charges or complaints pending or to Seller's knowledge, threatened, before the National Labor Relations Board or any state or local labor relations board in connection with the conduct of the Business; (v) to Seller's knowledge, there are no pending or threatened union grievances in connection with the conduct of the Business as to which there is a reasonable possibility of adverse determination and that, if so determined, individually or in the aggregate, could reasonably be expected to have Seller Material Adverse Effect; (vi) to Seller's knowledge, there are no pending or to Seller's knowledge, threatened, charges in connection with the conduct of the Business against Seller or any current or former employee of the Business before the Equal Employment Opportunity Commission or any state or local agency responsible for the prevention of unlawful employment practices; and (vii) Seller has not received written notice during the past three (3) years of the intent of any Governmental Entity responsible for the enforcement of labor or employment laws to conduct an investigation of or affecting the Business and no such investigation is in progress.

(b) Intentionally Omitted

(c) All accruals for unpaid wages, vacation pay, and other unpaid benefits for employees of the Business which Seller is obligated by law to pay, have been reflected in the books and records of Seller, and Seller shall pay all of such accruals on or before the Closing.

(d) Since the enactment of the Worker Adjustment and Retraining Notification Act (the "WARN Act"), (i) Seller has not effectuated a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site

of employment or facility of the Business, (ii) there has not occurred a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of the Business, (iii) Seller has not been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state, local or foreign Applicable Law, and (iv) none of Seller's employees has suffered an "employment loss" (as defined in the WARN Act) during the six (6) month period prior to the date hereof.

(e) Seller is not a party to any collective bargaining agreement or other labor contract applicable to persons employed by it at any of the Facilities.

(f) None of the funds or other assets of Seller or any of its respective affiliates constitute property of, or are beneficially owned, directly or indirectly, by any person, entity or Governmental Entity subject to trade restrictions under U.S. Applicable Law, including the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any executive orders or regulations promulgated thereunder with the result that the investment in Seller or any of its respective affiliates (whether directly or indirectly) is prohibited by law (an "Embargoed Person"); (b) no Embargoed Person has any interest of any nature whatsoever in Seller or any of their affiliates with the result that the investment in Seller or any of its respective affiliates (whether directly or indirectly) is prohibited by Applicable Law; and (c) none of the funds of Seller or any of its respective affiliates, as applicable, have been derived from any unlawful activity with the result that the investment in Seller or any of its affiliates, as applicable (whether directly or indirectly), is prohibited by Applicable Law.

SECTION 3.23. Transactions with Affiliates. None of the Contracts set forth in Schedule 3.09 between the Business, on the one hand, and Seller or any of its respective affiliates on the other hand, will continue in effect subsequent to the Closing. After the Closing, neither Seller nor any of its respective affiliates will have any interest in any Facilities (real or personal, tangible or intangible) or Contract used in or pertaining to the Business.

SECTION 3.24. Effect of Transaction. No creditor, employee or other person having a material business relationship with the Business has informed Seller that such person intends to change such relationship because of the purchase and sale of the Business, the execution and delivery of the Transaction Documents or the consummation of any other transaction contemplated thereby.

SECTION 3.25. Disclosure. To Seller's knowledge, no representation or warranty of Seller contained in any Transaction Document, and no statement contained in any document, certificate or schedule furnished or to be furnished by or on behalf of Seller to Purchasers or any of their representatives pursuant to this Agreement, contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading or necessary in order to fully and fairly provide the information required to be provided in any such document, certificate or schedule. The financial projections relating to the Business delivered to Purchasers were prepared on the basis of assumptions Seller reasonably believed in good faith at the time of preparation to be reasonable and Seller has no

knowledge of any fact or information that would lead it to believe that such assumptions are incorrect or misleading in any material respect.

SECTION 3.26. Intentionally Omitted.

SECTION 3.27. Rents Payable. Schedule 3.27 sets forth Seller's rents payable as of the date hereof, and such rents payable are true, complete and accurate in all material respects.

SECTION 3.28. To Seller's Knowledge. The terms "to Seller's knowledge", "Seller has no knowledge" and similar phrases shall mean to the current, actual knowledge of the person signing this Agreement and the executive director of each Facility, but only as to the Facility in which he or she works, without any duty of inquiry or investigation, and no one else. The persons charged with such knowledge shall have no personal liability for the breach or alleged breach of any Seller representations or warranties made in this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PURCHASERS

Purchasers hereby jointly and severally represent and warrant to Seller, as of the date of this Agreement and as of the Closing Date with respect to each applicable Purchaser, as follows:

SECTION 4.01. Organization, Standing and Power. Each Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and has full corporate power (or limited liability company power) and authority and, as of the Closing Date, through its affiliates, possesses all governmental franchises, licenses, permits, authorizations and approvals necessary to enable it to own, lease or otherwise hold its properties and assets other than such franchises, licenses, permits, authorizations and approvals the lack of which, individually or in the aggregate, have not had and could not reasonably be expected to have a material adverse effect on the ability of such Purchasers to perform their obligations under the Transaction Documents or on the ability of such Purchaser to consummate the Acquisition and the other transactions contemplated thereby (a "Purchaser's Material Adverse Effect").

SECTION 4.02. Authority; Execution and Delivery; and Enforceability. Each Purchaser has full power and authority to execute the Transaction Documents to which it is, or is specified to be, a party and to consummate the Acquisition and the other transactions contemplated thereby. The execution and delivery by each Purchaser of the Transaction Documents to which it is, or is specified to be, a party and the consummation by such Purchasers of the Acquisition and the other transactions contemplated thereby have been duly authorized by all necessary corporate action (or limited liability company action). Each Purchaser has duly executed and delivered this Agreement and prior to the Closing will have duly executed and delivered each Ancillary Agreement to which it is, or is specified to be, a party, and this Agreement constitutes, and each Ancillary Agreement to which it is, or is specified to be, a party will after the Closing constitute, its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting the enforcement of creditor's rights generally.

SECTION 4.03. No Conflicts; Consents. The execution and delivery by each Purchaser of this Agreement do not, and the execution and delivery by such Purchasers of each Ancillary Agreement to which it is, or is specified to be, a party will not, and the consummation of the Acquisition and the other transactions contemplated hereby and thereby and compliance by such Purchaser with the terms hereof and thereof will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of such Purchasers or any of its subsidiaries under, any provision of (i) the certificate of formation or operating agreement of such Purchasers or any of its subsidiaries, (ii) any Contract to which such Purchasers or any of its subsidiaries is a party or by which any of its respective properties or assets is bound, or (iii) any Judgment or Applicable Law applicable to such Purchaser or any of its subsidiaries or its respective properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, have not had and could not reasonably be expected to have a Purchaser's Material Adverse Effect. No Consent of or registration, declaration or filing with any Governmental Entity is required to be obtained or made by or with respect to any Purchasers or any of its subsidiaries in connection with the execution, delivery and performance of the Transaction Documents or the consummation of the Acquisition or the other transactions contemplated thereby, other than (A) compliance with licensing requirements of the state health departments or equivalent (or any subdivision) or other applicable state licensing agencies of the State of California and (B) those that may be required solely by reason of the participation of Seller (as opposed to any other third party) in the Acquisition and other transactions contemplated hereby and by the Ancillary Agreements).

SECTION 4.04. Litigation. There are no (a) outstanding Judgments against any Purchasers or any of their subsidiaries, (b) Proceedings pending or, to the knowledge of any Purchasers, threatened against or affecting any Purchasers, or (c) investigations by any Governmental Entity that are, to the knowledge of any Purchasers, pending or threatened against or affecting any Purchaser or any of their subsidiaries that, in any case, individually or in the aggregate, have had or could reasonably be expected to have a Purchaser Material Adverse Effect.

ARTICLE V
COVENANTS

SECTION 5.01. Covenants of Seller Relating to Conduct of Business.

(a) Except as otherwise expressly permitted by the terms of this Agreement, during the period from the date of this Agreement to the Closing Date, Seller shall cause the Business to be conducted in the usual, regular and ordinary course in substantially the same manner as previously conducted (including with respect to advertising, marketing, promotions, capital expenditures and inventory levels) and use all reasonable efforts to keep intact the Business, keep available the services of the current employees of the Business and preserve the relationships of the Business with residents, patients, suppliers, licensors, licensees, distributors and others with whom the Business deals to the end that the Business shall be unimpaired at the Closing. Prior to the Closing, Seller shall not take any action that would, or that could reasonably be expected to, result in any of the conditions to the purchase and sale of the

Acquired Assets set forth in Article VI not being satisfied. In addition (and without limiting the generality of the foregoing), except as otherwise expressly permitted or required by the terms of this Agreement, Seller shall not do any of the following in connection with the Business without the prior written consent of Purchasers:

(i) adopt or amend Seller Benefit Plan (or any plan that would be Seller Benefit Plan if adopted) or enter into, adopt, extend (beyond the Closing Date), renew or amend any collective bargaining agreement or other Contract with any labor organization, union or association, except in each case as required by Applicable Law;

(ii) grant to any employee of the Business any increase in compensation or benefits, except in the ordinary course of business and consistent with past practice or as may be required under existing agreements;

(iii) incur or assume any liabilities, obligations or indebtedness for borrowed money or guarantee any such liabilities, obligations or indebtedness, other than in the ordinary course of business and consistent with past practice; provided, however, that in no event shall the Business incur or assume any long-term indebtedness for borrowed money;

(iv) permit, allow or suffer any Acquired Asset to become subjected to any Lien of any nature whatsoever that would have been required to be set forth in Schedule 3.06 or 3.07(e) if existing on the date of this Agreement;

(v) cancel any indebtedness that is material (individually or in the aggregate) or waive any claims or rights of substantial value;

(vi) Intentionally Omitted;

(vii) make any change in any method of accounting or accounting practice or policy other than those required or allowable by GAAP;

(viii) acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire any assets (other than inventory) that are material, individually or in the aggregate, to the Business;

(ix) Intentionally Omitted;

(x) Intentionally Omitted;

(xi) sell, lease, license or otherwise dispose of any of its assets, except (A) supplies consumed or used in the ordinary course of business and consistent with past practice and (B) any Excluded Asset described in Section 1.02(b)(i);

(xii) enter into any lease or sublease of real property, except any renewals of existing Leases in the ordinary course of business and consistent with past practice, provided that each applicable Purchaser shall have the right to participate in any discussions or negotiations relating to such renewals and reasonably approve same;

(xiii) modify, amend, terminate or permit the lapse of any Lease of, or reciprocal easement agreement, operating agreement or other material agreement relating to, any of the Facilities, except modifications or amendments associated with renewals of existing Leases in the ordinary course of business and consistent with past practice, provided that each applicable Purchaser shall have the right to participate in any discussions or negotiations relating to such renewals and reasonably approve same;

(xiv) remove, or cause to be removed, any resident or patient of any Facility from such Facility other than in the ordinary course of business and consistent with past practice;

(xv) record any tract map, parcel map, condominium plan, condominium declaration, or plat of subdivision with respect to any of the Premises;

(xvi) enter into any contract or agreement with respect to the Acquired Assets or renew, extend or modify any Contract;

(xvii) take any action to terminate a managed care contract, HMO contract or provider agreement;

(xviii) take any action or omit to take such actions that would cause a material breach of any Contract; or

(xix) authorize any of, or commit or agree to take, whether in writing or otherwise, to do any of, the foregoing actions.

(b) Notification of Changes. Seller shall promptly notify Purchasers (in accordance with Section 9.04 or via electronic mail to Abe Bak (abe@iepcorp.com) and Alex Fenigstein (alex@iepcorp.com), of the occurrence of any matter or event that is material to the business, assets, condition (financial or otherwise), working capital, liabilities or results of operations of the Business or any of the Facilities.

(c) Affirmative Covenants. Until the Closing, Seller shall, and shall cause its affiliates with respect to each Facility, to:

(i) maintain the Acquired Assets with respect to such Facility in the ordinary course of business in good operating order and condition, reasonable wear and tear excepted;

(ii) upon any damage, destruction or loss to any Acquired Asset with respect to such Facility, apply any and all insurance proceeds received with respect thereto to the prompt repair, replacement and restoration thereof to the condition of such Acquired Asset before such event or, if required, to such other (better) condition as may be required by Applicable Law;

(iii) Intentionally omitted;

(iv) deliver to the applicable Purchaser updated documents, information, contracts, reports, and similar items to the Documents and Information;

(v) deliver to the applicable Purchaser its monthly and quarterly financial statements within twenty-five (25) days from the end of each month;

(vi) deliver to the applicable Purchaser copies of Survey Reports, daily updates of Patient Census Information, and such other information requested by such Purchaser concerning the Business or the operations of the applicable Facility;

(vii) promptly notify the applicable Purchaser of any order of which they are aware, receipt of any violation or non-compliance with any Applicable Law or order, any threatened or pending proceeding of which they are aware by any Governmental Entity, or any claims made by any third party of which they are aware relating to such Facility, its/their operations or the Acquired Assets and promptly furnish such Purchaser with copies of any non-privileged correspondence, notices or legal pleadings in connection therewith;

(viii) maintain its Records for such Facility in accordance with current practices;

(ix) pay all Taxes and other liabilities relating to the Acquired Assets as they become due;

(x) maintain insurance policies in accordance with current practices and as legally required to do so;

(xi) conduct its business at and for the benefit of each Facility in the ordinary course, including with respect to advertising, marketing, promotions, capital expenditures, admissions and census maintenance, and inventory levels, and use all reasonable efforts to keep intact the business operated at each of the Facilities, keep available the services of the current employees of each of the Facilities and preserve the relationships of each of the Facilities with residents, patients, suppliers, licensors, licensees, distributors and others with whom each of the Facilities deals to the end that the business operated at each of the Facilities shall be unimpaired at the Closing; and

(xii) preserve intact the Acquired Assets and file all forms and reports, at its costs and expense, necessary to maintain in effect, and not rendered or permitted to be rendered ineffective, any Governmental Entity.

(d) Consultation. In connection with the continuing operation of the Business between the date of this Agreement and the Closing, Seller shall use reasonable efforts to consult in good faith on a regular and frequent basis with the representatives for Purchasers to report material operational developments and the general status of ongoing operations pursuant to procedures reasonably requested by Purchasers or such representatives. Seller acknowledges that any such consultation shall not constitute a waiver by Purchasers of any rights they may have under this Agreement, and that no Purchaser shall have any liability or responsibility for any actions of Seller or any of its respective officers or directors with respect to matters that are the subject of such consultations.

(e) License Applications and MOTA Notices. Seller shall make its employees available to assist Purchasers and New Operators to complete, file and process such applications as may be necessary or required by any Health Care Authorities to authorize each New Operator

or its designated Affiliates to operate each applicable Facility from and after the Closing as a skilled nursing facility and to be certified under the Medicare and Medi-Cal programs in connection with such operations. Seller shall sign all documentation required to assign its Medicare and Medi-Cal provider agreements and deliver the same to the applicable New Operator (as defined in Section 1.05 above). Per Section 1267.61(a) of the California Health and Safety Code, Seller shall send written notice of the transfer of operations of each of the Facilities contemplated under this Agreement to all of the residents of each Facility. Seller shall post a copy of such notice on all entrance and exit doors of each Facility. Within thirty (30) days after the Effective Date, each New Operator shall submit to the applicable Governmental Entity any and all required change of ownership application(s) for each Facility in connection with sale of each Facility on the Closing Date and in accordance with the MOTA provisions, including Section 6.2.

(f) Termination of the Leases. Seller agrees to take all steps that may be required to terminate all of the Leases effective as of the Closing Date, and to provide such documentation as may be requested by the Title Company to confirm that all of the Leases have been terminated as of said date.

SECTION 5.02. No Solicitation. Seller shall not, nor shall Seller authorize or permit any officer, director or employee of Seller, or any investment banker, attorney, accountant or other representative retained by Seller to, (i) solicit, initiate, encourage, entertain, accept or consider any "other bid", (ii) enter into any agreement with respect to any other bid, or (iii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any other bid. Without limiting the foregoing, it is understood that any violation of the restrictions set forth in the preceding sentence by any executive officer of Seller or any investment banker, attorney, broker or other advisor or representative of Seller, whether or not such person is purporting to act on behalf of Seller or otherwise, shall be deemed to be a breach of this Section 5.02 by the Seller. As used in this Section 5.02, "other bid" shall mean any proposal to acquire, directly or indirectly, any of the Acquired Assets, any Facility or the Business, through purchase, merger, consolidation, lease or otherwise, other than the transactions contemplated by this Agreement.

SECTION 5.03. Access to Information. Seller shall afford to Purchasers and their lenders, and to the New Operators, and their respective accountants, counsel and other representatives access, upon reasonable notice to Seller, during normal business hours during the period prior to the Closing, to all: (i) the personnel, properties, the Facilities (including the roof, all equipment (fixed and movable) and heating and cooling systems), computer systems and vehicles; (ii) financial and operating data, records and other information (including books and records, financial statements, cost reports, inspection reports, plans of correction, current room rates (including dates and amounts of increases), census data and patient mix, payroll information, Medicare and Medi-Cal reports, employment agreements, personnel policies, occupancy agreements with patients, leases and Tax returns); (iii) Contracts, commitments and other documents relating to outside contractors, vendors, consultants or other outside parties and to which Seller or any Facility is now or may become a party; and (iv) any other data, records, information or document, in each case of or relating to the Acquired Assets, the Assumed Liabilities or the Business. Seller shall furnish additional financial and operating data and other

information, Survey Reports, Patient Census Information, in each case of or relating to the Acquired Assets, the Assumed Liabilities or the Business, as Purchasers or New Operators may from time to time reasonably request. Notwithstanding the foregoing: (a) Purchasers and New Operators shall not discuss the Acquisition with residents or personnel of any Facility, except that Purchasers or New Operators may discuss the Acquisition with certain key employees of Seller with the prior consent of Seller which consent shall not be unreasonably withheld, conditioned or delayed; and (b) on or after the Real Estate Due Diligence Period Expiration Date, Purchasers and New Operators may complete their field work or discuss the Acquisition with personnel and residents of the Facilities upon notice to Seller.

SECTION 5.04. Confidentiality.

(a) It is understood and agreed by Purchasers, New Operators, and Seller that the information, documents and instruments delivered by Seller to Purchasers, New Operators or their respective agents are of a confidential and proprietary nature. Each Purchaser and each New Operator agrees that prior to the Closing that it shall maintain the confidentiality of all such information, including this Agreement, documents or instruments delivered in connection with the negotiation of this Agreement, documents obtained from any Facility and other provided information, and only disclose such to authorized officers, directors, representatives, assignees, attorneys, accountants, financial or other professional advisers, investors, lenders and agents. Notwithstanding the foregoing, Purchasers and New Operators shall have the right to communicate with all necessary Health Care Authorities with respect to this transaction and any Facility, and Seller shall have the right to disclose to the Attorney General the content of their Agreement as necessary to obtain its consent of the sale of the Business. If a Closing does not occur with respect to any Facility, and as a condition to a return of the Deposit, if the Deposit is to be returned to Purchasers pursuant to the terms of this Agreement, Purchasers and New Operators agree to return or destroy all documents, instruments, reports and other information provided by Seller, and shall provide to Seller copies of all applications, correspondence with governmental agencies and any plans, reports, and studies obtained or developed by Purchasers relating to the Facilities, without any representation or warranty as to the accuracy or completeness thereof. In the event the Closing does not occur, the provisions of this Section 5.04 shall survive the termination of this Agreement.

(b) Seller shall keep confidential, and cause their affiliates and instruct its and their officers, directors, employees, attorneys, agents, brokers and advisors to keep confidential, all information relating to the Purchasers and New Operators, except as required by Applicable Law and except for information that is available to the public on the Closing Date, or thereafter becomes available to the public other than as a result of a breach of this Section 5.04(b). The obligations of Seller under this Section 5.04(b) shall survive the Closing.

SECTION 5.05. Reasonable Efforts.

(a) On the terms and subject to the conditions of this Agreement, each party shall use its reasonable efforts to cause the Closing to occur, including taking all reasonable actions necessary to comply promptly with all legal requirements that may be imposed on it or any of its affiliates with respect to the Closing.

(b) Seller shall, and shall cause its respective affiliates to, in each case at their own expense, use their reasonable efforts to obtain, and each New Operator shall cooperate in obtaining, all consents or permissions from third parties necessary or appropriate to permit the transfer of the Acquired Assets to, and the assumption of the Assumed Liabilities by, such New Operator.

(c) Expenses; Transfer Taxes. Whether or not the Closing takes place, and except as set forth in Sections 5.05(b), Section 5.11 and Section 9.03 and Article VIII, all costs and expenses incurred in connection with the Transaction Documents and the transactions contemplated thereby shall be paid by the party incurring such expense. Without limiting the generality of this Section 5.05, Seller shall be responsible for: (i) one-half of all escrow fees for the Closing; (ii) all transfer and documentary stamp taxes, excise taxes and sales taxes, if any, in connection with the Transaction Documents and/or the Closing; (iii) all title insurance premiums for a base ALTA owner's policy in an aggregate amount equal to the Purchase Price; and (iv) all broker's fees and commissions payable to the Broker (as defined below) in connection with the Closing. Without limiting the generality of this Section 5.05, each Purchaser shall be responsible for: (i) one-half of all escrow fees for the Closing; (ii) all recording costs incurred in connection with recording each Deed; and (iii) all title insurance premiums for any ALTA extended coverage and endorsements required by any Purchaser and all title insurance premiums for any ALTA Lender's Policy for any lender providing mortgage financing for any Purchaser's acquisition of any Facility. All other closing costs shall be paid in accordance with the prevailing custom for the closing of commercial real estate transactions in each of the counties in which a Facility is located. The parties agrees that the issuance of title insurance endorsements is not a condition to the Closing. Each party shall pay all fees and expenses it has incurred in connection with obtaining the approval of any third parties necessary or appropriate to obtain the consent to permit the transfer of the Acquired Assets (including legal fees), including obtaining the Attorney General Approval.

SECTION 5.06. Brokers or Finders. Purchasers and Seller represent, as to themselves and their affiliates, that no agent, broker, investment banker or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, other than Dan Revie of Zeigler (the "Broker"), which Seller shall be responsible for paying on the Closing Date.

SECTION 5.07. QA Fees. Purchasers and/or New Operators may elect to assume the unpaid quality assurance fees owed for any of the Facilities as of the Closing Date (including any estimated amounts not yet billed by the applicable Governmental Entity with respect to periods of operations prior to the Closing Date) (the "Pre-Closing QA Fees"). Purchasers and/or New Operators must elect to assume the Pre-Closing QA Fees, if at all, by providing written notice (which may be by email) to Seller of its election to assume the Pre-Closing QA Fees at least five (5) days before the Closing Date. If Purchasers and/or New Operators elect to assume the Pre-Closing QA Fees pursuant to the preceding sentences, then on the Closing Date, Purchasers shall receive a credit to the Purchase Price in an amount equal to the estimated Pre-Closing QA Fees for each applicable Facility as of such Closing Date, which Pre-Closing QA Fees shall be assumed by the applicable Purchaser and/or applicable New Operator on such Closing Date (the "Assumed QA Fees"). If Purchasers and/or New Operators elect to assume Pre-Closing QA Fees pursuant to this Section 5.07, then Seller, Purchasers and New Operators agree that as soon

as final information regarding the unpaid quality assurance fees for each Facility as of the Closing Date has been obtained from the applicable Governmental Entity, Seller shall as promptly as possible after Closing complete an accounting to determine the actual amount of the unpaid quality assurance fees due with respect to the applicable Facility attributable to periods prior to the Closing Date (the "Actual QA Fees"). If the Actual QA Fees for a Facility exceeds the Assumed QA Fees for such Facility, then Seller shall pay to the applicable Purchaser or applicable New Operator the amount by which the Actual QA Fees exceed the Assumed QA Fees for such Facility (a "QA Fee Deficiency Payment") within ten (10) days after the determination of the Actual QA Fees for such Facility. If a QA Fee Deficiency Payment is owed to a Purchaser or a New Operator under the preceding sentence and Seller fails to pay it to such Purchaser or New Operator within ten (10) days after the determination of the Actual QA Fees for the applicable Facility, then such Purchaser or New Operator may recover the amount of the QA Fee Deficiency Payment from the Escrow Funds. If a Purchaser recovers the amount of the QA Fee Deficiency Payment from the Escrow Funds pursuant to the preceding sentence, then Seller shall within ten (10) days after such funds are withdrawn from the Escrow Funds deposit with Escrow Agent into the account holding the Escrow Funds an amount equal to the applicable QA Fee Deficiency Payment and such amount shall be added to the Escrow Funds and held by Escrow Agent in accordance with the terms and provisions of this Agreement and the Escrow Indemnity Agreement. If the Actual QA Fees for a Facility are less than the Assumed QA Fees for such Facility, then the applicable Purchaser or New Operator shall pay to Seller the amount by which the Assumed QA Fees exceed the Actual QA Fees for such Facility (the "Excess QA Fee Payment") within ten (10) days after the determination of the Actual QA Fees for such Facility. The terms and provisions of this Section 5.07 shall survive the Closing; provided, however, if Purchasers and/or New Operators do not elect to assume the Pre-Closing QA Fees at least five (5) days prior to the Closing per the terms of this Section 5.07, then the terms and provisions of this Section 5.07 shall not survive the Closing.

SECTION 5.08. "Employee Records" shall mean the names of each employee, and that employee's title, commencement date of employment, salary and employee benefits, but does not include any other matters regarding the employees, including, but not limited to employee evaluations and disciplinary matters.

SECTION 5.09. Benefit Plan Matters.

(a) Except as otherwise required by the terms of any such Seller Benefit Plan or applicable law, as of the Closing Date all Transferring Employees shall cease participation in any "employee welfare benefit plan" (as defined in Section 3(1) of ERISA) sponsored or maintained by Seller and shall cease accruing benefits under any "employee pension benefit plan" (as defined in Section 3(2) of ERISA) sponsored or maintained by such Seller.

(b) Seller shall be responsible for providing continuation coverage required under Section 4980B(f) of the Code to all of Seller's former employees (and their covered dependents) who have elected or will elect continuation coverage under Section 4980B(f) of the Code.

(c) Seller shall pay in full at or prior to the Closing all earned and/or accrued personal, vacation and sick days and all accrued bonuses and other accrued sums due as of the Closing Date to all employees and any amounts due and owing to participants in any equity, or

accrued cash bonus or incentive plan maintained by Seller. Seller shall, at its sole cost and expense, terminate, in full compliance with all Applicable Laws, all of Seller Benefit Plans as of the Closing Date and shall pay to all participants (or to such accounts as such participants shall direct) all sums accrued for the benefit of such participants in each such Seller Benefit Plan.

(d) No Transferring Employee or other current or former employee of the Business, including any beneficiary or dependent thereof, or any other person not a party to this Agreement, shall be entitled to assert any claim hereunder. Nothing herein shall (i) be interpreted as constituting the amendment, or otherwise constituting the terms, of any employee benefit plan maintained by any New Operator or otherwise covering any Transferred Employee after the Closing Date or (ii) impairing or otherwise interfering with any New Operator's power to amend or terminate any such plan in accordance with its terms.

SECTION 5.10. Disclosures. Seller shall provide to Purchaser with the completed schedules for all of the schedules referenced in Article III of this Agreement within ten (10) days after the Effective Date. After the delivery of the schedules, Seller shall have the continuing obligation until the Closing to promptly supplement or amend the schedules with respect to any matter hereafter arising or discovered that, if existing or known at the date of this Agreement, would have been required to be set forth or described in the schedules.

SECTION 5.11. Post-Closing Cooperation.

(a) Purchasers and Seller shall cooperate with each other, and shall cause their officers, employees, agents, auditors and representatives to cooperate with each other, for a period of one hundred eighty (180) days after the Closing to ensure the orderly transition of the Business from Seller to the applicable New Operator and to minimize any disruption to the Business and the other businesses of the applicable New Operator that might result from the transactions contemplated hereby. After the Closing, upon reasonable written notice, each applicable New Operator and Seller shall furnish or cause to be furnished to each other and their employees, counsel, auditors and representatives access, during normal business hours, to such information and assistance relating to the Business (to the extent within the control of such party) with respect to such Facility(ies) as is reasonably necessary for financial reporting and accounting matters; provided, however, that such New Operator shall have the right (which may be waived at the sole discretion of such New Operator) to designate one or more of its employees in whose absence Seller and its accountant, counsel or financial advisers may not access such information.

(b) After the Closing, upon reasonable written notice, each Purchaser and each New Operator, on the one hand, and Seller, on the other hand, shall furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance (to the extent within the control of such party) relating to the Acquired Assets (including access to books and records) with respect to such Facility(ies) as is reasonably necessary for the filing of all Tax returns, and making of any election related to Taxes, the preparation for any audit by any Taxing Authority, and the prosecution or defense of any Proceeding related to any Tax return, and/or the preparation of Medicare and Medi-Cal cost reports. Seller, each Purchaser, and each New Operator shall cooperate with each other in the conduct of any audit or other Proceeding relating to Taxes involving the Business and/or Medicare and Medi-Cal cost reports. In the event that

Seller shall after the Closing take any position in any Tax return, or reach any settlement or agreement with respect to Taxes in an audit or other Proceeding, which is in any manner inconsistent with any position taken by Seller in any filing, settlement or agreement made by Seller prior to the Closing and such inconsistent position (i) requires the payment by any Purchaser or any New Operator of more Taxes than would have been required to be paid had such position not been taken or such settlement or agreement not been reached, (ii) affects the determination of useful life, basis or method of depreciation, amortization or accounting of any of the Acquired Assets or any of the properties, assets or rights of any Purchaser or the New Operator, or (iii) accelerates the time at which any Tax must be paid by a Purchaser or a New Operator, Seller shall not take such position or enter into such settlement or agreement without the prior written consent of Purchasers and New Operators.

(c) Each party shall reimburse the other for reasonable out-of-pocket costs and expenses, including, without limitation, accountant and attorneys' fees, incurred in assisting the other party pursuant to this Section 5.11. Neither party shall be required by this Section 5.11 to take any action that would unreasonably interfere with the conduct of its business or unreasonably disrupt its normal operations (or, in the case of any Purchaser, any New Operator or the Business). Any information relating to the Business received by Seller pursuant to this Section 5.11 shall be subject to Section 5.04(b).

(d) The obligations under this Section 5.11 shall survive the Closing.

SECTION 5.12. Publicity. No public release or announcement concerning the transactions contemplated hereby shall be issued by any party (including advisors, attorneys, consultants and lenders of such party) without the prior consent of the other parties (which consent shall not be unreasonably withheld), except as such release or announcement may be required by Applicable Law, in which case the party required to make the release or announcement shall allow the other party reasonable time to comment on such release or announcement in advance of such issuance.

SECTION 5.13. Records. Purchasers recognize that certain Records may contain incidental information relating primarily to subsidiaries or divisions of Seller other than the Business and that Seller may retain copies of the relevant portions thereof.

SECTION 5.14. Intentionally Omitted.

SECTION 5.15. Attorney General Approval. Seller hereby covenants and agrees that is shall apply for the Attorney General Approval within ten (10) business days after the Effective Date, and thereafter diligently pursue obtaining the Attorney General Approval.

SECTION 5.16. Intentionally Omitted.

SECTION 5.17. Intentionally Omitted.

SECTION 5.18. Further Assurances. From time to time, as and when requested by any party, each party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions (subject to Section 5.05), as such other party may reasonably deem necessary or desirable to

consummate the transactions contemplated by this Agreement, including, in the case of Seller, executing and delivering to the applicable Purchaser or where directed by the applicable Purchaser, to the applicable New Operator, such assignments, deeds, bills of sale, consents and other instruments as such Purchaser or its counsel may reasonably request as necessary or desirable for such purpose. The terms and provisions of this Section 5.18 shall survive the Closing.

SECTION 5.19. Purchase Price Allocation. Prior to the Closing Date, Purchasers shall propose to Seller an allocation of the Purchase Price (together with any liabilities assumed, and any other amounts, that are treated as purchase price for federal income Tax purposes) among the Acquired Assets according to the relative fair market values of such assets on the respective Closing Date and in accordance with Section 1060 of the Code. If the parties agree on the allocations, then the amount of such allocations for each Facility shall be set forth on Schedule 5.19 which shall be attached to this Agreement or an amendment thereto. Notwithstanding the foregoing, if the parties are unable to agree upon the foregoing allocation prior to the Closing, each of the Purchasers, on the one hand, and the Seller, on the other hand, shall adopt their own allocation and complete and execute a Form 8594 in accordance with such allocation. Seller and each Purchaser each hereby covenant and agree that none of them will take a position on any income tax return (or, unless required by law, before any Governmental Entity charged with the collection of any income tax or in any judicial tax proceeding) that is inconsistent with the terms of this Section 5.19. The terms and provisions of this Section 5.19 shall survive the Closing.

SECTION 5.20. Survey Reports, Etc. Seller shall promptly provide to Purchasers between the date of this Agreement and the Closing Date all Survey Reports filed, arising, or involving any of the Facilities.

SECTION 5.21. Termination of Transactions with Seller. Seller shall cause all of the Contracts set forth (or required to be set forth) in Section 3.09 between Seller and any of its respective affiliates on the one hand, and the Business, on the other), to be terminated prior to or at the respective Closing.

SECTION 5.22. Names Following Closing. Immediately following the Closing, Seller shall amend or terminate any certificate of assumed name or d/b/a filings so as to eliminate its right to use the names set forth in Schedule 5.22 or any names that, in the reasonable judgment of any Purchaser, is similar to any such names, and Seller shall not thereafter use those name or other names acquired by any Purchaser hereunder or names confusingly similar thereto. The parties agree that Seller shall not be obligated to change the name of any corporation, limited liability company or other entity which includes the name “Eskaton” or “Eskaton Properties, Incorporated”.

SECTION 5.23. New Operator and Management and Operation Transfer Agreements.

(a) Seller acknowledges that it is each Purchaser’s intention, effective at the Closing, to lease the applicable Facility to the applicable New Operator.

(b) Seller shall enter into a Management and Operations Transfer Agreement (the “MOTA”) in substantially the form attached hereto as Exhibit H with the applicable New

Operator, who intends to operate the applicable Facility from and after the Closing Date. The MOTA shall be entered into on or before the Closing Date, but shall only be effective as of the Closing Date.

(c) Any provision in this Agreement that requires an affirmative action by any New Operator shall be deemed incorporated by reference into the MOTA executed by such New Operator with respect to the Facility to be operated by such New Operator on and after the Closing Date.

(d) Each New Operator shall be a third party beneficiary of this Agreement and Seller expressly acknowledges and agrees that all warranties and representations made by Seller hereunder in favor of Purchaser, are made for the benefit of each New Operator.

(e) Each New Operator shall further be entitled to indemnity rights under Article VIII of this Agreement, provided, however, in no event shall Seller be required to pay both Purchaser and New Operator for the same Losses pursuant to the indemnification obligations of Seller hereunder.

SECTION 5.24. Survey Deficiencies and Out of Compliance Issues. In the event a survey by any Health Care Authority occurs prior to any Closing Date, Seller shall be fully responsible for the cost of (a) any applicable fines and penalties, (b) any cited Life Safety Code deficiencies at any of the Facilities that are required to be remedied, (c) the costs of third party consultants reasonably engaged by any New Operator, after using its best reasonable efforts to effect remedies through the use of in-house personnel and in-house consultants, to remedy tags or deficiencies cited by the Health Care Authority needed to return any Facility to substantial compliance with Health Care Requirements, and (d) any lost revenue suffered by any New Operator in connection with patients admitted by Seller to a Facility where Medicare or Medi-Cal payments/reimbursements are thereafter disallowed ("DPNA") or not made as a result of a Health Care Authority survey that occurred prior to the Closing Date (collectively "Deficiency Events"), unless the DPNA is implemented due to New Operator's failure to come into substantial compliance (as that term is defined in Part 488 of 42 C.F.R.) during revisit(s) occurring after the Closing Date. If any Deficiency Events shall occur prior to any Closing Date or if any Facility is Out of Compliance (as defined in Section 8.01 below) prior to the Closing Date, the applicable New Operator and Seller agree to cooperate and use reasonably commercial efforts to resolve by the Closing Date the Deficiency Events or the issues causing a Facility to be Out of Compliance. With regard to events that pre-date the Closing Date, Seller shall cooperate with the Purchaser and/or New Operator to develop a plan of correction reasonably necessary to achieve compliance (a "Plan of Correction"), and Seller shall bear the expense of (i) developing any Plan of Correction, and (ii) all consultants, materials and supplies necessary to implement the aspects of any Plan of Correction that pre-date the Closing Date. In this regard, Purchaser, each New Operator and Seller agree that Purchaser, the applicable New Operator and Seller shall rely on internal staff of such New Operator to the fullest extent possible in developing any such Plan of Correction. Purchaser and New Operators have no obligation to close the transaction contemplated herein if a Facility is Out of Compliance, nor do Purchaser and New Operators have any obligation to assist Seller in bringing a Facility into compliance so that it is no longer Out of Compliance. The terms and provisions of this Section 5.24 shall survive the Closing.

SECTION 5.25. Intentionally Omitted.

SECTION 5.26. Stimulus/Relief Funds Compliance. Seller shall comply with all requirements placed by the agency paying or granting the same upon the receipt, use and/or repayment of any Stimulus/Relief Funds which have been, or may be, received by Seller prior to the Closing, including, without limitation, all obligations of Seller to (a) pay or repay amounts where a Governmental Entity has determined that the grant or loan was used improperly or not used at all, and (b) make any filings and reports required by any Governmental Entity in connection with such Stimulus/Relief Funds. For any funds related to COVID-19 relief efforts that are received after Closing, the parties shall comply with the provisions of Section 4.2 of the MOTA. The terms and provisions of this Section 5.26 shall survive the Closing.

ARTICLE VI
CONDITIONS PRECEDENT

SECTION 6.01. Conditions to Each Party's Obligation. The obligation of each Purchaser to purchase and pay for the Acquired Assets to be acquired by such Purchaser and the obligation of Seller to sell the Acquired Assets to such Purchaser is subject to the satisfaction or waiver on or prior to the Closing of the following conditions:

(a) Governmental Approvals. All authorizations, consents, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity necessary for the consummation of the Acquisition shall have been obtained or filed or shall have occurred, including any authorizations, healthcare licenses, consents, orders, approvals, declarations or filings necessary for the transfer of all the Assigned Licenses and Permits. To the extent a New Operator may legally operate a Facility from and after the Closing Date utilizing Seller's Licenses and provider agreements with Medicare and Medi-Cal, they shall be permitted to do so in accordance with the provisions of the MOTA.

(b) No Injunctions or Restraints. No Applicable Law or Judgment enacted, entered, promulgated, enforced or issued by any Governmental Entity or other legal restraint or prohibition preventing the consummation of the Acquisition shall be in effect.

SECTION 6.02. Conditions to Obligation of Purchaser. The obligation of each Purchaser to purchase and pay for the Acquired Assets to be acquired by such Purchaser is subject to the satisfaction (or waiver by such Purchaser) on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. The representations and warranties of Seller in this Agreement and the Ancillary Agreements that are qualified as to materiality shall be true, correct and complete, and those not so qualified shall be true, correct and complete in all material respects, as of the date hereof and as of the Closing Date as though made on such Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to materiality shall be true, correct and complete, and those not so qualified shall be true, correct and complete in all material respects, on and as of such earlier date). Each Purchaser shall have received a certificate signed by an authorized officer of Seller to such effect.

(b) Performance of Obligations of Seller. Seller shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Seller by the time of such Closing, and each Purchaser shall have received a certificate signed by an authorized officer of Seller to such effect.

(c) Absence of Proceedings. There shall not be pending or threatened any Proceeding (i) challenging or seeking to restrain or prohibit the Acquisition or any other transaction contemplated by this Agreement or the Ancillary Agreements or seeking to obtain from such Purchaser or any of its subsidiaries, or from the applicable New Operator in connection with the Acquisition any material damages, (ii) seeking to prohibit or limit the ownership or operation by such Purchaser or the applicable New Operator, or any of their subsidiaries of any material assets (including assets of the Business), or to compel such Purchaser or any of its subsidiaries to dispose of or hold separate any material assets (including assets of the Business), in each case as a result of the Acquisition or any of the other transactions contemplated by the Transaction Documents, (iii) seeking to impose limitations on the ability of such Purchaser or any of its subsidiaries to acquire or hold, or exercise full rights of ownership of, the Acquired Assets, or (iv) seeking to prohibit or limit in any material respect the applicable New Operator or any of their subsidiaries' effective control of the Business.

(d) Absence of Material Adverse Effect and Material Damages. (i) There shall not have occurred since the date of the Balance Sheet (i) Seller Material Adverse Effect or (ii) damages or impairment to, or destruction of, the applicable Facility or any other Acquired Asset with respect to such Facility which is valued, in such Purchaser's reasonable judgment, at more than $100,000.00 in the aggregate.

(e) FIRPTA Certificates. Seller shall have executed, and furnished to the applicable Purchaser, a FIRPTA.

(f) Transfer Taxes. Seller shall have prepared, executed (or caused to be executed), filed and delivered to the Title Company all returns, questionnaires, applications or other documents regarding any transfer and documentary stamp taxes and sales taxes that are required to be filed by any person prior to the Closing.

(g) Consents and Releases. Each Purchaser shall have received written consents from all third parties necessary or appropriate to effect the Acquisition.

(h) Transaction Documents. All Transaction Documents and other closing deliveries required to be made by Seller under Section 2.07(a) of this Agreement, shall have been delivered to Escrow Agent on or before the date such deliveries are due under Section 2.07(a) of this Agreement.

(i) Other Documents. Seller shall have furnished to the applicable Purchaser such other documents relating to such party's corporate existence and authority (including copies of resolutions of the respective boards of directors (or a similar governing body) of such party, if applicable), absence of Liens, and such other matters as such Purchaser or its counsel or Title Company or Escrow Agent may reasonably request.

(j) Title Policy. Title Company shall be irrevocably committed to issue each Title Policy to each applicable Purchaser on the Closing Date in an aggregate amount equal to the Purchase Price and subject only to Permitted Liens.

(k) Out of Compliance. No Facility shall be Out of Compliance as of the Closing Date; provided, however, solely for the purpose of determining if this closing condition is or is not satisfied as of the Closing Date, a Facility shall not be deemed Out of Compliance because of any temporary admissions ban related to an outbreak of COVID-19 or other infectious disease at such Facility.

(l) Special Focus Facility. No Facility shall be a Special Focus Facility nor a candidate for a Special Focus Facility as of the Closing Date.

(m) MOTA. The closing of the transactions contemplated under each MOTA shall occur simultaneously with the Closing under this Agreement.

(n) Attorney General Approval. Seller shall have obtained the Attorney General Approval and such Attorney General Approval does not impose any unreasonable and material conditions on the approval that are unacceptable to Purchasers and/or New Operators (in their reasonable determination). For purposes of this subsection, "material conditions" shall mean any such condition, covenant or requirement promulgated by the Attorney General Approval that imposes a financial burden on Purchasers or New Operators collectively in the amount of $500,000 or more. If the Attorney General Approval contains any material conditions on the approval that are unacceptable to Purchasers and/or New Operators in accordance with this section, then Purchasers and Seller shall meet and confer for a period of fourteen (14) days after receipt of the Attorney General Approval (the "Meet and Confer Period") to use their commercially reasonable efforts to reach a mutually acceptable resolution to address such material conditions. If the parties are unable to reach a mutually acceptable resolution during the Meet and Confer Period, then Purchasers can terminate this Agreement, in which case, a portion of the Deposit shall be returned to Purchasers and a portion of the Deposit shall be released to Seller, in accordance with the terms and provisions of Section 2.02(d) of this Agreement.

SECTION 6.03. Conditions to Obligation of Seller. The obligation of Seller to grant, sell, assign, transfer, convey and deliver the Acquired Assets is subject to the satisfaction (or waiver by Seller) on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. The representations and warranties of each applicable Purchaser made in this Agreement and the Ancillary Agreement qualified as to materiality shall be true, correct and complete, and those not so qualified shall be true, correct and complete in all material respects, as of the date hereof and as of the Closing Date as though made on such Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to materiality shall be true, correct and complete, and those not so qualified shall be true, correct and complete in all material respects, on and as of such earlier date), in each case except for breaches as to matters that, individually or in the aggregate, could not reasonably be expected to have a Purchaser Material Adverse Effect. Seller shall have received a certificate signed by an authorized officer of each applicable Purchaser to such effect.

(b) Performance of Obligations of Purchaser. Each applicable Purchaser shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by such Purchaser by the time of the Closing, and Seller shall have received a certificate signed by an authorized officer of each applicable Purchaser to such effect.

(c) Transaction Documents. All Transaction Documents and other closing deliveries required to be made by Purchasers and/or New Operators under Section 2.07(b) of this Agreement, shall have been delivered to Escrow Agent on or before the date such deliveries are due under Section 2.07(b) of this Agreement.

(d) MOTA. The closing of the transactions contemplated under each MOTA shall occur simultaneously with the Closing under this Agreement.

(e) Attorney General Approval. Seller shall have obtained the Attorney General Approval.

(f) Board Approval. The board of directors of Seller shall have approved Seller entering into this Agreement and closing the transactions contemplated hereunder.

SECTION 6.04. Frustration of Closing Conditions. Neither any Purchaser nor Seller may rely on the failure of any condition set forth in this Article VI to be satisfied if such failure was caused by such party's failure to act in good faith or to use its reasonable efforts to cause the Closing to occur, as required by Section 5.05.

ARTICLE VII
TERMINATION, AMENDMENT AND WAIVER

SECTION 7.01. Termination.

(a) Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated and the Acquisition and the other transactions contemplated by this Agreement abandoned at any time prior to any Closing:

(i) by the mutual written consent of Seller and Purchasers;

(ii) by Seller if any of the conditions set forth in Sections 6.01 or 6.03 shall have become incapable of fulfillment, and shall not have been waived by Seller, so long as none of Seller is then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement;

(iii) by Purchasers if any of the conditions set forth in Sections 6.01 or 6.02 shall have become incapable of fulfillment, and shall not have been waived by Purchasers, so long as none of the Purchasers is then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement;

(iv) by Purchasers pursuant to the terms and provisions of Sections 2.04, 2.05 or 2.09;

(v) by Purchasers if any action or inaction on the part of Seller renders Seller unable to deliver good, valid and marketable title to any of the Acquired Assets to the applicable Purchasers and/or New Operators; and

(vi) by Purchasers if any action or notification of an intended action by any state or federal agency adversely affects any Facility's Licenses or Medicare or Medi-Cal provider agreement(s);

provided, however, that the party seeking termination pursuant to clause (ii) or (iii) is not then in material breach of any of its representations, warranties, covenants or agreements contained in this Agreement.

(b) In the event of termination by Seller or Purchasers pursuant to this Section 7.01, written notice thereof shall forthwith be given to the other and the transactions contemplated by this Agreement shall be terminated, without further action by any party. If the transactions contemplated by this Agreement are terminated as provided herein:

(i) The Purchasers shall return all documents and other material received from Seller relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to Seller; and

(ii) all confidential information received by any of the Purchasers with respect to the Business shall be treated in accordance with Section 5.04 of this Agreement, which provisions shall remain in full force and effect notwithstanding the termination of this Agreement.

SECTION 7.02. Effect of Termination. If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in Section 7.01, this Agreement shall become null and void and of no further force and effect, except for the provisions of (i) Section 2.05 (e) relating to the obligations of Purchasers to indemnify Seller, (ii) Section 5.04 relating to the obligation of Purchasers to keep confidential certain information and data obtained by it from Seller, (iii) Sections 5.05 and 9.03 relating to certain expenses, (iv) Section 5.06 relating to finder's fees and broker's fees, (v) Section 7.01 and this Section 7.02 and (vi) Section 5.12 relating to publicity. Nothing in this Section 7.02(a) shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement. If this Agreement is terminated in full pursuant to clauses (i), (ii) (for any reason other than a default by Purchasers), (iii), (iv), (v), or (vi) of Section 7.01(a), then the Deposit (less the Independent Consideration), plus all interest accrued thereon, shall be returned to Purchasers.

SECTION 7.03. Amendments and Waivers. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. By an instrument in writing Purchasers, on the one hand, or Seller, on the other hand, may waive compliance by the other party with any term or provision of this Agreement that such other party was or is obligated to comply with or perform.

ARTICLE VIII
INDEMNIFICATION

SECTION 8.01. Indemnification by Seller

(a) Seller shall indemnify, defend and protect each Purchaser, each New Operator and their respective affiliates and their respective officers, directors, employees, stockholders, members, managers, partners, agents, attorneys and representatives (collectively, the "Purchaser Indemnified Parties") against, and hold them harmless from, any Losses, as incurred (payable promptly upon written request), arising from, in connection with or otherwise with respect to:

(i) any breach of any representation or warranty of Seller that is contained in this Agreement, in any Ancillary Agreement (including, without limitation, under Section 15.2 of each MOTA) or in any document delivered in connection herewith or therewith (it being agreed and acknowledged by the parties that for purposes of each Purchaser's and New Operator's right to indemnification pursuant to this Section 8.01 the representations and warranties of Seller shall be deemed not qualified by any references therein to materiality generally or to whether or not any breach results or may result in Seller Material Adverse Effect);

(ii) any breach of any covenants of Seller contained in this Agreement, in any Ancillary Agreement (including, without limitation, under Section 15.2 of each MOTA) or in any document delivered in connection herewith or therewith;

(iii) any Excluded Liability;

(iv) any fees, expenses or other payments incurred or owed by or claimed through Seller to any brokers, financial advisors or comparable other persons retained or employed by Seller in connection with the transactions contemplated by this Agreement or by any Ancillary Agreement, including, without limitation, any fees payable to the Broker in connection with the Closing; and

(v) any out-of-pocket expenses incurred by Purchaser or New Operator (including, without limitation, fees payable to any third-party consultants or professionals that Purchaser or New Operator deem reasonably necessary or appropriate, to restore any Facility into substantial compliance to the extent any Facility was Out of Compliance (hereinafter defined) as of the Closing Date), any applicable fines, penalties, damages and lost revenue arising either as a result of (i) Purchaser and New Operators electing to close notwithstanding a Facility having been Out of Compliance, or (ii) any Facility being Out of Compliance after the Closing as a result of acts, omissions or occurrences occurring prior to the Closing Date. "Out of Compliance" means (A) a finding by a Governmental Entity of one or more deficiencies at any Facility at a "level G" or above in either (x) its most recent standard or complaint survey that has not found to have been corrected such that such Facility is found to be in "substantial compliance" with applicable Health Care Requirements by the applicable Governmental Entity or (y) any prior survey that includes a finding which requires a resurvey which resurvey has not taken place with a finding that the applicable Facility was in substantial compliance; (B) a finding by a Governmental Entity that any Facility has deficiencies that have caused or are likely to cause serious harm, injury, impairment or death if not immediately rectified to resident health and safety that has not

found to have been corrected by the applicable Governmental Entity; (C) a recommendation by a Health Care Authority to the Centers for Medicare and Medicaid Services ("CMS") or other Governmental Entity for the imposition against any Facility of civil monetary penalties, or the imposition of same by CMS; and/or (D) a denial of any Facility's right to admit patients or to receive Medicare or Medi-Cal payments or reimbursements for existing patients or for new admissions, at any Facility; and

(vi) any claim by any Governmental Entity, third party payor, RAC audit, ZPIC audit, or any claim of recapture by the Centers for Medicare and Medicaid Services, the U.S. Office of Inspector General or any other Governmental Entity with respect to an alleged Medicare or Medi-Cal overpayment for periods relating prior to the Closing Date, including, without limitation, with respect to any Stimulus/Relief Funds received by any of Seller.

(b) Except as otherwise specifically provided in this Agreement, in any Ancillary Agreement or in any document delivered in connection herewith or therewith, each Purchaser acknowledges that its sole and exclusive monetary remedy after the Closing with respect to any and all claims relating to this Agreement, the Ancillary Agreements, any documents delivered in connection herewith or therewith, the Acquisition and the other transactions contemplated hereby and thereby (other than claims of, or causes of action arising from, fraud) shall be pursuant to the indemnification provisions set forth in this Article VIII.

SECTION 8.02. Indemnification by Purchasers and New Operator.

(a) Each Purchaser, jointly and severally, shall indemnify, defend and protect Seller, its affiliates, officers, directors, employees, stockholders, members, managers, partners, agents, attorneys and representatives against, and agrees to hold them harmless from, any Losses, as incurred (payable promptly upon written request), for or on account of or arising from or in connection with or otherwise with respect to (i) any breach of any representation or warranty of any Purchaser contained in any Transaction Document or in any document delivered in connection herewith or therewith, (ii) any breach of any covenants of any Purchaser contained in this Agreement, in any Ancillary Agreement or in any document delivered in connection herewith or therewith, or (iii) any fees, expenses or other payments incurred or owed by Purchaser to any brokers, financial advisors or other comparable persons retained or employed by it in connection with the transactions contemplated by this Agreement or by any Ancillary Agreement, other than any fees payable to the Broker in connection with the Closing.

(b) Each New Operator, jointly and severally, shall indemnify, defend and protect Seller, its affiliates, officers, directors, employees, stockholders, members, managers, partners, agents, attorneys and representatives against, and agrees to hold them harmless from, any Losses, as incurred (payable promptly upon written request), for or on account of or arising from or in connection with or otherwise with respect to (i) any breach of any representation or warranty of New Operator contained in any Transaction Document or in any document delivered in connection herewith or therewith (including, without limitation, under Section 15.3 of each MOTA), (ii) any breach of any covenants of the New Operator contained in this Agreement, in any Ancillary Agreement (including, without limitation, under Section 15.3 of each MOTA) or in any document delivered in connection herewith or therewith, (iii) any fees, expenses or other payments incurred or owed by the New Operator to any brokers, financial advisors or other

comparable persons retained or employed by it in connection with the transactions contemplated by this Agreement or by any Ancillary Agreement, other than any fees payable to the Broker in connection with the Closing and (iv) any Assumed Liability.

SECTION 8.03. Calculation of Losses. The amount of any Losses for which indemnification is provided under this Article VIII shall be net of any amounts actually recovered by the indemnified party under insurance policies with respect to such Losses and shall be increased to take account of any Tax cost incurred by the indemnified party arising from the receipt of indemnity payments hereunder.

SECTION 8.04. Termination of Indemnification. The obligations to indemnify and hold harmless any party, (i) pursuant to Section 8.01(a)(i) or 8.02(i), shall terminate when the applicable representation or warranty terminates pursuant to Section 8.06 and (ii) pursuant to the other clauses of Sections 8.01 and 8.02 shall not terminate; provided, however, that, with respect to clause (i), such obligations to indemnify and hold harmless shall not terminate with respect to any item as to which the person to be indemnified shall have, before the expiration of the applicable period, previously made a claim by delivering a notice of such claim pursuant to Section 8.05 to the party to be providing the indemnification.

SECTION 8.05. Procedures.

(a) Third Party Claims. In order for a party (the "indemnified party") to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a claim made by any person against the indemnified party (a "Third Party Claim"), such indemnified party must notify the indemnifying party in writing of the Third Party Claim with reasonable promptness following receipt by such indemnified party of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent the indemnifying party shall have been actually and materially prejudiced as a result of such failure. Thereafter, the indemnified party shall deliver to the indemnifying party, with reasonable promptness following the indemnified party's receipt thereof, copies of all notices and documents (including court papers) received by the indemnified party relating to the Third Party Claim.

(b) Assumption. If a Third Party Claim is made against an indemnified party, the indemnifying party shall be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the indemnifying party; provided, however, that such counsel is reasonably satisfactory to the indemnified party. If the indemnifying party so elects to assume the defense of a Third Party Claim, the indemnifying party shall not be liable to the indemnified party for any legal expenses subsequently incurred by the indemnified party in connection with the defense thereof. If the indemnifying party assumes such defense, the indemnified party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the indemnifying party, it being understood that the indemnifying party shall control such defense. The indemnifying party shall be liable for the fees and expenses of counsel employed by the indemnified party for any period during which the indemnifying party has not assumed the defense thereof. If the indemnifying party chooses to defend or prosecute a Third Party Claim, all the indemnified parties shall cooperate in the defense or prosecution thereof. Such cooperation shall include the retention and

(upon the indemnifying party's request) the provision to the indemnifying party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Whether or not the indemnifying party assumes the defense of a Third Party Claim, the indemnified party shall not admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the indemnifying party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). If the indemnifying party assumes the defense of a Third Party Claim, the indemnified party shall agree to any settlement, compromise or discharge of such Third Party Claim that the indemnifying party may recommend and that by its terms obligates the indemnifying party to pay the full amount of the liability in connection with such Third Party Claim, which releases the indemnified party completely in connection with such Third Party Claim and that would not otherwise adversely affect the indemnified party. The assumption by an indemnifying party of a Third Party Claim shall conclusively establish that such Third Party Claim is within the scope of and subject to indemnification hereunder. Notwithstanding the foregoing, the indemnifying party shall not be entitled to assume the defense of any Third Party Claim (and shall be liable for the reasonable fees and expenses of counsel incurred by the indemnified party in defending such Third Party Claim) if (i) the Third Party Claim seeks an order, injunction or other equitable relief or relief for other than money damages against the indemnified party or (ii) the indemnifying party is also a person against whom the Third Party Claim is made and the indemnified party determines in good faith that joint representation would be inappropriate.

(c) Other Claims. In the event any indemnified party has a claim against any indemnifying party under Section 8.01 or 8.02 that does not involve a Third Party Claim being asserted against or sought to be collected from such indemnified party, the indemnified party shall deliver notice of such claim with reasonable promptness to the indemnifying party. Subject to Sections 8.04 and 8.06, the failure by any indemnified party so to notify the indemnifying party shall not relieve the indemnifying party from any liability that it may have to such indemnified party under Section 8.01 or 8.02, except to the extent that the indemnifying party demonstrates that it has been materially prejudiced by such failure. If the indemnifying party does not notify the indemnified party within ten (10) calendar days following its receipt of such notice that the indemnifying party disputes its liability to the indemnified party under Section 8.01 or 8.02, such claim specified by the indemnified party in such notice shall be conclusively deemed a liability of the indemnifying party under Section 8.01 or 8.02 and the indemnifying party shall pay the amount of such liability to the indemnified party on demand or, in the case of any notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of such claim (or such portion thereof) becomes finally determined.

(d) Escrow Funds. All claims for Losses for which indemnification of Purchaser or New Operator is provided under this Section 8 shall be made first against the Escrow Funds under the terms of the Escrow Indemnity Agreement. On the date that that is twelve (12) months after the Closing Date (the "First Release Date"), $250,000.00 of the Escrow Funds shall be released to Seller, less (x) the amount of any disbursements made to any Purchaser and/or any New Operator from the Escrow Funds in accordance with this Agreement and the Escrow Indemnity Agreement, and (y) the amount of any outstanding unresolved claims that were made by any Purchaser and/or any New Operator on or before the First Release Date; provided,

however, (1) no such release shall cause the Escrow Funds on deposit with Escrow Agent to be less than $250,000.00 and (2) if the Escrow Funds on deposit remaining with Escrow Agent as of the First Release Date are less than $250,000.00, then no Escrow Funds shall be released to Seller on the First Release Date. On the second anniversary of the Closing Date (the "Final Release Date"), the balance of the Escrow Fund then on deposit with Escrow Agent shall be released to the Seller, less the amount of outstanding unresolved claims by any Purchaser and/or any New Operator on or before the Final Release Date, which amounts shall be retained by the Escrow Agent to be held and invested by it under the terms of Escrow Indemnity Agreement until such claims are finally resolved and then disbursed in accordance with the terms of the Escrow Indemnity Agreement.

(e) Parent Guaranty. On the Closing Date, Eskaton, a California nonprofit public benefit corporation ("Eskaton Guarantor") shall execute and deliver to Purchasers and New Operators a guaranty, substantially in the form of Exhibit J attached hereto (the "Eskaton Guaranty"), pursuant to which Eskaton Guarantor shall guaranty any indemnified Losses in favor of any of the Purchaser Indemnified Parties in excess of the amount of the Escrow Funds then on deposit with Escrow Agent. The Eskaton Guaranty shall terminate on the date that is three (3) years after the Closing Date (the "Guaranty Survival Date"); provided, however, any claims for Losses by any Purchaser Indemnified Parties prior to the Guaranty Survival Date that have not been finally resolved prior to the Guaranty Survival Date shall survive the Guaranty Survival Date until all such claims have been finally resolved.

(f) Straddle Claims. Notwithstanding the foregoing, to the extent that any claim, matter, circumstance, event or occurrence exists both prior to, and after the Closing Date, such that any New Operator is entitled to indemnification from Seller for Losses attributable to periods prior to the Closing Date, and Seller is entitled to indemnification from any New Operator for Losses attributable to periods on and after the Closing Date (each such claim, a "Straddle Claim"), the respective indemnification obligations of the parties with respect to all such Straddle Claims shall be equitably apportioned between such New Operator on one hand, and the Seller, on the other hand, based on: 1) on comparative fault based on the facts of the case, to the extent determinable, and 2) if the comparative fault cannot be reasonably determined, on the respective lengths of time, comparative opportunity to correct or prevent such matter, circumstance, event or occurrence, regardless of whether or not such Straddle Claim also gives rise to a breach of any of the representations and warranties made by any of the parties hereunder. In the event of a Straddle Claim, the parties will meet and confer in a good faith effort to resolve the dispute and the equitable apportionment between the parties.

(g) Survival. The indemnification obligations of the parties under this Article VIII shall survive the Closing.

SECTION 8.06. Survival of Representations and Covenants.

(a) The representations, warranties, covenants and agreements contained in this Agreement and in any document delivered in connection herewith shall survive the Closing solely for purposes of this Article VIII as follows: (i) all representations and warranties of Seller (other than the representations and warranties under Section 3.01, 3.02, 3.03, 3.05, 3.09, 3.12, 3.14, 3.17, 3.18, 3.19, or 3.22 (collectively, the "Fundamental/Operational Representations"))

shall survive for one (1) year following the Closing; (ii) The Fundamental/Operational Representations shall survive for two (2) years after the Closing; and (iii) claims for fraud shall survive for the applicable statute of limitations period.

ARTICLE IX
GENERAL PROVISIONS

SECTION 9.01. Assignment. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any Purchaser, any New Operator or Seller (including by operation of law in connection with a merger or consolidation of any Purchaser, any New Operator or Seller) without the prior written consent of the other parties hereto, which consent, may be withheld in its sole and absolute discretion. Notwithstanding the foregoing, each Purchaser may without having to obtain the prior written consent of Seller (a) assign its rights hereunder, including its right to purchase the Acquired Assets or any portion thereof, or delegate the performance of any of its obligations hereunder, to one or more subsidiaries or affiliates of such Purchaser or any corporation, partnership, limited liability company, business trust or other entity owned, managed or controlled by, directly or indirectly, Abraham Bak and/or Menachem Gastwirth, (b) assign its rights hereunder by way of security and such secured party may assign such rights by way of exercise of remedies, and (c) assign its rights to indemnity, in whole or in part, to any purchaser of all or any portion of the Business or to a New Operator. In case of any assignment, Purchaser and any New Operator shall not be released from any of its obligations hereunder. Any attempted assignment in violation of this Section 9.01 shall be void.

SECTION 9.02. No Third-Party Beneficiaries. Except as provided in Article VIII and as expressly provided herein with respect to each New Operator, this Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any person, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

SECTION 9.03. Attorneys' Fees. A party in breach of this Agreement shall, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal, accounting, consulting and expert witness fees and expenses, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement. The payment of such expenses is in addition to any other relief to which such other party may be entitled.

SECTION 9.04. Intentionally Omitted.

SECTION 9.05. Notices. All notices or other communications required or permitted hereunder shall be addressed to the respective parties at the address set forth below, in writing, and shall be personally delivered (including by means of professional messenger service or reputable air express service utilizing receipts) or sent by (i) telecopy, receipt confirmed, or (ii) PDF via electronic mail (e-mail), or (iii) nationally-recognized overnight courier service (e.g., Federal Express), or (iv) United States mail, certified, and postage fully prepaid, return receipt requested, and in each case (except as expressly set forth below) shall be deemed received upon the date of receipt thereof if received prior to 5:00 p.m. of the recipient's business day, provided that (A) in the case of (ii) above, either (x) the other party (or its counsel)

acknowledges receipt thereof by return e-mail, or (y) an additional notice is sent pursuant to clause (i), (iii) or (iv) herein, (B) in the case of (iii) above, notice shall be deemed received one (1) business day after deposit with such nationally recognized overnight courier service, and (C) in the case of (iv) above, notice shall be deemed received five (5) business days after deposit with the United States mail. Notice of change of address shall be given by written notice in the manner detailed in this Section 9.05.

(i) if to Purchasers, to:

c/o International Equity Partners, Inc.
6442 Coldwater Canyon Avenue, Suite 100
North Hollywood, CA 91606
Attention: Abraham Bak
Email: abe@iepcorp.com

with a copy to (which shall not constitute notice):

Fenigstein & Kaufman
1900 Avenue of the Stars, Suite 2300
Los Angeles, CA 90067
Attention: S. Jack Fenigstein and Steven Rosenfeld
Email: jack_fenigstein@fenkauf.com and steven_rosenfeld@fenkauf.com

(ii) if to Seller, to:

Eskaton Properties, Incorporated
5105 Manzanita Avenue
Carmichael, CA 95608
Attention: Mark Jenkins
Email: markjenkins@eskaton.org

with a copy to (which shall not constitute notice):

Hefner Law
2150 River Plaza Drive, Ste. 450
Sacramento, CA 95833
Attention: Timothy M. Cronan
Email: tcronan@hsmlaw.com

SECTION 9.06. Interpretation; Exhibits and Schedules; Certain Definitions. (a)The headings contained in this Agreement, in any Exhibit or Schedule hereto and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All Recitals, and all Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein, shall have the meaning as defined in this Agreement. When a

reference is made in this Agreement to a Section, Article, Exhibit or Schedule, such reference shall be to a Section or Article of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated.

(b) For all purposes hereof:

"Affiliate" of any person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person. For the purposes of this definition, "control" or "controlled" means the possession of the power, directly or indirectly, to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise.

"Ancillary Agreements" means all agreements and instruments executed and delivered in connection with this Agreement.

"including" means including, without limitation.

"Losses" mean, collectively, any loss, liability, claim, damage or expense (including reasonable legal fees and expenses).

"Material Repairs" means non-cosmetic repairs or replacements to any Facility that are structural in nature or involve the electrical, mechanical, fire, life, safety or HVAC systems at any Facility or their roofs or involve environmental remediation.

"person" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, Governmental Entity, Health Care Authority, or other entity.

"subsidiary" of any person means another person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, 50% or more of the equity interests of which) is owned directly or indirectly by such first person or by another subsidiary of such person.

"Transaction Documents" means this Agreement together with the Ancillary Agreements.

SECTION 9.07. Authorship. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

SECTION 9.08. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties. Executed copies of this Agreement may be delivered by telecopier, email, DocuSign or other electronic means and upon receipt will be deemed originals and binding upon the parties hereto, regardless of whether originals are delivered thereafter.

SECTION 9.09. Entire Agreement. This Agreement and the Ancillary Agreements, along with the Schedules and Exhibits thereto, contain the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter. Neither party shall be liable or bound to any other party in any manner by any representations, warranties or covenants relating to such subject matter except as specifically set forth herein or in the Ancillary Agreements.

SECTION 9.10. Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other persons or circumstances.

SECTION 9.11. Consent to Jurisdiction. Each party irrevocably submits to the exclusive jurisdiction of (a) any state court located in Sacramento County, California, and (b) the United States District Court for the Eastern District of California, for the purposes of any suit, action or other proceeding arising out of this Agreement, any Ancillary Agreement or any transaction contemplated hereby or thereby. Each of Purchasers and Seller agrees to commence any such action, suit or proceeding either in the United States District Court for the Eastern District of California or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in any state court located in Sacramento County, California. Each of Purchasers and Seller further agrees 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 California with respect to any matters to which it has submitted to jurisdiction in this Section 9.11. Each of Purchasers and Seller irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement, any Ancillary Agreement or the transactions contemplated hereby and thereby in (i) any state court located in Sacramento County, California, or (ii) the United States District Court for the Eastern District of California, and hereby further irrevocably and unconditionally waives and agrees 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.

SECTION 9.12. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

SECTION 9.13. Waiver of Jury Trial. Each party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect to any litigation directly or indirectly arising out of, under or in connection with this Agreement, any Ancillary Agreement or any transaction contemplated hereby or thereby. Each party (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce that foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this

Agreement and the Ancillary Agreements, as applicable, by, among other things, the mutual waivers and certifications in this Section 9.13.

SECTION 9.14. Patriot Act Representations. Seller and each Purchaser hereby represents and warrants that it is not, and is not acting, directly or indirectly, for or on behalf of, any person or entity named as a "specially designated national and blocked person" (as defined in Presidential Executive Order 13224) on the most current list published by the U.S. Treasury Department of Foreign Assets Control, and that it is not engaged in this transaction, directly or indirectly, on behalf of, and is not facilitating this transaction, directly or indirectly, on behalf of, any such person or entity. Seller and each Purchaser also represents and warrants that neither it nor its constituents or Affiliates are in violation of any Applicable Law relating to terrorism or money laundering, including the aforesaid Executive Order and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56), as amended. Seller and each Purchaser hereby agrees to defend, indemnify and hold harmless the other parties from and against any and all Losses arising from or related to any breach of the foregoing representations and warranties by the indemnifying party.

SECTION 9.15. Business Day. If any day or date herein falls on a non-business day, then such day or date shall automatically be extended to the next business day. The term "Business Day" means any day other than (i) a Saturday or a Sunday, and (ii) a day on which federally insured depository institutions in Sacramento, California are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

[Signatures on the Following Page]

IN WITNESS WHEREOF, Seller and Purchasers have duly executed this Agreement as of the date first written above.

SELLER:

ESKATON PROPERTIES, INCORPORATED
a California nonprofit public benefit corporation

By: _____
Name: Todd Murch
Title: CEO

PURCHASERS:

11300 FAIR OAKS BOULEVARD, LLC,
455 FLORIN ROAD, LLC, and
5318 MANZANITA AVENUE, LLC,
each, a California limited liability company

By: _____
Name: Abe Bak
Title: Manager

IN WITNESS WHEREOF, Seller and Purchasers have duly executed this Agreement as of the date first written above.

SELLER:

ESKATON PROPERTIES, INCORPORATED
a California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____

PURCHASERS:

11300 FAIR OAKS BOULEVARD, LLC,
455 FLORIN ROAD, LLC, and
5318 MANZANITA AVENUE, LLC,
each, a California limited liability company

By: _____
Name: Abe Bak
Title: Manager

ESCROW AGENT SIGNATURE PAGE

Accepted and agreed to:

ESCROW AGENT:

FIDELITY NATIONAL TITLE INSURANCE COMPANY

By:_____
Name:_____
Title:_____

LIST OF EXHIBITS AND SCHEDULES

Exhibits "A-1" through "A-3"	-	Legal Description
Exhibit "B"	-	Form of Deed
Exhibit "C"	-	Form of Bill of Sale
Exhibit "D"	-	Form of New Operator Bill of Sale
Exhibit "E"	-	Form of Assignment of Contracts
Exhibit "F"	-	Form of Escrow Indemnity Agreement
Exhibit "G"	-	Intentionally Omitted
Exhibit "H"	-	Form of MOTA
Exhibit "I"	-	Form of Joinder Agreement
Exhibit "J"	-	Form of Eskaton Guaranty
Schedule "1"	-	Facilities and Seller
Schedule 1.02(b)	-	Excluded Assets
Schedule 1.04(c)	-	Transfer Costs
Schedule 2.03	-	Documents and Information
Schedule 2.04	-	Required Operations Due Diligence Materials
Schedule 3.04	-	Financial Statements
Schedule 3.05(b)	-	Bed Count
Schedule 3.05(f)	-	Survey Deficiencies
Schedule 3.05(g)	-	Health Care Proceedings
Schedule 3.05(j)	-	Accounts Receivable Liens
Schedule 3.05(n)	-	Audits, Cost Reports and Recoupment Efforts
Schedule 3.05(u)	-	Leases
Schedule 3.05(z)	-	Room Size Waivers

Schedule 3.06	-	Liens on Assets (Other than Real Property)
Schedule 3.07(a)	-	Other Real Property Interests
Schedule.3.07(e)	-	Liens on Real Property
Schedule 3.08	-	Intentionally Omitted
Schedule 3.09	-	Contracts
Schedule 3.09(c)	-	Contracts Requiring Consent for Assignment
Schedule 3.09(d)	-	Patient Care Contracts
Schedule 3.11	-	Personal Property
Schedule 3.12	-	Stimulus/Relief Funds
Schedule 3.14	-	Permits
Schedule 3.15	-	Insurance
Schedule 3.17	-	Taxes
Schedule 3.18	-	Proceedings
Schedule 3.19(a)	-	Seller Pension Plans
Schedule 3.21(b)	-	Aboveground and Underground Storage Tanks
Schedule 3.22	-	Employee and Labor Matters
Schedule 3.27	-	Rents Payable
Schedule 5.19	-	Purchase Price Allocation
Schedule 5.22	-	Names

EXHIBIT A-1

LEGAL DESCRIPTION OF FAIR OAKS PROPERTY

TRACT TWO: (Eskaton Care Center Fair Oaks, 11300 Fair Oaks Blvd., Fair Oaks, CA)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel "A" as shown on the Parcel Map entitled "Portion of SE ¼ of Sect. 1, T. 9 N., R. 6 E., M.D.B.& M.", filed in the office of the Recorder of Sacramento County; California, on May 21, 1980, in Book 57 of Parcel Maps, Map No. 40.

APN: 233-0142-048-0000

EXHIBIT A-2

LEGAL DESCRIPTION OF SACRAMENTO PROPERTY

TRACT THREE: (Eskaton Care Center Greenhaven, 455 Florin Road, Sacramento, CA)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcel 2 as shown on the Parcel Map entitled "Portion of Projected Sections 33 & 34, T. 8 N., 4 E., M.D.B. & M.", filed in the office of the Recorder of Sacramento County; California, on May 19, 1977, in Book 32 of Parcel Maps, Map No. 17.

APN: 030-0730-002-0000

EXHIBIT A-3

LEGAL DESCRIPTION OF CARMICHAEL PROPERTY

TRACT ONE: (Eskaton Care Center Manzanita, 5318 Manzanita Ave., Carmichael, CA)

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

All that portion of the Northeast ¼ of Section 4, Township 9 North, Range 6 East, M.D.B. & M., as described as follows:

BEGINNING at the Northwest corner of that certain 20.00 acre tract of land designated "Tract No. 1", as shown on the "Peck Ranch Subdivision", recorded in Book 2 of Surveys, Map No. 37, records of said County, said corner being a point on the East line of Manzanita avenue; thence from said point of beginning along the East line of Manzanita Avenue, and along the East boundary line of the survey and subdivision of Rancho Del Paso, the official plat of which is recorded in Book A of Surveys, Map No. 94, records of said County, North 01 degree 04' East, 330.00 feet; thence parallel to the North line of said Tract 1 North 89 degrees 56' East, 377.99 feet; thence Parallel to the East line of said Manzanita Avenue, South 01 degrees 04' West, 330.00 feet to a point on the North line of said Tract 1; thence along said North line South 89 degrees 56' West, 377.99 feet to the point of beginning;

TOGETHER WITH

All that portion of Section 4, Township 9 North Range 6 East, M.D.B. & M., described as follows:

BEGINNING at a point on the Southerly line of Ellerslee Drive, a public road 52.00 feet in width, from which the Northwest corner of Lot 105, as said Lot is shown so designated on the "Plat of Merrihill Unit No. 2" recorded in Book 46 of Maps, Map No. 33, records of said County, bears North 88 degrees 35' 40 degrees East, 18.57 feet; thence from said point of beginning South 00 degrees 46' 30" East, 329.98 feet; thence South 82 degrees 00' 30" West, 6.00 feet; thence North 00 degrees 46' 30" West, 330.00 feet to a point on the Southerly line of said Ellerslee Drive; thence Northeasterly, along the Southerly line of said Ellerslee Drive, curving to the right on an arc of 1551.49 feet radius said arc being subtended by a chord bearing North 88 degrees 07' 50" East, 6.60 feet to the point of beginning.

As shown on that certain Certificate of Compliance recorded in Document No. 202203280858, of Official Records.

APN: 232-0074-007-0000

EXHIBIT B

FORM OF DEED

Recording Requested By
and
When Recorded Mail To:

_____
_____
_____
Attention: _____

Mail Tax Statement To:

_____
_____
_____
Attention: _____

Above Space for Recorder's Use Only

GRANT DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S)

DOCUMENTARY TRANSFER TAX in _____ County is $_____ and the City of _____ tax is: $ _____.

[ ] computed on full value of property conveyed, or
[ ] computed on full value less value of liens or encumbrances remaining at time of sale.

[ ] Unincorporated area [ ] City of _____

A.P.N.: _____

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Eskaton Properties, Incorporated, a California nonprofit public benefit corporation hereby grants to _____, a _____ ("Grantee"), the real property in the County of Sacramento, State of California described on Exhibit "A" attached hereto and

incorporated herein by reference, subject to the matters set forth on Exhibit "B" attached hereto and incorporated herein by reference.

IN WITNESS WHEREOF, the Grantor has caused these presents to be executed in its name, by its proper officers thereunto duly authorized.

DATED: _____ _____, 202__

Eskaton Properties, Incorporated
A California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 202___, before me, _____, Notary Public, personally appeared _____,who proved to me on the basis of satisfactory evidence to be the person(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 authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "B"

PERMITTED ENCUMBRANCES

EXHIBIT C

FORM OF BILL OF SALE

BILL OF SALE

THIS BILL OF SALE ("Bill of Sale") is made as of _____ ___, 202_, by Eskaton Properties, Incorporated, a California nonprofit public benefit corporation (the "Seller"), in favor of _____, a _____ (the "Purchaser").

RECITALS:

A. Pursuant to a certain Asset Purchase Agreement (the "Purchase Agreement") dated _____, 202__, by and among Seller (as defined in the Purchase Agreement) and Purchasers (as defined in the Purchase Agreement), Seller has agreed to sell, transfer, convey, assign and deliver certain assets to Purchaser with respect to that certain skilled nursing facility located at _____ (the "Facility").

B. In order that Purchaser is in possession of an instrument vesting title in Purchaser to certain of the assets being acquired by it, Seller desires to execute and deliver this Bill of Sale.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged:

1. Defined Terms**.** Words whose initial letters are capitalized are defined terms. Unless otherwise defined in this Bill of Sale, such terms shall have the same meaning as that ascribed to them in the Purchase Agreement.

2. Transferred Assets.

2.1 **Acquired Assets**. Effective as of 12:00:01 a.m., Eastern Time, on the date of this Bill of Sale, Seller hereby sells, transfers, conveys, assigns, sets over and confirms unto the Purchaser and respective successors and assigns, to have and to hold, for its own use forever free and clear of all liens, pledges, charges and encumbrances of any nature whatsoever, all of Seller's rights, title and interest under, in and to the following assets with respect to the Facility (collectively, the "Acquired Assets"):

(a) All of Seller's right, title and interest in and to all tangible personal property and interests therein, including all machinery, equipment, computer systems, furniture, furnishings and vehicles, together with all repairs thereto and replacements thereof, and warranties relating thereto, located at the Facility and/or used in connection with the conduct of business at the Facility; and

(b) All rights, claims and credits to the extent relating to the Acquired Assets or any Assumed Liability, including any such items arising under insurance policies (including all insurance proceeds arising from any casualty, including all business interruption

insurance) and all guarantees, warranties, indemnities and similar rights in favor of Seller in respect of the Acquired Assets or any Assumed Liability.

3. Representations. Seller hereby covenants to and with the Purchaser that:

(a) the Acquired Assets are free from all claims, liens and encumbrances;

(b) Seller has good right and title to sell and transfer the Acquired Assets;

(c) Seller will warrant and defend the Acquired Assets against all lawful claims and demands whatsoever alleged to have arisen prior to the date of this Bill of Sale.

4. Further Assurances**.** Seller hereby covenants and agrees that it will from time to time, at the request of Purchaser and without further consideration, take such additional actions and duly execute and deliver to Purchaser and its successors such additional instruments and documents, as may be reasonably required in order to assign, transfer, vest title to any of the Acquired Assets in or to Purchaser and its successors and assigns.

5. Benefit**.** This Bill of Sale shall inure to Purchaser and its affiliates, and their successors and assigns, and shall be binding upon Purchaser and its affiliates and their successors and assigns.

6. No Modification to Purchase Agreement**.** This Bill of Sale is delivered pursuant to the Purchase Agreement and is subject in all respects to the provisions of the Purchase Agreement and is not meant to alter, enlarge, limit, or otherwise modify the provisions of the Purchase Agreement.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale to be executed on their behalf, as of the date first written above.

SELLER:

Eskaton Properties, Incorporated
a California nonprofit public benefit corporation

EXHIBIT D

FORM OF NEW OPERATOR BILL OF SALE

BILL OF SALE

THIS BILL OF SALE ("Bill of Sale") is made as of _____ ___, 202_, by Eskaton Properties, Incorporated, a California nonprofit public benefit corporation, (the "Seller"), in favor of _____, a _____(the "New Operator").

RECITALS:

A. Pursuant to a certain Asset Purchase Agreement (the "Purchase Agreement") dated _____, 2023, by and among Seller (as defined in the Purchase Agreement) and Purchasers (as defined in the Purchase Agreement), Seller agreed to sell, transfer, convey, assign and deliver to New Operator certain assets with respect to that certain skilled nursing facility located at _____ (the "Facility").

B. In order that New Operator is in possession of an instrument vesting title in New Operator to certain of the assets being acquired by it, Seller desires to execute and deliver this Bill of Sale.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged:

1. Defined Terms**.** Words whose initial letters are capitalized are defined terms. Unless otherwise defined in this Bill of Sale, such terms shall have the same meaning as that ascribed to them in the Purchase Agreement.

2. Transferred Assets.

2.1 Acquired Assets. Effective as of 12:00:01 a.m., Eastern Time, on the date of this Bill of Sale, Seller hereby sells, transfers, conveys, assigns, sets over and confirms unto the New Operator and its respective successors and assigns, to have and to hold, for its own use forever free and clear of all liens, pledges, charges and encumbrances of any nature whatsoever, all of Seller's rights, title and interest under, in and to the following assets with respect to the Facility (collectively, the "Acquired Assets"):

(a) Seller's Medicare Provider Agreement for the Facility, to be effective upon the date CMS provides written notice to Purchaser and/or New Operator and to Seller's intermediary that the change of ownership from Seller to Purchaser and/or New Operator has been completed and New Operator has been certified as the holder of Seller's Medicare and Medi-Cal provider numbers. New Operator shall be entitled to use the Medicare and Medi-Cal provider numbers for billing purposes on or after the date of this Bill of Sale.

(b) The Assigned Licenses and Permits;

(c) The Supplies;

(d) The Goodwill; and

(e) The Records.

3. Representations. Seller hereby covenants to and with the New Operator that:

(a) the Acquired Assets are free from all claims, liens and encumbrances;

(b) Seller has good right and title to sell and transfer the Acquired Assets;

(c) Seller will warrant and defend the Acquired Assets against all lawful claims and demands whatsoever.

4. Further Assurances**.** Seller hereby covenants and agrees that it will from time to time, at the request of New Operator and without further consideration, take such additional actions and duly execute and deliver to New Operator and its successors such additional instruments and documents, as may be reasonably required in order to assign, transfer, vest title to any of the Acquired Assets in or to New Operator and its successors and assigns.

5. Benefit**.** This Bill of Sale shall inure to New Operator and its affiliates, and their successors and assigns, and shall be binding upon New Operator and its affiliates and their successors and assigns.

6. No Modification to Purchase Agreement**.** This Bill of Sale is delivered pursuant to the Purchase Agreement and is subject in all respects to the provisions of the Purchaser Agreement and is not meant to alter, enlarge, limit, or otherwise modify the provisions of the Purchase Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale to be executed on their behalf, as of the date first written above.

SELLER:

Eskaton Properties, Incorporated, a California nonprofit public benefit corporation

EXHIBIT E

FORM OF ASSIGNMENT OF CONTRACTS

ASSIGNMENT AND ASSUMPTION OF ASSIGNED CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF ASSIGNED CONTRACTS (this "Agreement") is made as of the ____ of _____, 202_ (the "Effective Date"), Eskaton Properties, Incorporated, a California nonprofit public benefit corporation ("Seller"), and _____, a _____ ("New Operator").

RECITALS:

A. Pursuant to a certain Asset Purchase Agreement dated _____, 202__ (the "Purchase Agreement") by and among Seller (as defined in the Purchase Agreement) and Purchasers (as defined in the Purchase Agreement), Seller agreed to sell, transfer, convey, assign and deliver to _____ ("Purchaser") certain assets associated with that certain skilled nursing facility located at _____ (the "Facility").

B. Effective as of the Closing Date, Purchaser has leased the Facility to New Operator.

C. Pursuant to the Purchase Agreement, Seller agreed to assign, to the fullest extent legally assignable, to New Operator, and New Operator agreed to assume certain contracts.

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. ASSIGNMENT. Seller hereby grants, sells, bargains, conveys, transfers and assigns to New Operator, its successors and assigns, all of Seller's right, title and interest to the contracts set forth on Exhibit "A" (the "Assigned Contracts").

2. ASSUMPTION OF THE ASSIGNED CONTRACTS. New Operator hereby accepts the sale, bargain, conveyance, transfer and assignment by Seller to New Operator, its successors and assigns, of all of Seller's right, title and interest to the Assigned Contracts and hereby assumes Seller's obligations and liabilities under the Assigned Contracts arising on or after the Effective Date (the "Assumed Obligations").

3. MISCELLANEOUS PROVISIONS.

(a) Seller and New Operator agree, at the other party's request, whether on or after the date hereof, and without further consideration, that each shall execute and deliver any and all further instruments and documents, and take such further actions, as the other party may reasonably request or as may reasonably be required in order to more effectively vest in New Operator all of Seller's rights, titles and interests, in and to the Assigned Contracts, and to evidence New Operator's assumption of the Assumed Obligations, or to otherwise carry out the provisions of this Agreement.

(b) All of the terms, provisions and conditions of this Agreement shall be binding on, and shall inure to and be enforceable by, the parties hereto and its respective successors and assigns.

(c) Any word whose initial letter is capitalized is a defined term. Unless such term is defined herein, it shall have the same meaning as that attributed to such term in the Purchase Agreement.

(d) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(e) This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

SELLER:

Eskaton Properties, Incorporated, a California nonprofit public benefit corporation

NEW OPERATOR:

Exhibit “A”

Assigned Contracts

EXHIBIT F

ESCROW INDEMNITY AGREEMENT

ESCROW INDEMNITY AGREEMENT

THIS ESCROW INDEMNITY AGREEMENT (this "Agreement"), dated the _____ day of _____, 202_ by and among _____ a _____, hereinafter referred to as "BUYER" and _____ a _____, hereinafter referred to as "SELLER", and _____, sometimes hereinafter referred to as "ESCROW AGENT".

WHEREAS, SELLER and its affiliates and BUYER are parties to that certain Asset Purchase Agreement dated _____ __, 202__ (the "Purchase Agreement") pursuant to which SELLER and its affiliates have agreed (subject to the terms, conditions and limitations set forth therein) to sell to BUYER and BUYER has agreed (subject to the terms, conditions and limitations set forth therein) to purchase from SELLER and its affiliates, certain assets of SELLER and its affiliates', including but not limited to the real property and improvements on which certain skilled nursing facilities are operated, as well as contracts, licenses, furniture, fixtures, equipment and leases with which and under which the above described skilled nursing facility is operated, all as more particularly described in the Purchase Agreement; and

WHEREAS, pursuant to the Purchase Agreement, SELLER and its affiliates are required to deposit $500,000.00 with the ESCROW AGENT, to fund SELLER and its affiliates' indemnity obligations under the Purchase Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and premises herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. BUYER and SELLER do hereby appoint ESCROW AGENT to be and act as escrow agent, and ESCROW AGENT hereby accepts its appointment to hold in an escrow account (hereinafter referred to as the "Escrow Account") the Escrow Funds upon the terms and conditions as set forth in this Agreement. As used herein, the terms "Escrow Funds" shall mean funds in the amount of $500,000.00, to be deposited by SELLER with ESCROW AGENT on or before the "Closing Date" (as defined in the Purchase Agreement). Any income earned thereon shall be paid to Seller.

2. The SELLER may from time to time direct ESCROW AGENT to invest the Escrow Funds in their sole discretion for the benefit of the SELLER in "Permitted Investments" at "Eligible Institutions", as defined below, so long as the Escrow Account maintains a balance of at least $500,000.00, less any amounts paid to the BUYER. The ESCROW AGENT shall not be responsible for any investment charges or service fees, or for any loss, diminution in value or failure to achieve a greater profit as a result of such investment or investment charges or service fees. The term "Eligible Institution" shall mean a depository institution or trust company, the short term unsecured debt obligations or commercial paper of which are rated at least "A-1+" by

S&P, "P-1" by Moody's and "F-1+" by Fitch in the case of accounts in which funds are held for thirty (30) days or less (or, in the case of accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least "AA" by Fitch and S&P and "Aa2" by Moody's). The term "Permitted Investments" shall mean the investments outlined in Schedule 1 attached hereto.

3. The ESCROW AGENT shall hold the Escrow Funds, if and when received by it, in accordance with the terms of this Agreement. The Escrow Funds shall be paid in accordance with written instructions executed by BUYER in accordance with the provisions of Section 8.05(d) of the Purchase Agreement. The ESCROW AGENT shall not be responsible for any delay in the electronic wire transfer of funds.

4. On the date that that is twelve (12) months after the Closing Date (the "First Release Date"), $250,000 of the Escrow Funds shall be released to SELLER, less (x) the amount of any disbursements made to any PURCHASER and/or any New Operator (as defined in the Purchase Agreement) from the Escrow Funds in accordance with this Agreement and the Purchase Agreement, and (y) the amount of any outstanding unresolved claims that were made by any PURCHASER and/or any New Operator on or before the First Release Date; provided, however, (a) no such release shall cause the Escrow Funds on deposit with Escrow Agent to be less than $250,000, and (b) if the Escrow Funds on deposit remaining with Escrow Agent as of the First Release Date are less than $250,000, then no Escrow Funds shall be released to SELLER on the First Release Date.

5. On the second anniversary of the Closing Date (the "Final Release Date"), the balance of the Escrow Funds then on deposit with Escrow Agent shall be released to SELLER, less the amount of outstanding unresolved claims by PURCHASER and/or any New Operator on or before the Final Release Date, which amounts shall be retained by the Escrow Agent to be held and invested by it under the terms of this Agreement until such claims are finally resolved and then disbursed in accordance with the terms of this Agreement.

6. In the event of any disagreement between BUYER and SELLER resulting in conflicting instructions to, or adverse claims or demands upon the ESCROW AGENT with respect to the release of the Escrow Funds, the ESCROW AGENT shall refuse to comply with such instruction, claim or demand so long as such disagreement shall continue, and in so refusing the ESCROW AGENT shall not release the Escrow Funds, or make any other disposition of the Escrow Account. The ESCROW AGENT shall not be or become liable in any way to BUYER or SELLER for its failure or refusal to comply with any such conflicting instructions or adverse claims or demands, and it shall be entitled to continue so to refrain from acting until such conflicting or adverse demands (a) shall have been adjusted by agreement and it shall have been notified in writing thereof by BUYER and SELLER or (b) shall have finally been determined in a court of competent jurisdiction. Additionally, at its discretion the ESCROW AGENT may proceed with filing an interpleader action. Upon depositing the Escrow Funds with a court of competent jurisdiction, the ESCROW AGENT shall be released from any further obligation, responsibility or liability under this Agreement. In addition, the ESCROW AGENT shall be entitled to be reimbursed out of the Escrow Funds for its costs and reasonable attorney's fees that are incurred in connection with filing the interpleader action.

7. It is understood and agreed by the parties to this Agreement as follows:

(a) The ESCROW AGENT is not a trustee for any party for any purpose, and is merely acting as a depository and a ministerial capacity hereunder with the limited duties herein prescribed.

(b) The ESCROW AGENT has no responsibility in respect of any instructions, certificate or notice delivered to it or of the Escrow Account, other than faithfully to carry out the obligations undertaken in this Agreement and to follow the directions in such instructions or notice provided in accordance with the terms hereof.

(c) The SELLER and BUYER hereby agree, jointly and severally, to indemnify and hold harmless the ESCROW AGENT from and against all costs, damages, judgment, reasonable attorney's fees, expenses, obligations, and liabilities of any kind or nature, which ESCROW AGENT in good faith may incur or sustain in connection with this Agreement. The ESCROW AGENT shall not be liable for any actions taken or omitted by it in good faith and may rely upon, and act in accordance with the advice of its counsel without liability on its part for any action taken or omitted in accordance with such advice.

(d) The ESCROW AGENT may conclusively rely upon and act in accordance with any certificate, instructions, notice, letter, telegram, cablegram or other written instrument believed to be genuine and to have been signed or communicated by the proper party or parties.

(e) The ESCROW AGENT shall not be required to defend any legal proceeding which may be instituted against it in respect of the subject matter of this Agreement unless requested to do so by BUYER or SELLER and indemnified to the ESCROW AGENT'S satisfaction against the cost and expense of such defense. If any such legal proceeding is instituted against it, the ESCROW AGENT agrees promptly to give notice of such proceeding to BUYER and SELLER. The ESCROW AGENT shall not be required to institute legal proceedings of any kind.

(f) The Escrow Agent shall not, by act, delay, omission or otherwise, be deemed to have waived any right or remedy it my have, either under this Agreement or generally, unless such waiver be in writing, and no waiver shall be valid unless it is in writing, signed by the ESCROW AGENT, and only to the extent expressly therein set forth. A waiver by the ESCROW AGENT under the terms of this Agreement shall not be construed as a bar to, or waiver of, the same or any other such right or remedy which it would otherwise have on any other occasion.

(g) The ESCROW AGENT may resign as such hereunder by giving thirty (30) days written notice hereof to BUYER and SELLER. Within ten (10) days after receipt of such notice, BUYER and SELLER shall furnish to the ESCROW AGENT written instructions for the release of the Escrow Funds. If the BUYER and SELLER fail to furnish the written instructions within the ten (10) day period, the ESCROW AGENT may petition any court of competent jurisdiction for the appointment of a successor ESCROW AGENT and, upon such appointment, deliver the Escrow Funds to such successor. By doing so, the ESCROW AGENT shall not incur any liability to any Party to this Agreement and shall be released from any further

obligation, responsibility and liability under this Agreement. Furthermore, ESCROW AGENT shall be entitled to be reimbursed out of the Escrow Funds for its costs and reasonable attorney's fees that are incurred as a result of having to petition the court for the appointment of a successor.

8. Each notice, instruction or other certificate required or permitted by the terms hereof shall be in writing and shall be communicated by personal delivery, telecopier, telex or registered mail, return receipt requested, to the parties hereto at the addresses show below, or at such other address as any of them may designate by notice to each of the others:

(a) If to BUYER at:

_____
_____
Attention: _____
Fax No.: _____

With a copy to:

_____
_____
Attention: _____
Telephone: _____
Facsimile: _____

(b) If to the ESCROW AGENT at:

_____
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____

(c) If to SELLER at:

_____
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____

With a copy to:

_____
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____

All notices, instructions or certificates, given hereunder to the ESCROW AGENT, shall be effective upon receipt by the ESCROW AGENT. All notices given hereunder by the ESCROW AGENT shall be effective and deemed received upon personal delivery, or, if mailed, five (5) calendar days after mailing by the ESCROW AGENT, postage prepaid, certified mail, return receipt requested.

9. This Agreement may be modified, altered, amended, canceled or terminated only by the written agreement of the parties hereto.

10. This Agreement shall be governed by and construed in accordance with the laws of the State of California and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors in interest and assigns.

11. This Agreement may be executed in any one or more counterparts, each of which, when so executed, shall be deemed an original, and all such counterparts together shall constitute the same instrument. The execution of this Agreement by facsimile signature shall be binding and enforceable as an original; provided, that any party delivering a facsimile document shall thereafter execute and deliver to the other party an original instrument, effective as of the date of the facsimile instrument, as soon as reasonably possible thereafter.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereby have caused this Agreement to be executed by their duly authorized officers on the day and year first above written.

ESCROW AGENT: _____

By: _____
Name: _____
Title: _____

BUYER: _____

By: _____
Name: _____
Title: _____

SELLER: _____

By: _____
Name: _____
Title: _____

SCHEDULE 1
To Escrow Indemnity Agreement

Permitted Investments

The term "Permitted Investments" means any one or more of the following obligations or securities with maturities of not more than three hundred sixty-five (365) days acquired at a purchase price of not greater than par, payable on demand or having a maturity date not later than the first Business Day of each month following the date of acquiring such investment and meeting one of the appropriate standards set forth below:

(a) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States of America including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificate of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); provided, however, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(b) Federal Housing Administration debentures; obligations of the following United States government sponsored agencies: Federal Home Loan Mortgage Corp. (debt obligations), the Farm Credit System (consolidated systemwide bonds and notes), the Federal Home Loan Banks (consolidated debt obligations), the Federal National Mortgage Association (debt obligations), the Student Loan Marketing Association (debt obligations), the Financing Corp. (debt obligations), and the Resolution Funding Corp. (debt obligations); provided, however, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(c) federal funds, unsecured certificates of deposit, time deposits, bankers' acceptances and repurchase agreements with maturities of not more than three hundred sixty-five (365) days of any bank, the short term obligations of which at all times are rated in the highest short term rating category by two (2) of the rating agencies (or, if not rated by all rating agencies, rated by at least one (1) rating

agency in the highest short term rating category and otherwise acceptable to each other rating agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the then current ratings assigned to the Securities); provided, however, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(d) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, the short term obligations of which at all times are rated in the highest short term rating category by each rating agency (or, if not rated by all rating agencies, rated by at least one (1) rating agency in the highest short term rating category; provided, however, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(e) debt obligations with maturities of not more than three hundred sixty-five (365) days and at all times rated by each rating agency (or, if not rated by all rating agencies, rated by at least one (1) rating agency in its highest long-term unsecured debt rating category; provided, however, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity;

(f) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one (1) year after the date of issuance thereof) with maturities of not more than three hundred sixty-five (365) days and that at all times is rated by each rating agency (or, if not rated by all rating agencies, rated by at least one (1) rating agency and otherwise acceptable to each other rating agency in its highest short-term unsecured debt rating; provided, however, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (C) such investments must not be subject to liquidation prior to their maturity; and

(g) units of taxable money market funds, which funds are regulated investment companies, seek to maintain a constant net asset value per share and invest solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each rating agency (or, if not rated by all rating agencies, rated by at least one (1) rating agency for money market funds).

EXHIBIT G

INTENTIONALLY OMITTED

EXHIBIT H

FORM OF MOTA

EXHIBIT I

FORM OF JOINDER AGREEMENT

JOINDER AGREEMENT

For valuable consideration, _____ hereby joins in the foregoing Asset Purchase Agreement, dated as of the Effective Date (the "APA"), by and among _____, collectively as the "Seller", and _____, collectively as the "Purchasers", in the capacity of a "New Operator" as referenced in the APA with respect to the Facility located at _____ (the "New Operator Facility"). Capitalized terms used herein and not otherwise defined shall have the same meanings set forth in the APA.

The undersigned New Operator hereby accepts upon itself those obligations of the "New Operator" as set forth in the APA with respect to the New Operator Facility and hereby agrees to assume said obligations and to be bound by same.

NEW OPERATOR

_____

EXHIBIT J

FORM OF ESKATON GUARANTY

SCHEDULE 1

FACILITIES AND SELLER

Facility:	**Seller:**
Eskaton Care Center Fair Oaks 11300 Fair Oaks Boulevard Fair Oaks, CA 95628	Eskaton Properties, Incorporated 5105 Manzanita Avenue Carmichael, CA 95608 Attention: Mark Jenkins Email: markjenkins@eskaton.org
Eskaton Care Center Greenhaven 455 Florin Road Sacramento, CA 95831	Eskaton Properties, Incorporated 5105 Manzanita Avenue Carmichael, CA 95608 Attention: Mark Jenkins Email: markjenkins@eskaton.org
Eskaton Care Center Manzanita 5318 Manzanita Avenue Carmichael, CA 95608	Eskaton Properties, Incorporated 5105 Manzanita Avenue Carmichael, CA 95608 Attention: Mark Jenkins Email: markjenkins@eskaton.org

SCHEDULE 1.02(b)

EXCLUDED ASSETS

SCHEDULE 1.04(c)

TRANSFER COSTS

SCHEDULE 2.03

DOCUMENTS AND INFORMATION

1. Historical unaudited financial statements for 2019, 2020, 2021 and YTD 2022 with departmental detail by Revenue and Expense category.

2. Detailed Historical Census days organized by Payor Class for 2019, 2020, 2021 and YTD 2022.

3. Prior 2 Years Cost Reports for Medicaid and Medicare (audited if available)

4. Schedule of and copies of all vendor contracts in-place with the Facility that may not be canceled with 10-day notice or less.

5. Historical number of hours/wages paid and accrued by employees by department and position within each department for 2020, 2021 and YTD 2022

6. Schedule **And** Copies of Managed Care Payor Contracts

7. Copy of detailed floor plans reflecting units in use and number of beds in operation at the given unit. Include information of operating beds removed from use as well as existing room size waivers.

8. Detailed information on the size of existing emergency generators and the estimated age

9. Description and schedule of employee benefits and copies of all employee policy manuals and handbooks

10. Detailed Current Employee register detailing benefit enrollment figures and premium payment amounts and responsibilities

11. Copies of Land Surveys of- Real Property, existing title Policies, and if applicable, conditional use permits, zoning letters, zoning reports, building permits and any pending permit application for the further improvement of the Real Property.

12. Copies of all inspection reports, surveys, POC's, citations and compliance notifications affecting the facility for the previous 3-year inspections cycles, together with all copies of correspondence to licensing authorities relating to the facility. This includes health, life safety, complaints, and other related survey information.

13. Schedule of any open health or life safety survey with pending results from the State.

14. Schedule of Open deficiencies not yet cleared with the State as a result from surveys

15. Copies of Seller's Workers' Compensation loss reports for the past five (5) years, and the latest experience modification computation issued by the Workers' Compensation Insurance Rating Bureau.

16. Copies of loss runs from insurance provider for the current and prior five (5) years for PL/GL insurance, Property insurance, and other in-place insurance.

17. Copies of property tax bills for the Real Property and Personal Property for the 2020-2021 and 2021-2022 tax years.

18. Details regarding any OSHPD construction projects submitted and or performed within the past 3 years.

19. If applicable, litigation schedule with summary/description of all pending or threatened claims and their current status, with evaluation of exposure.

20. Any information on completed or pending RACS, Probes, Open Billing Audits, or any other open audit information with respect to the Facility

21. Recent detailed AR/AP aging.

22. Current bed tax outstanding balance.

23. Outline of CARES ACT stimulus funding received including Medicare Advance Payments, treatment of Grant Money on financials, Payroll Tax deferment, etc.

SCHEDULE 2.04

REQUIRED OPERATIONS DUE DILIGENCE MATERIALS

1) Explanations as to the background and history of PL/GL insurance loss run claims of: (a) 1005070; (b) 1005350; and (c) 1005676.

2) List and status of any pending litigation not yet shown on any of the insurance loss runs.

3) Most recent Workers Compensation Mod Rate.

4) Loss runs for the last five (5) years on all property insurance policies.

SCHEDULE 3.04

FINANCIAL STATEMENTS

SCHEDULE 3.05(b)

BED COUNT

SCHEDULE 3.05(f)

SURVEY DEFICIENCIES

SCHEDULE 3.05(g)

HEALTH CARE PROCEEDINGS

SCHEDULE 3.05(j)

ACCOUNTS RECEIVABLE LIENS

SCHEDULE 3.05(n)

AUDITS, COST REPORTS AND RECOUPMENT EFFORTS

SCHEDULE 3.05(u)

LEASES

SCHEDULE 3.05(z)

ROOM SIZE WAIVERS

SCHEDULE 3.06

LIENS ON ASSETS (OTHER THAN REAL PROPERTY)

SCHEDULE 3.07(a)

OTHER REAL PROPERTY INTERESTS

SCHEDULE 3.07(e)

LIENS ON REAL PROPERTY

SCHEDULE 3.08

INTENTIONALLY OMITTED

SCHEDULE 3.09

CONTRACTS

SCHEDULE 3.09(c)

CONTRACTS REQUIRING CONSENT FOR ASSIGNMENT

SCHEDULE 3.09(d)

PATIENT CARE CONTRACTS

SCHEDULE 3.11

PERSONAL PROPERTY

SCHEDULE 3.12

STIMULUS/RELIEF FUNDS

SCHEDULE 3.14

PERMITS

SCHEDULE 3.15

INSURANCE

SCHEDULE 3.17

TAXES

SCHEDULE 3.18

PROCEEDINGS

SCHEDULE 3.19(a)

SELLER PENSION PLANS

SCHEDULE 3.21(b)

ABOVEGROUND AND UNDERGROUND STORAGE TANKS

SCHEDULE 3.22

EMPLOYEE AND LABOR MATTERS

SCHEDULE 3.27

RENTS PAYABLE

SCHEDULE 5.19

PURCHASE PRICE ALLOCATION

SCHEDULE 5.22

NAMES

- Eskaton Care Center Fair Oaks
- Eskaton Care Center Greenhaven
- Eskaton Care Center Manzanita