

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re:

**SOUTH HILLS OPERATIONS, LLC, *et al.*,¹

Debtors.**

**SOUTH HILLS OPERATIONS, LLC, *et al.*,

Movant,**

-vs -

**CIBC BANK USA; CUARZO HEALTHCARE
CAPITAL; U.S. FOOD SERVICES;
PENNSYLVANIA DEPARTMENT OF
HUMAN SERVICES; HARMONY
PROPERTY MANAGEMENT, LLC; IRWIN
PROPERTY MANAGEMENT, LLC; NEW
CASTLE PROPERTY MANAGEMENT, LLC;
NEW WILMINGTON PROPERTY
MANAGEMENT, LLC; LATROBE
PROPERTY MANAGEMENT, LLC;
WASHINGTON PROPERTY
MANAGEMENT, LLC; U.S. DEPARTMENT
OF LABOR; INTERNAL REVENUE
SERVICE; CENTERS FOR MEDICARE AND
MEDICAID SERVICES; NEW
WILMINGTON BOROUGH TAX**

Case No.: 24-21217-CMB

**Chapter 11
*Jointly Administered***

Doc. No.:

Related to Document No.

Hearing Date:

Hearing Time:

Response Deadline:

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrysburg Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017

COLLECTOR; RICHARD L. RAPONE, LAWRENCE COUNTY TREASURER; UNITY TOWNSHIP TAX COLLECTOR; WESTMORELAND COUNTY TAX CLAIM BUREAU; ROBERT OHR, TAX COLLECTOR; MERCER COUNTY TAX CLAIM BUREAU; WASHINGTON COUNTY TAX CLAIM BUREAU; DONALD J. PROGAR, TAX COLLECTOR; KEYSTONE COLLECTION GROUP; JULIE LEVENTRY, TAX COLLECTOR; and SHELLEY BUCHANAN, TAX COLLECTOR, CITY OF NEW CASTLE,

Respondents.

DEBTORS' MOTION FOR ENTRY OF ORDERS (A) APPROVING SALE OF SUBSTANTIALLY ALL OF THE MAYBROOK AND CONSULATE DEBTORS' ASSETS, OTHER THAN ACCOUNTS, FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, (B) APPROVING BID PROCEDURES FOR SALE OF SUBSTANTIALLY ALL OF THE MAYBROOK AND CONSULATE DEBTORS' ASSETS, OTHER THAN ACCOUNTS, (C) APPROVING STALKING HORSE BID PROTECTIONS, (D) SCHEDULING AUCTION FOR AND HEARING TO APPROVE THE SALE OF THE MAYBROOK AND CONSULATE DEBTORS' ASSETS, (E) APPROVING FORM AND MANNER OF NOTICE OF SALE, AUCTION, AND SALE ORDER HEARING, (F) APPROVING ASSUMPTION AND ASSIGNMENT PROCEDURES, (G) AUTHORIZING ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (H) GRANTING RELATED RELIEF

South Hills Operations, LLC and its debtor affiliates in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), as debtors and debtors in possession (collectively, the "Debtors"), hereby file the *Debtors' Motion for Entry of Orders (A) Approving Sale of Substantially All of the Maybrook and Consulate Debtors' Assets, Other than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Approving Bid Procedures for the Sale of Substantially All of the Maybrook And Consulate Debtors' Assets, Other Than Accounts, (C) Approving Stalking Horse Bid Protections, (D) Scheduling Auction for and Hearing to Approve Sale of the Maybrook and Consulate Debtors' Assets, (E) Approving Form and Manner of Notice of Sale, Auction, and*

Sale Order Hearing, (F) Approving Assumption and Assignment Procedures, (G) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (H) Granting Related Relief (the “Motion”), pursuant to sections 105(a), 363, 364, 365, 503, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), and Rules 2002, 4001, 6004, 6006, 9007, 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), Debtors respectfully request approval of the following:

- a. following entry of, and compliance with, the Sale Procedures Order (as defined herein), entry of an order (the “Sale Order”) authorizing and approving, the following, as applicable: (A) the sale of substantially all of the assets of the Maybrook and Consulate Debtors (as defined herein) (as more particularly defined in the governing sale agreements, the “Purchased Assets”) free and clear of all liens, interests, Claims, and Encumbrances² (other than Assumed Liabilities and Permitted Encumbrances) to the fullest extent permitted by section 363(f) of the Bankruptcy Code (the “Sale Transaction”); (B) the assumption and assignment of the Assumed Contracts in connection with the Sale Transaction to the fullest extent permitted under section 365 of the Bankruptcy Code; and (C) granting related relief;
- b. establishing the below dates and deadlines for the sale process, subject to the Court’s approval and availability:

Proposed Date	Milestone
On or before June 7, 2024 at 5:00 p.m. (ET)	Bid Procedures Hearing (subject to Court availability)
On or before June 7, 2024 at 5:00 p.m. (ET)	Entry of Sale Procedures Order (subject to Court availability)
Within 5 business days following entry of the Sale Procedures Order	Deadline to serve Sale Notice
June 21, 2024 at 5:00 p.m. (ET)	Deadline to serve the Contract Assumption and Assignment Notice

² Capitalized terms not defined in this Motion shall have the meaning ascribed to them in the Stalking Horse Agreements (as defined herein).

Proposed Date	Milestone
July 12, 2024 at 5:00 p.m. (ET)	Sale Objection Deadline and Contract Objection Deadline ³
July 12, 2024 at 5:00 p.m. (ET)	Bid Deadline
July 15, 2024	Deadline for Debtors to Designate Qualifying Bids and Opening Bid
July 17, 2024 commencing at 10:00 a.m. (ET)	Auction
As soon as practicable after completion of the Auction	File and Serve Post-Auction Notice
July 22, 2024 at 5:00 p.m.	Deadline for Supplemental Objections ⁴
On August 1, 2024 at 10:00 a.m. (ET)	Sale Order Hearing
On or before September 16, 2024	Sale Closing

- c. entry of an order substantially in the form attached hereto as **Exhibit A** (the “Sale Procedures Order”) authorizing and approving, among other things, the bidding, auction and sale procedures for the Purchased Assets (including the bid protections afforded the Stalking Horse Bidders (as defined herein)) substantially in the form attached to the Sale Procedures Order as **Exhibit 1** (the “Bid Procedures”);
- d. scheduling an auction for the sale of the Purchased Assets (the “Auction”) in accordance with the Bid Procedures;
- e. scheduling a hearing to consider approval of a Sale Transaction (the “Sale Order Hearing”) and entry of the proposed Sale Order;

³The Sale Objection Deadline and Contract Objection Deadline apply to all objections to the sale of the Purchased Assets and the assumption and assignment of the Assumed Contracts (including adequate assurance of future performance by the Stalking Horse Bidder), with the exception of objections related to adequate assurance of future performance by a Successful Bidder other than the Stalking Horse Bidder.

⁴ Supplemental Objections are objections related to the Auction Process or to adequate assurance of future performance if Successful Bidder is not the Stalking Horse Bidders.

- f. authorizing and approving the form and manner of notice of the Sale Transaction, the Auction, and the Sale Order Hearing, substantially in the form attached to the Sale Procedures Order as **Exhibit 2** (the “Auction and Sale Notice”);
- g. authorizing and approving the form and manner of notice of the Sale Transaction, the Auction, and the Sale Order Hearing that will be provided to residents and patients of the Facilities, substantially in the form attached to the Sale Procedures Order as **Exhibit 3** (the “Resident Notice”);
- h. authorizing and approving, as applicable, the form and manner of notice to each non-Debtor counterparty (each a “Counterparty” and collectively, the “Counterparties”) to a relevant executory contract or unexpired lease relating to the Purchased Assets (collectively, the “Executory Contracts”) regarding the potential assumption and assignment of such Executory Contracts and the Debtors’ calculation of the amount necessary to cure any monetary defaults under such Assumed Contracts (the “Cure Amounts”), substantially in the form attached to the Sale Procedures Order as **Exhibit 4** (the “Contract Assumption and Assignment Notice”);
- i. authorizing and approving the form and manner of notice following the Auction, which shall include (A) the applicable Successful Bid and Backup Bid (as such terms are defined below), and (B) the identity of the Successful Bidder and Backup Bidder (as such terms are defined below), substantially in the form attached to the Sale Procedures Order as **Exhibit 5** (the “Post-Auction Notice”); and
- j. granting related relief.

In support of this Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Western District of Pennsylvania (the “Court”) has jurisdiction over the Chapter 11 Cases and this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The Debtors consent to entry of a final order under Article III of the United States Constitution.

2. Venue of the Chapter 11 Cases and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested in this Motion are section 105(a), 363(b), 364, 365, 503, and 507 of the Bankruptcy Code, and Bankruptcy Rules 2002, 4001, 6004, 6006, 9007, 9014.

BACKGROUND

4. On May 17, 2024 (the “Petition Date”), the Debtors filed with the Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

5. The Debtors are authorized to operate their businesses and manage their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the date hereof, no trustee, examiner, or official committee of unsecured creditors has been appointed in the Chapter 11 Cases.

6. Additional factual background regarding the Debtors, including their business operations, capital structure, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Louis E. Robichaux IV, Chief Restructuring Officer of the Debtors, In Support of Chapter 11 Petitions and Various First Day Applications and Motions* (the “First Day Declaration”) (Doc. No. 20), which is incorporated herein by reference.

PREPETITION MARKETING AND SALE PROCESS

7. Pursuant to an agreement dated February 8, 2024, Debtors Maybrook-C Briarcliff Opco, LLC, Maybrook-C, Evergreen Opco, LLC, Maybrook-C Kade Opco, LLC, Maybrook-C Latrobe Opco, LLC, Maybrook-C Overlook Opco, LLC, Maybrook-C Silver Oaks Opco, LLC, Maybrook-C Whitecliff Opco, LLC,⁵ Maybrook-C Briarcliff Propco, LLC, Maybrook-C,

⁵ Maybrook-C Briarcliff Opco, LLC, Maybrook-C, Evergreen Opco, LLC, Maybrook-C Kade Opco, LLC, Maybrook-C Latrobe Opco, LLC, Maybrook-C Overlook Opco, LLC, Maybrook-C Silver Oaks Opco, LLC, and Maybrook-C Whitecliff Opco, LLC shall be referred to herein, collectively, as the “Maybrook Opco Debtors”.

Evergreen Propco, LLC, Maybrook-C Kade Propco, LLC, Maybrook-C Latrobe Propco, LLC, Maybrook-C Overlook Propco, LLC, Maybrook-C Silver Oaks Propco, LLC, Maybrook-C, and Whitecliff Propco, LLC (collectively, the “Maybrook Debtors”) and Cheswick Rehabilitation and Wellness Center, LLC, North Strabane Rehabilitation and Wellness Center, LLC,⁶ 3876 Saxonburg Boulevard Propco, LLC, and 100 Tandem Village Road Propco, LLC (collectively, the “Consulate Debtors”) retained Blueprint Healthcare Real Estate Advisors, LLC and Cummings and Co. Realtors, LLC (collectively, “Blueprint”) to market and sell substantially all of the assets, including real property, but excluding accounts and certain other assets, used in the operation of the seven (7) senior care facilities owned and operated by the Maybrook Debtors (the “Maybrook Facilities”) and the two (2) senior care facilities owned and operated by the Consulate Debtors (the “Consulate Facilities” and, together with the Maybrook Facilities, the “Facilities”). CIBC Bank, USA (“CIBC”) asserts a first priority lien in all of the Facilities.

8. Since its retention, Blueprint has engaged in a prepetition marketing process with potential strategic and financial buyers to solicit interest in these Facilities. Blueprint contacted over twenty potential acquirers and sent teasers and/or non-disclosure agreements to certain interested parties. Furthermore, Blueprint distributed an offering memorandum and conducted initial pitch calls to thoroughly vet the potential acquirer’s financial ability and transactional experience to reduce interest to the most qualified and capable acquirer groups representing the highest level of execution certainty. Ten entities executed a non-disclosure agreement and were provided access to an electronic data room and were invited to submit initial, non-binding offers for the Facilities. In March 2024, Blueprint received three offers for the Facilities.

⁶Cheswick Rehabilitation and Wellness Center, LLC and North Strabane Rehabilitation and Wellness Center, LLC shall be referred to here, collectively, as the “Consulate Opco Debtors”.

9. After negotiating with these three parties, the Maybrook and Consulate Debtors, in consultation with CIBC and Blueprint, determined to accept an opening stalking horse bid for the purchase of the Purchased Assets (the “Stalking Horse Bid”) made by Kadima Healthcare Group, Inc. (the “Stalking Horse Bidders” or “Kadima”),⁷ subject to higher and better offers made in accordance with the Sale Procedures Order. The Maybrook and Consulate Propco Debtors executed a contract of sale with certain Stalking Horse Bidders dated May 17, 2024 (the “Stalking Horse PSA”), and the Maybrook and Consulate Opco Debtors executed an operations transfer agreement with certain Stalking Horse Bidders dated May 17, 2024 (the “Stalking Horse OTA” and, collectively with the Stalking Horse PSA, the “Stalking Horse Agreements”). Copies of the Stalking Horse Agreements are attached hereto collectively as **Exhibit B**.

10. The Stalking Horse Agreements include various customary representations, warranties, and covenants by the Maybrook and Consulate Debtors and the Stalking Horse Bidders, and certain conditions to Closing and rights of termination related to the Sale and the Chapter 11 Cases generally. Additionally, subject to the Court’s approval, the Stalking Horse Agreements provide the Stalking Horse Bidders with certain bid protections as the sale process continues in bankruptcy, including a Termination Fee and Expense Reimbursement (as defined below) if the Stalking Horse Bidders ultimately are not the successful purchasers of the Purchased Assets. The Maybrook and Consulate Debtors, and Blueprint, believe that the Stalking Horse Bid is a competitive offer that merits granting these bid protections to the Stalking Horse Bidders.

11. The Maybrook and Consulate Debtors believe that completing a sale through chapter 11 and on an expedited basis is the best option for the patients and residents of the Facilities, as

⁷ The actual parties to the Stalking Horse Agreements are various entities formed (or to be formed) by the Stalking Horse Bidder. In this Motion, the term “Stalking Horse Bidders” collectively refers to all of those entities that are parties to either of the Stalking Horse Agreements.

well as the creditors and stakeholders of the Debtors. The Maybrook and Consulate OpCo Debtors are not profitable, but they operate in a highly competitive industry where parties have opportunities to compete for senior care. The success of the Maybrook and Consulate OpCo Debtors' operations depends on their ability to provide a welcoming environment and high-quality care to their patients and residents. Minimal disruption to the Maybrook and Consulate Debtors' operations is necessary to maintain their patients' and residents' loyalty. Accordingly, during this process, the Maybrook and Consulate Debtors must ensure that they can provide sufficient food and medical care and that their facilities remain clean and well-maintained. The Maybrook and Consulate Debtors also must maintain sufficient staff to provide high-quality service to the patients and residents. Given the Maybrook and Consulate Debtors' current financial difficulties, an expedited sales process is required to ensure that the Debtors can continue to provide these essential services and appropriate care for the residents during the sales process.

12. As the Maybrook and Consulate Debtors implement the procedures outlined in this Motion, Blueprint, on the Maybrook and Consulate Debtors' behalf, will continue to market and solicit offers for the Purchased Assets to a wide range of potential purchasers and will work diligently with all parties that have expressed an interest in some or all of the Purchased Assets. In this way, the Maybrook and Consulate Debtors intend to maximize the number of participants in the sale process and do their best to maximize the amount received by the Maybrook and Consulate Debtors' estates for the Purchased Assets.

NEED FOR AN EXPEDITIOUS SALE PROCESS

13. As noted, the Maybrook and Consulate OpCo Debtors are not operating profitably; therefore, a prompt sale benefits all creditors and parties in interest. The Maybrook and Consulate Debtors believe that the auction process and time periods set forth in the Bid Procedures are

reasonable under these circumstances and will provide parties with sufficient time and information necessary to formulate a bid to purchase some or all of the Purchased Assets. Moreover, CIBC shares the Maybrook and Consulate Debtors' concerns regarding potential damage to their businesses from a protracted process and the effect of continuing losses on the Facilities' operations; thus, the proposed Sale Transaction timeline is the result of consensus reached through arms-length, good faith negotiations between the Maybrook and Consulate Debtors and CIBC. This timeline is contingent upon CIBC's agreement to allow the use of cash collateral and provide postpetition financing to fund the Maybrook and Consulate Debtors' ongoing operations until the sale process is completed. Moreover, the proposed timeline is consistent with the Stalking Horse Agreements. Given that the Maybrook and Consulate Debtors started a marketing process months before filing for bankruptcy that targeted a broad universe of potential interested parties, the proposed timeline allows ample opportunity to engage with and promote active bidding from interested parties. This ensures a fair and transparent sale process that maximizes the value obtained for the Purchased Assets.

STALKING HORSE PROTECTIONS

14. By this Motion, the Maybrook and Consulate Debtors request approval of the Stalking Horse Agreements and the Stalking Horse Bidders to serve as the stalking horse for the Purchased Assets and authority to, among other things, provide the Stalking Horse Bidders with certain bid protections as a component of the Stalking Horse Agreements. The Maybrook and Consulate Debtors seek approval to provide the Stalking Horse Bidders with a Termination Fee of \$1,325,000.00 (the "Termination Fee"), actual legal and diligence expense reimbursement in an amount not to exceed \$300,000.00 (the "Expense Reimbursement"), and other buyer protections provided for in the Bid Procedures and in the Stalking Horse Agreements (collectively, the "Bid

Protections”). The Bid Protections, which are capped at approximately 3% of the Purchase Price (not including Assumed Liabilities or payment of Cure Costs) are reasonable in light of, among other things, the Stalking Horse Bidders’ considerable efforts to establish a minimum bid threshold for the auction of the Purchased Assets.

15. In addition, the Bid Procedures and the Stalking Horse Agreements provide for an initial overbid amount of cash consideration equal to or exceeding \$54,875,000 (the “Minimum Overbid Amount”), based on the sum of (i) the aggregate dollar amount of the Purchase Price under the Stalking Horse Agreements, (ii) \$1,625,000.00 for the maximum Bid Protections, and (iii) \$250,000.00. Subsequent incremental bids at any Auction must be in the amount of \$250,000.00 or more (the “Minimum Bid Amount”).

**THE SALE MUST BE FREE AND CLEAR OF ALL LIENS, CLAIMS,
ENCUMBRANCES, AND INTERESTS**

16. The Stalking Horse Bidders and other parties expressing an interest in purchasing the Purchased Assets have made clear that they will only close on the Purchased Assets if the Sale Order expressly provides that the Purchased Assets are being acquired free and clear of all liens, interests, Claims and Encumbrances (other than Assumed Liabilities and Permitted Encumbrances) and free from any successor liability claims, including, without limitation, any identified Medicaid overpayments and potential nursing facility assessments (the “Department Assessments”) due to the Pennsylvania Department of Human Services (“DHS”) in connection with the Facilities, any amounts owed to, or required to be paid to, the Pennsylvania Department of Health (“DOH”) in connection with the Facilities, and any amounts owed to the U.S. Department of Labor (the “DOL”) for violations by the Maybrook and Consulate Debtors of federal wage and hour laws.

SUMMARY OF STALKING HORSE BID

17. The chart below summarizes the terms of the Stalking Horse Agreements:⁸

MATERIAL TERMS OF THE STALKING HORSE AGREEMENTS	
Purchased Assets/Excluded Assets	<u>Purchased Assets:</u> (a) the Real Property; (b) all improvements on the Real Property; (c) to the extent assignable, all intangible property rights related to the operation of or businesses at the Facilities (the “<u>Businesses</u>”), including any warranties and guaranties, zoning approvals, building permits, and systems used in support of the Businesses; (d) all tangible personal property owned by Sellers and utilized in the operation of the Businesses, including all inventory, machinery and equipment of Sellers utilized in the Businesses; (e) all Assumed Contracts (which include the Resident Agreements and, to the extent assignable, Medicare related Provider Agreements assumed by Stalking Horse Bidders); (f) to the extent assignable and requested by the Stalking Horse Bidders all of Sellers’ National Provider Numbers (NPI) and any other applicable provider numbers with any state or other issuer or governing body; (g) all of Sellers’ right, title, and interest in and to the IT Assets; (h) Patient Trust Funds and Property to be held in trust for the benefit of residents and patients in accordance with applicable statutory and regulatory requirements; (i) Supplies; (j) Vehicles; (k) all Avoidance Actions against (i) any counterparty to any Assumed Contracts, (ii) any current or former resident or patient of any Facility, or (iii) any Retained Employees;

⁸ To the extent that there is any inconsistency between the terms of the Stalking Horse Agreements and the summary of such terms in this Motion, the terms of the Stalking Horse Agreements shall control.

- (l) all claims, lawsuits and rights of action, including but not limited to commercial tort claims as defined by section 9-102 of the Uniform Commercial Code, related to Assumed Contracts assigned to Stalking Horse Bidders;
- (m) all set-off rights to claims filed or asserted in the Bankruptcy Case to the extent necessary to defend against any Assumed Liabilities or Permitted Encumbrances;
- (n) at the election of New Operators prior to Closing, any rights with respect to health care insurance policies for the benefit of Retained Employees that are designated as Assumed Contracts; and
- (o) all drawings, operating manuals, specifications, and assignable warranties, indemnities, bonds and guaranties issued in connection with the Personal Property, and all other intangible rights owned or held by Operators or Manager relating thereto.

Excluded Assets:

- (a) cash and cash equivalents of Sellers and Operators;
- (b) all accounts receivable of Manager, Operators, or Sellers;
- (c) those certain bank accounts of Sellers collectively referred to as the “Deposit Accounts”;
- (d) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums, and fees (including any such item relating to the payment of Taxes) owned by Sellers as of the Closing Date, except for any such amounts in connection with Assumed Liabilities;
- (e) all Actions and Avoidance Actions other than as set forth above;
- (f) Leases and Contracts not assumed by the Stalking Horse Bidders as Assumed Contracts;
- (g) all insurance policies of Manager, Sellers, or Operators (other than any rights with respect to health care insurance policies for the benefit of employees if designated for assignment by New Operators), any prepaid insurance premiums and any rights or claims or proceeds arising from such policies, except to the extent of claims or proceeds relating to the Real Property which remain open, unresolved, or unliquidated as of the Closing Date, which shall pass to Stalking Horse Bidders with the Real Property;

	(h) all (i) corporate or limited liability organizational records, minute books, charter documents, record books, and stock transfer books pertaining to Sellers or Operators, (ii) original Tax, accounting and financial records which pertain exclusively to the Excluded Assets, and (iii) such other files, books and records which pertain exclusively to the Excluded Assets or to the formation, existence, or capitalization of Manager or any Seller or Operator; (i) any payment received by Sellers from any federal, state, or local entity related to any pandemic relief related to the periods before the Closing Date, payments made pursuant to the Coronavirus Aid, Relief and Economic Security Act (CARES ACT), the Coronavirus Response and Consolidated Appropriations Act (CAA) and the American Rescue Plan Act (ARPA) and any similar state or local legislation or program; (j) Employee Retention Tax Credit on qualified wages provided by the CARES ACT, CAA, and/or ARPA; and (k) the rights which accrue or will accrue to Manager, Sellers, or Operators under the Transaction Documents.
Purchase Price Provisions Providing Bid Protections to “Stalking Horse” Bidder	The Purchase Price is \$53,000,000.00 plus Assumed Liabilities and Cure Costs, provided that the Cure Costs shall not include any amounts owing by the Sellers as of the Closing Date under any Provider Agreements or Medicaid Provider Agreements. In accordance with the Sale Procedures Order and Stalking Horse Agreements, the Maybrook and Consulate Debtors shall pay to Stalking Horse Bidders at the time of, and as a condition to, the closing of any Alternative Transaction, and from the proceeds of such Alternative Transaction, an amount in cash equal to (i) \$1,325,000.00, and (ii) Stalking Horse Bidders’ actual legal and diligence expenses in an amount of up to \$300,000.00 that have been reasonably substantiated by Stalking Horse Bidders, including, without limitation, any such prepetition legal and diligence expenses. Stalking Horse Bidders shall also be entitled to the Expense Reimbursement in the event the Stalking Horse Agreements are terminated because of (i) Seller’s or Operator’s breach, (ii) the Bankruptcy Court has not entered the Bidding Procedures Order on or prior to June 7, 2024, (iii) the Bankruptcy Court has not entered the Sale Order on or prior to August 7, 2024, unless otherwise ordered by the Bankruptcy Court, (iv) the Bankruptcy Court enters an Order approving the sale of the Purchased Assets to Stalking Horse Bidders, but such Order is not free and clear all liens, interests, Claims and Encumbrances of DHS and DOH (other than Permitted Encumbrances and Assumed

	Liabilities), or (v) Closing does not otherwise occur because Stalking Horse Bidders are unable to obtain the necessary licensure and/or Medicaid provider agreements from DHS and DOH as a result of the liens, interests, Claims, or Encumbrances of DHS and DOH, and Stalking Horse Bidders have complied in all material respects with all covenants and obligations required under the Stalking Horse Agreements to be performed by Stalking Horse Bidders through the date of termination.
Good Faith Deposit	\$1,350,000.00 which shall be returned to Stalking Horse Bidders upon the conditions set forth in the Stalking Horse Agreements.
Record Retention	On the Closing Date, Operators and Manager shall deliver to New Operators all of the records of the Facilities, including patient medical and financial records, provided, however, that nothing herein shall be construed as precluding Operators or Manager from removing from the Facilities on the Closing Date their respective corporate financial records which relate to operations at the Facilities or to their overall corporate operations. Subsequent to the Closing Date, New Operators shall allow Operators and their agents and representatives to have reasonable access to (upon reasonable prior notice and during normal business hours), and to make copies of, the books and records and supporting material of the Facilities relating to the period prior to and including the Closing Date, at their own expense, to the extent reasonably necessary to enable Operators to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns or any other government agency actions or notices. Operators shall, if allowed by applicable law and subject to the terms of such applicable law, be entitled to copy any records delivered to New Operators, for purposes of litigation involving a resident or employee to whom such record relates, as certified to New Operators in writing prior to removal by an officer of or counsel for Operators in connection with such threatened or actual litigation. New Operators agree to maintain such books, records and other material comprising records of the Facilities' operations prior to the Closing Date that have been received by New Operators from Operators or otherwise, including resident and patient records and records of resident and patient funds, to the extent required by law.
Requested Findings as to Successor Liability	The Stalking Horse Agreements require that Sellers and Operators file this Motion seeking entry of an order that contains findings of fact and conclusions of law that, among other things, Stalking Horse Bidders are good faith purchasers entitled to the protections of section 363(m) of the Bankruptcy Code, not successors to Sellers or Operators, and are

	acquiring the Purchased Assets free and clear of all liens, interests, Claims and Encumbrances (other than Assumed Liabilities and Permitted Encumbrances) to the fullest extent permitted by section 363(f) of the Bankruptcy Code.
Indemnification Escrow	At Closing, the sum of \$3,000,000.00 from the Purchase Price shall remain with the Omni Agent Solutions, Inc., as escrow agent, for a period of up to twenty-four (24) months after the Closing (the “ <u>Indemnification Escrow</u> ”) for purposes of reimbursing the Buyers and New Operators on the terms and conditions set forth in Section 16 of the Stalking Horse OTA for any Recoupment (as defined in the Stalking Horse OTA) or any Indemnification Claims (as defined in the Stalking Horse OTA). The form of the Indemnification Claims Escrow Agreement is attached as Exhibit E to the Stalking Horse OTA.
Credit Bid	At the Auction, the Stalking Horse Bidders shall be entitled to credit bid the amount of the Termination Fee and the maximum amount of the Expense Reimbursement (i.e., a total of \$1,625,000.00) towards any bid in excess of the offer set forth in the Stalking Horse Agreements.
Lease Terminations	All leases between or among any of the PropCos and OpCos comprising the Maybrook and Consulate Debtors will be terminated as of the Closing of the Sale Transaction. The current manager will cooperate with the Buyers in the transition of operations of the Facilities pursuant to the terms of the Stalking Horse OTA.
Relief from Bankruptcy Rule 6004(h)	The Maybrook and Consulate Debtors believe that any Sale Transaction should be consummated as soon as practicable to preserve and maximize value. Accordingly, the Maybrook and Consulate Debtors request that any Sale Order approving the sale of the Purchased Assets and the assumption and assignment of the Assumed Contracts be effective immediately upon entry of such order and that the fourteen-day stays under Bankruptcy Rules 6004(h) and 6006(d) be waived.

BID PROCEDURES

A. Overview

18. The Bid Procedures are designed to promote a competitive and expedient sale process. If approved, the Bid Procedures will allow the Maybrook and Consulate Debtors to solicit and identify bids from potential buyers that constitute the highest and/or best offer(s) for the Purchased Assets in an efficient manner and on a reasonable timeline.

19. The Maybrook and Consulate Debtors believe the proposed Bid Procedures summarized below are fair and appropriate. Because the Bid Procedures are attached as **Exhibit 1** to the Sale Procedures Order, they are not restated in their entirety herein. Among other things, the Bid Procedures provide the following:⁹

- a. The Maybrook and Consulate Debtors may select one or more bids for purchase of all or a portion of the Purchased Assets.
- b. The Maybrook and Consulate Debtors will solicit binding bids other than the Stalking Horse Bid by July 12, 2024 at 5:00 p.m. (prevailing Eastern Time) (the “Bid Deadline”).
- c. To be eligible to participate in the Auction, each bid and each bidder submitting such a bid (“Potential Bidder”) must conform to the following requirements (collectively, the “Participation Requirements”):
 - i. Offer to consummate the Sale Transaction on terms no less favorable to the Maybrook and Consulate Debtors than those set forth in the Stalking Horse Agreements, taking into account the Bid Protections, including the Minimum Overbid Amount;
 - ii. Include (a) a redlined copy of the Stalking Horse PSA and the Stalking Horse OTA to show any proposed amendments thereto (the “Modified PSA” and “Modified OTA”, respectively, and, collectively, the “Modified Agreements”), and (b) clean, executed copies of the Modified Agreements;
 - iii. Include a statement that there are no conditions precedent to the Potential Bidder’s ability to enter into definitive Modified Agreements, including that (a) there are no financing contingencies to the bid, (b) there are no due diligence contingencies to the bid, and (c) all necessary internal and shareholder approvals have been obtained prior to submitting the bid;
 - iv. State that such offer is binding and irrevocable until the approval of the Successful Bid by the Court, unless designated as the Back-Up Bid (as defined below);

⁹ To the extent of any inconsistency between this summary and the Bid Procedures, the Bid Procedures will govern.

- v. Disclose the identity of each entity that will be bidding or otherwise participating in connection with such bid, and the complete terms of any such participation;
- vi. Include the names and contact information of members of the Potential Bidder who will be available to answer questions regarding the offer, including any advisors and related parties;
- vii. Include a good-faith deposit in immediately available funds in an amount equal to at least \$1,350,000.00 ("Earnest Money Deposit");
- viii. Not be conditioned on the receipt of any third-party approvals or consents (excluding required Court approval and required governmental, licensing or regulatory approvals or consents, if any), including, without limitation, board of director approval. With respect to any governmental, licensing or regulatory approvals or consents, each bid must include a description of all such approvals or consents that are required to consummate the proposed transaction, together with evidence satisfactory to the Maybrook and Consulate Debtors, in consultation with the Consultation Parties, of the ability of the Potential Bidder to obtain such approvals or consents in a timely manner, as well as a description of any material contingencies or other conditions that will be imposed upon, or that will otherwise apply to, the obtainment or effectiveness of any such approvals or consents;
- ix. Accompanied by an executed letter stating that the Potential Bidder's offer is irrevocable until consummation of a transaction involving the assets identified in such bid and that such bidder agrees to serve as a Backup Bidder (as defined herein) in accordance with these Bid Procedures;
- x. Include sufficient financial or other information (the "Adequate Assurance Information") to establish adequate assurance of future performance with respect to any lease or contract to be assigned to the Potential Bidder in connection with the proposed Sale Transaction. The bid shall also identify a contact person (with relevant contact information) of the Potential Bidder that counterparties to any lease or contract can contact to obtain additional Adequate Assurance Information;
- xi. Provide satisfactory written evidence of available funds or a firm commitment for financing sufficient to consummate the Sale Transaction;
- xii. Provide information on the Potential Bidder's ability to continue to operate the Maybrook and Consulate Facilities; and

- xiii. Represent and warrant that the Potential Bidder has had an opportunity to conduct any and all due diligence regarding the Maybrook and Consulate Debtors' business and the Purchased Assets prior to submitting its bid and a statement that the Potential Bidder has relied solely upon its own independent review, investigation, and/or inspection of any relevant documents and the Purchased Assets in making its bid and did not rely on any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express or implied, by operation of law or otherwise, regarding the Maybrook and Consulate Debtors' business or the Purchased Assets or the completeness of any information provided in connection therewith, except as expressly stated in the representations and warranties contained in the Potential Bidder's Modified Agreements, if ultimately accepted and executed by the Maybrook and Consulate Debtors
- d. In addition to the above, CIBC shall have the right to participate in the Auction and the right to submit credit bids for the Purchased Assets against its secured claims against the Maybrook and Consulate Debtors, provided that CIBC agrees to pay sufficient cash at Closing to pay the Stalking Horse Bidders the Termination Fee and the maximum amount of the Expense Reimbursement should CIBC be the Successful Bidder.
- e. The Maybrook and Consulate Debtors will provide each Potential Bidder who has executed a Confidentiality Agreement with reasonable access to Maybrook and Consulate Debtors' confidential electronic data room concerning the Purchased Assets (the "Data Room") and any other additional information that the Maybrook and Consulate Debtors believe to be reasonable and appropriate under the circumstances; *provided, however*, that the Maybrook and Consulate Debtors, after consulting with the Consultation Parties, may withhold or limit access by any Potential Bidder to the Data Room or other diligence materials if the Potential Bidder does not become or, the Maybrook and Consulate Debtors determine that the Potential Bidder is not likely to become, a Qualified Bidder.
- f. Potential Bidders who have satisfied the Participation Requirements in the Maybrook and Consulate Debtors' judgment, in consultation with CIBC and any official committee of unsecured creditors appointed in the Chapter 11 Cases (the "Committee", and together with the Trustee and the DIP Lender, the "Consultation Parties"), will be deemed "Qualified Bidders." Bids that satisfy all bid requirements, as determined by the Maybrook and Consulate Debtors, in consultation with the Consultation Parties, will be deemed "Qualified Bids." The Maybrook and Consulate Debtors will advise each Potential Bidder whether they are deemed to be a Qualified Bidder and whether their bid is a Qualified Bid before the Auction.

- g. The Stalking Horse Bidders are deemed Qualified Bidders and the Stalking Horse Bid is a Qualified Bid in all respects. At the Auction, the Stalking Horse Bidders shall be entitled to credit bid the amount of the Termination Fee and the maximum amount of the Expense Reimbursement (i.e., a total of \$1,625,000.00). The Stalking Horse Bidders shall be required to serve as the Backup Bidder if they are not the Successful Bidder, but are selected as the Backup Bidder.
- h. All Qualified Bidders shall be deemed to have waived the right to pursue a substantial contribution claim under section 503 of the Bankruptcy Code related in any way to due diligence, the submission of its bid, the Bid Procedures, the Auction and the Sale Transaction, provided that the Stalking Horse Bidders are entitled to the Bid Protections.
- i. At the Auction, the Maybrook and Consulate Debtors shall determine, in their reasonable judgment after consultation with their advisors and with the Consultation Parties, which of the Qualified Bids is the highest and/or best bid for the Purchased Assets (the “Successful Bid”, and the bidder submitting such Successful Bid, the “Successful Bidder”), and the second highest and/or best bid for the Purchased Assets (the “Backup Bid,” and the bidder submitting the Backup Bid, the “Backup Bidder”).
- j. Successful Bid(s) and Backup Bid(s) will be subject to approval by the Court at the Sale Order Hearing. At the Sale Order Hearing, the Maybrook and Consulate Debtors will seek the entry of the Sale Order approving the Sale Transaction to the Successful Bidder on the terms and conditions of the Successful Bid, as well as approval of the Backup Bid.
- k. Except as otherwise provided in the Stalking Horse Agreements or Bid Procedures, the Earnest Money Deposit of all Qualified Bidders held by an escrow agent shall be returned to each such Qualified Bidder not selected by the Maybrook and Consulate Debtors as a Successful Bidder or Backup Bidder no later than the earlier of (a) three (3) business days following the entry of a Sale Order, or (b) ten (10) business days following the end of the Auction, unless otherwise provided in an escrow agreement.
- l. Following the Sale Order Hearing and entry of the Sale Order, if the Successful Bidder fails to consummate an approved Sale Transaction, the Backup Bidder will be deemed to be the new Successful Bidder, and the Maybrook and Consulate Debtors, after consultation with the Consultation Parties and approval from CIBC, of which such approval shall not be unreasonably withheld, will be authorized to consummate the Sale Transaction with the Backup Bidder without further order of the Court and the Backup Bidder and Backup Bid shall thereupon be deemed the Successful Bidder and Successful Bid. A defaulting Successful Bidder’s Earnest Money Deposit shall be forfeited to the Maybrook and Consulate

Debtors, subject to the terms set forth in the Modified Agreements or Stalking Horse Agreements, as applicable.

B. The Assumption and Assignment Procedures

20. The Maybrook and Consulate Debtors also request that the Court approve the form of the Contract Assumption and Assignment Notice attached to the Sale Procedures Order as **Exhibit 3** and the assumption and assignment procedures described below. The Maybrook and Consulate Debtors submit that service of the Contract Assumption and Assignment Notice on the applicable Counterparties is proper and sufficient to provide notice to the Counterparties of the Assumption and Assignment Procedures.

21. To facilitate the Sale Transaction, the Maybrook and Consulate Debtors seek authority to assume and assign the Assumed Contracts to the Successful Bidder(s) in accordance with the following Assumption and Assignment Procedures:

- a. The Maybrook and Consulate Debtors shall file with the Court, post on the case website at [https://omniagentsolutions.com/SouthHills\[omniagentsolutions.com\]](https://omniagentsolutions.com/SouthHills[omniagentsolutions.com]) (the “Case Website”), and serve, by regular mail, on each Counterparty to an Executory Contract an Contract Assumption and Assignment Notice, by no later than June 21, 2024, informing the applicable Counterparties that upon Closing of the Sale Transaction, the Maybrook and Consulate Debtors may seek to assume and assign to one or more Successful Bidder(s) for the Purchased Assets the Executory Contracts identified on the list attached to the Contract Assumption and Assignment Notice and of the Cure Amounts, if any, that the Maybrook and Consulate Debtors believe are required to be paid.
- b. If a Counterparty objects to the Cure Amount or the assumption and assignment of its contract on any other basis *to the Stalking Horse Bidders*, the Counterparty must file a written objection (a “Contract Objection”) with the Court no later than July 12, 2024 or such other date as set by the Court in the Sale Procedures Order (the “Contract Objection Deadline”). All such objections must (i) be in writing; (ii) comply with the Bankruptcy Rules and Local Rules; (iii) be filed via ECF on or before the Contract Objection Deadline; (iv) identify the Assumed Contract to which the objection applies and describe with particularity (as applicable) (a) any Cure Amount the applicable Counterparty claims is required under section 365 of the Bankruptcy Code, identify the legal and factual basis(es) of the alleged Cure Amount, including the specific nature of any alleged defaults, the pecuniary

losses resulting therefrom, and the conditions giving rise to such losses, and attach all documents supporting or evidencing the alleged Cure Amount, and (b) adequate assurance of future performance needed as to the Stalking Horse Bidders. If, after the Contract Assumption and Assignment Notice Deadline, additional executory contracts or unexpired leases of the Maybrook and Consulate Debtors are determined to be potential Assumed Contracts in connection with the Sale Transaction, or the Maybrook and Consulate Debtors seek to modify the previously stated Cure Amount associated with any Executory Contract, as soon as practicable thereafter, the Maybrook and Consulate Debtors shall file with the Court and serve, by overnight delivery, on the applicable Counterparties, a supplemental or amended Contract Assumption and Assignment Notice (the “Amended Assumption and Assignment Notice”), and such Counterparties shall file any objection to Cure Amount not later than fourteen (14) days after service of notice of such Amended Assumption and Assignment Notice.

- c. At the Sale Order Hearing, the Maybrook and Consulate Debtors will seek Court approval of the assumption and assignment to the applicable Successful Bidder of the Assumed Contracts that have been selected by such Successful Bidder to be assumed and assigned and request authority to assume and assign to the Successful Bidder any additional Assumed Contracts selected by the Successful Bidder prior to Closing of the Sale Transaction upon payment by the Successful Bidder of the necessary Cure Amount. If additional Assumed Contracts are selected by the Successful Bidder after the Sale Order Hearing, but before Closing of the Sale Transaction, Maybrook and Consulate Debtors will file with the Court and serve on the applicable Counterparties, a notice identifying the Assumed Contracts and the Cure Amounts, if any, that the Maybrook and Consulate Debtors believe are required to be paid. If the parties are unable to consensually agree to the required Cure Amount, the Maybrook and Consulate Debtors will seek a hearing with the Court.
- d. If no Contract Objection is timely filed with respect to an Assumed Contract in accordance with the foregoing procedures: (i) the Counterparty to such Assumed Contract shall be deemed to have consented to the assumption by the Maybrook and Consulate Debtors and assignment to the applicable Successful Bidder of the Assumed Contract, and be *forever barred* from asserting any objection with regard to such assumption and assignment (including, without limitation, with respect to adequate assurance of future performance by the Successful Bidder); (ii) any and all defaults under the Assumed Contract and any and all pecuniary losses related thereto shall be deemed cured and compensated pursuant to Bankruptcy Code section 365(b)(1)(A) and (B) upon payment of the Cure Amount set forth in the Contract Assumption and Assignment Notice (and any Amended Assumption and Assignment Notice); and (iii) the Counterparty shall be forever barred from asserting any other claims related to such Assumed Contract against the Maybrook and Consulate Debtors and their estates or

the Successful Bidder, or the property of any of them, that existed prior to the entry of the order resolving the Contract Objections and Adequate Assurance Objections, as applicable, and the Sale Order.

- e. To the extent that the parties are unable to consensually resolve any dispute with respect to the Cure Amount required to be paid to the applicable Counterparty under the Bankruptcy Code sections 365(b)(a)(1)(A) and (B) (any such dispute, a “Cure Dispute”), the Maybrook and Consulate Debtors may (i) assume the applicable Executory Contract prior to the resolution of the Cure Dispute; *provided* that the applicable Successful Bidder(s) shall (A) pay to the applicable Counterparty the undisputed portion of the Cure Amount within five (5) business days of the Closing of the Sale Transaction and (B) reserve cash in an amount sufficient to pay the disputed portion of the Cure Amount reasonably asserted by the applicable Counterparty (or such lesser amount as may be fixed or estimated by the Court or otherwise agreed to by the Counterparty and the Maybrook and Consulate Debtors), or (ii) adjourn their request to assume the Assumed Contract pending resolution of the Cure Dispute (an “Adjourned Cure Dispute”); *provided* further that, to the extent the Adjourned Cure Dispute is resolved or determined unfavorably to the Maybrook and Consulate Debtors, the Maybrook and Consulate Debtors (with the consent of the Successful Bidder(s)) may withdraw the proposed assumption of the applicable Assumed Contract after such determination by filing a notice of withdrawal, which, in the case of a lease, shall be prior to the expiration of the applicable deadline to assume or reject unexpired leases under section 365(d)(4) of the Bankruptcy Code.
- f. Nothing herein or in the Bid Procedures will obligate the Stalking Horse Bidders to satisfy any Cure Amount relating to any Executory Contract unless the Stalking Horse Bidders expressly designate such Executory Contract for assumption and agree to pay the Cure Amount as a condition to assumption and assignment.

C. The Notice Procedures

22. The Maybrook and Consulate Debtors request that the Court approve the form of the Auction and Sale Notice, the Resident Notice, the Contract Assumption and Assignment Notice, and the Post-Auction Notice (collectively, the “Notices”), each attached to the proposed Sale Procedures Order as **Exhibits 2, 3, 4 and 5** respectively. The Maybrook and Consulate Debtors submit that service of the Notices as set forth below (the “Notice Procedures”) is proper and sufficient to provide notice of this Motion and the deadlines that will be set in the, Sale Procedures Order.

23. Bid Procedures Hearing Notice. This motion and notice of the Bid Procedures Hearing, as set by the Court, will initially be served on the Master Service List in accordance with the case management order entered in these Chapter 11 Cases.

24. Auction and Sale Notice. After entry of the Sale Procedures Order, the Debtors will comply with Bankruptcy Rule 2002(a), which provides that all creditors of a bankruptcy estate are entitled to receive at least 21 days' notice by mail of a proposed sale or property of the estate other than in the ordinary course of business, unless the bankruptcy court for cause shown shortens the time or directs another method of giving notice. To satisfy this requirement, the Debtors propose to serve notice of the filing of this Motion and the Bid Procedures Hearing ("Auction and Sale Notice") by first-class mail, postage prepaid, or electronic mail to counsel who has filed an appearance in the Debtors' cases on behalf of any party, and on the following parties (collectively, the "Sale Notice Parties"): (a) all of the Debtors' creditors; (b) all entities that have, to the best knowledge of the Debtors' management and advisors, expressed written interest in purchasing any of the Facilities or Purchased Assets within the past one (1) year; (c) all entities known to have asserted any lien, claim, interest, or encumbrance in or upon any of the Facilities and/or Purchased Assets; (d) counsel to CIBC; (e) DOH; (f) counsel to the DOL in the DOL Action; (g) DHS; (h) counsel to the Committee, once appointed; (i) the U.S. Trustee; (j) all parties that have requested notice pursuant to Bankruptcy Rule 2002; (k) all federal, state, and local regulatory or taxing authorities, including the Taxing Bodies¹⁰ or recording offices which have a reasonably known interest in the relief granted herein; (l) the Internal Revenue Service; (m) any other governmental

¹⁰ The Taxing Bodies are defined as New Wilmington Borough Tax Collector; Richard L. Rapone, Lawrence County Treasurer; Unity Township Tax Collector; Westmoreland County Tax Claim Bureau; Robert Ohr, Tax Collector, Mercer County Tax Claim Bureau; Washington County Tax Claim Bureau; Donald J. Progar, Tax Collector; Keystone Collection Group, Julie Leventry, Tax Collector and Shelley Buchanan, Tax Collector, City Of New Castle.

authority known or reasonably believed by the Debtors to have or assert a claim against any of the Debtors in the Chapter 11 Cases, including CMS and the United States Attorney for the Western District of Pennsylvania; (n) the Office of the Attorney General and Office of the Secretary of State for the Commonwealth of Pennsylvania; (o) the counterparties to the Executory Contracts; (p) all patients and residents at the Facilities at any point in time dating back to two (2) years prior to the Petition Date and any of such persons' present legal representatives to the extent known by the Debtors, (q) all persons or entities that have asserted, or threatened to assert, any tort claims against any of the Maybrook and Consulate Debtors at any point in time dating back to two (2) years prior to the Petition Date, and (r) all of the Debtors' employees at any point in time dating back to two (2) years prior to the Petition Date.

25. The Resident Notice. In addition to the Auction and Sale Notice, the Debtors shall send the Resident Notice to all patients and residents at the Facilities at any point in time dating back to two (2) years prior to the Petition Date and any of such persons' present legal representatives to the extent known by the Debtors. The Resident Notice is intended to provide further information to the patients and residents regarding the sale process and intention of the Debtors and Successful Bidder(s) to continue operations at the Facilities.

26. Contract Assumption and Assignment Notice. By no later than June 21, 2024 or such other date as may be set in the Sale Procedures Order, the Debtors shall file the Contract Assumption and Assignment Notice with the Court, post such notice on the Case Website, and serve such notice by first class mail, postage prepaid, on the following parties (collectively, the "Contract Notice Parties"):

- a. each Counterparty to an Executory Contract;
- b. counsel to the Committee;
- c. counsel to the Stalking Horse Bidders;

- d. counsel to other Potential Bidders;
- e. the U.S. Trustee;
- f. and all parties that have requested notice pursuant to Bankruptcy Rule 2002.

If applicable, and as soon as practicable, the Debtors shall file any Amended Assumption and Assignment Notice with the Court, post such notice on the Case Website, and serve such notice, by overnight delivery, on the Contract Notice Parties.

27. Post-Auction Notice. As soon as practicable following the Auction, the Debtors shall file the Post-Auction Notice with the Court, post such notice on the Case Website, and serve such notice by overnight delivery on the Sale Notice Parties.

28. The Debtors believe the Notice Procedures constitute adequate and reasonable notice of the key dates and deadlines for the sale process, including, among other things, the Contract Objection Deadline, the Sale Objection Deadline, the applicable Bid Deadlines, and the date, time, and location of the Auction and Sale Order Hearing. Accordingly, the Debtors request that the Court find that the Notice Procedures are adequate and appropriate under the circumstances and comply with the requirements of Bankruptcy Rule 2002, 6004 and 6006.

BASIS FOR RELIEF

I. APPROVAL OF THE SALE TRANSACTION(S) IS APPROPRIATE AND IN THE BEST INTERESTS OF THE DEBTORS' ESTATES.

A. The Sale Transaction Should Be Approved as an Exercise of the Debtors' Sound Business Judgment.

29. Ample authority exists for approval of the Sale Transaction contemplated by this Motion. Section 363(b) of the Bankruptcy Code provides that a debtor may sell property of the estate outside the ordinary course of business after notice and a hearing. Although section 363(b) does not specify a standard for determining when it is appropriate for a court to authorize the use, sale, or lease of property of the estate, courts have required that such use, sale, or lease be based

upon the debtor's sound business judgment. *See, e.g., Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996) (internal citation omitted); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070–71 (2d Cir. 1983); *In re Abbotts Dairies of Penn., Inc.*, 788 F.2d 143, 147–48 (3d Cir. 1986) (implicitly adopting the “sound business judgment” test of *In re Lionel Corp.*); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 175–76 (D. Del. 1991) (holding that the Third Circuit adopted the “sound business judgment” test in *Abbotts Dairies*); *Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999) (same).

30. The demonstration of a valid business justification by the debtor leads to a strong presumption “that in making [the] business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” *Official Comm. of Subordinated Bondholders v. Integrated Res. Inc. (In re Integrated Res. Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)).

31. The Debtors submit that their decision to consummate the sale of the Purchased Assets represents a reasonable exercise of the Debtors' business judgment and, accordingly, the Sale Transaction should be approved under sections 105(a) and 363(b) of the Bankruptcy Code. The Debtors are conducting and will continue to conduct an extensive and fulsome process to market the Purchased Assets. The open and fair auction and sale process contemplated by the Bid Procedures will ensure that the Maybrook and Consulate Debtors' estates receive the highest or otherwise best value available for the Purchased Assets, and will provide a greater recovery than would be provided by any other available alternative. Furthermore, compliance with the Bid Procedures will ensure the fairness and reasonableness of the consideration to be paid by the

Stalking Horse Bidders or other Successful Bidder, and establish that the Debtors and such bidder have proceeded in good faith.

32. The Maybrook and Consulate Debtors have a sound business justification for selling the Purchased Assets pursuant to a competitive-bidding process consistent with the Bid Procedures. Based on an analysis of the Maybrook and Consulate Debtors' ongoing and future business prospects, the Maybrook and Consulate Debtors concluded that a sale of the Purchased Assets pursuant to a competitive-bidding process would likely be the best way to maximize recoveries for creditors in these Chapter 11 Cases. The Debtors believe that the proposed sale process will produce a fair and reasonable purchase price for the Purchased Assets. The Stalking Horse Bid is an offer to purchase the Purchased Assets for a price that the Debtors, with the advice of the Debtors' advisors, already have determined to be fair and reasonable. Given the extensive prepetition marketing process and that the Stalking Horse Bid will serve as a floor for Qualifying Bids for the Purchased Assets, the Debtors are confident that the postpetition sale process will culminate in the Maybrook and Consulate Debtors obtaining the highest or otherwise best offer for such assets, while minimizing on-going operational losses at the facilities.

33. As such, the Debtors' determination to sell the Purchased Assets pursuant to a competitive bidding process as provided for in the Bid Procedures is a valid and sound exercise of the Debtors' business judgment. The Debtors believe that they have proposed a fair process for obtaining the highest and/or best offer and sale of the Purchased Assets for the benefit of the Maybrook and Consulate Debtors' estates and their creditors. The fairness and reasonableness of the consideration to be received by the Debtors will be demonstrated by a "market check" through the process outlined in the Bid Procedures.

B. The Sale Transaction Should Be Approved “Free and Clear” Under Section 363(f) of the Bankruptcy Code.

34. Section 363(f) of the Bankruptcy Code permits a debtor to sell assets free and clear of all liens, claims, interests, and encumbrances (with any such liens, claims, interests, and encumbrances attaching to the net proceeds of the sale with the same rights and priorities therein as in the sold assets) if any one of the following conditions is satisfied:

- i. applicable non-bankruptcy law permits sale of such property free and clear of such interest;
- ii. such entity consents;
- iii. such interest is a lien and the price at which such property is to be sold is greater than the value of all liens on such property;
- iv. such interest is in bona fide dispute; or
- v. such entity could be compelled, in legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f). As section 363(f) is stated in the disjunctive, when proceeding pursuant to section 363(f), it is only necessary to meet one of the five conditions of section 363(f). *In Messina*, 687 F.3d 74, 77 n.4 (3d Cir. 2012); *In re Nature Leisure Times, LLC*, No. 06-41357, 2007 WL 4554276, at *3 (Bankr. E.D. Tex. Dec. 19, 2007); *see also Michigan Employment Sec. Comm’n v. Wolverine Radio Co. (In re Wolverine Radio Co.)*, 930 F.2d 1132, 1147 n.24 (6th Cir. 1991) (stating that Bankruptcy Code § 363(f) is written in the disjunctive; holding that the court may approve the sale “free and clear” provided at least one of the subsections of Bankruptcy Code § 363(f) is met).

35. The Court may also authorize the sale of a debtors’ assets free and clear of any liens pursuant to section 105 of the Bankruptcy Code, even if section 363(f) of the Bankruptcy Code does not apply. *See In re Ditech Holding Corp.*, 606 B.R. 544, 591 (Bankr. S.D.N.Y. 2019) (“[P]lan sales can be free and clear of claims without invoking section 363(f).”); *In re Trans World Airlines, Inc.*, No. 01-0056, 2001 WL 1820325, at *3 (Bankr. D. Del. Mar. 27, 2001) (“[B]ankruptcy courts

have long had the authority to authorize the sale of estate assets free and clear even in the absence of section 363(f).”); *see also Volvo White Truck Corp. v. Chambersberg Beverage, Inc. (In re White Motor Credit Corp.)*, 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987) (“Authority to conduct such sales [free and clear of liens] is within the court’s equitable powers when necessary to carry out the provisions of Title 11.”); *see also In re White Motor Credit Corp.*, 75 B.R. 944 (Bankr. N.D. Ohio 1987) (holding that section 363(f) precluded tort claims against asset purchaser); *In re Appalachia Fuels, LLC*, 503 F.3d 538 (6th Cir. 2007) (approving a sale free and clear of “claims” arising as coal commission sales). The Debtors submit, and to the extent necessary will demonstrate at the Sale Order Hearing, that the sale of the Purchased Assets free and clear of all liens, Claims, interests, and Encumbrances will satisfy one or more of the requirements under section 363(f) of the Bankruptcy Code.¹¹ Accordingly, the Debtors request that the Court authorize the sale of the Purchased Assets free and clear of any liens, claims, interests and Encumbrances, in accordance with section 363(f) of the Bankruptcy Code, subject to such liens, claims, interests and Encumbrances attaching to the proceeds thereof in the same order of relative priority, with the same validity, force and effect as prior to such transfer.

36. Specifically, but without limitation of other liens and interests, in these Chapter 11 Cases, the Debtors request that the Sale Transaction be free and clear of all liens, interests, Claims, and Encumbrances held by CIBC. CIBC consents to the sale to the Stalking Horse Bidders; thereby

¹¹ Moreover, the Debtors will send the Auction and Sale Notice to purported creditors and lienholders. If such creditors and lienholders do not object to the proposed Sale Transaction, then their consent should be presumed. Accordingly, the Debtors request that, unless a party asserting a prepetition lien, Claim or Encumbrance on any of the Purchased Assets timely objects to this Motion, such party shall be deemed to have consented to any Sale Transaction approved at the Sale Order Hearing. *See, e.g., FutureSource LLC v. Reuters Ltd.*, 312 F.3d 281, 285–86 (7th Cir. 2002) (“[L]ack of objection (provided of course there is notice) counts as consent”); *Hargave v. Twp. of Pemberton*, 175 B.R. 855, 858 (Bankr. D.N.J. 1994) (by not objecting to a sale motion, a creditor is deemed to consent to the relief requested therein).

satisfying the requirements of section 363(f)(2) of the Bankruptcy Code. Thus, there is no issue that the Sale Transaction be free and clear of CIBC's liens.

37. Furthermore, to the extent that there are liens against the Purchased Assets to secure unpaid real estate taxes, those will be satisfied at Closing from the proceeds of the Sale Transaction.

38. In addition to the liens arising from the Maybrook and Consulate Prepetition Loan Facilities, U.S. Foods has also filed UCC financing statements against Maybrook-C Latrobe Opco, LLC. The Maybrook and Consulate Debtors have no record of a security agreement collateralizing any obligations due and owing U.S. Foods. Accordingly, the Maybrook and Consulate Debtors submit that U.S. Foods does not have a validly perfected security interest against Maybrook-C Latrobe Opco, LLC. To the extent that such asserted security interest is determined to be valid, by virtue of being junior to the Maybrook and Consulate Prepetition Liens, the Maybrook and Consulate Debtors submit that, as of the Petition Date, any claim held by U.S. Foods is not secured, but rather is a general, unsecured claim.

39. In addition to the putative secured claim of U.S. Foods, the Maybrook and Consulate Debtors may also be subject to unpaid Department Assessments owed to DHS. Without waiver of any of their rights to challenge or contest the amount, validity, priority and/or extent of the Department Assessments and any potential lien in favor of DHS, the Maybrook and Consulate Debtors anticipate that the Department will assert a statutory lien pursuant to 62 P.S. 811-A¹²

¹²

Any assessments implemented and interest and penalties assessed against a nursing facility pursuant to this article shall be a lien on the real and personal property of the nursing facility in the manner provided by section 1401 of [72 Pa. Stat. Ann. §§ 1 *et seq.* (the "Fiscal Code") may be entered by the department in the manner provided by section 1404 of 'The Fiscal Code' and shall continue and retain priority in the manner provided in section 1404.1 of 'The Fiscal Code.'

62 Pa. Stat. Ann. § 811-A.

against the assets of the Maybrook and Consulate Debtors in an effort to collateralize the Department Assessments. However, DHS has not recorded any liens against the Maybrook and Consulate Debtors, and, in any event, upon information and belief, any such liens arose subsequent to the duly recorded liens of CIBC,¹³ which means that any such lien is junior and subordinate to the recorded liens of CIBC (and U.S. Foods to the extent it is valid). Also, because Section 1404.1 of the Fiscal Code provides that a tax lien must be recorded in order to establish its priority, any DHS statutory lien is subject to avoidance under section 544(a)(1) of the Bankruptcy Code.

40. The existence of any purported statutory lien rights for unpaid Department Assessments makes clear that the amounts owed to DHS for Department Assessments are no different than any mortgage or other lien right. As such, the claim for payment of these Department Assessments constitutes an interest in the Debtors' property that is subject to section 363(f)(5) of the Bankruptcy Code. Because this interest may be satisfied by a payment of money, this Court

Section 1404.1 of the Fiscal Code provides, in pertinent part,

“All tax liens shall have priority to and be fully paid before any other obligation, judgment, claim, lien or estate paid and satisfied out of the judicial sale of the real and personal property with which that property may subsequently become charged or for which that property may subsequently become liable, *subject, however, to mortgage or other liens existing and duly recorded at the time the tax lien is recorded.*”

72 Pa. Stat. Ann. § 1404.1 (emphasis added).

¹³ Section 1401 of the Fiscal Code provides, in pertinent part,

“All State taxes imposed under the authority of any law of this Commonwealth, now existing or that may hereafter be enacted, and unpaid bonus, penalties, and all public accounts settled, assessed or determined against any corporation, association, or person, including interest thereupon, shall be a first lien upon the franchises and property, both real and personal, of such corporation, association, or person, *from the date of settlement, assessment or determination*, except as otherwise expressly provided by law under which the claim of the Commonwealth arises...”

72 Pa. Stat. Ann. §1401 (emphasis added).

may approve the sale of the Purchased Assets free and clear of any lien, interest, Claim, or Encumbrance asserted by DHS.

41. The leading case in this Circuit regarding what constitutes an “interest in property” under section 363(f) of the Bankruptcy Code is *In re Trans World Airlines, Inc.*, 322 F.3d 283 (3d Cir. 2003) (concluding that the purchaser could not be held liable for federal employment discrimination claims). In *Trans World*, the Court adopted the Airlines’ argument that “while Congress did not expressly define ‘interest in property,’ the phrase should be broadly read to authorize a bankruptcy court to bar any interest that could potentially travel with the property being sold, even if the asserted interest is unsecured.” *Id.* at 288. In support of its conclusion, the Court noted that the definition of interests in section 363(f) is broader than simply liens or *in rem* interests, and quoted a portion of *Collier’s* treatise providing that “[o]bviously there must be situations in which the interest is something other than a lien; otherwise section 363(f)(3) would not need to deal explicitly with the case in which the interest is a lien.” *Id.* at 290 (citing 3 *Collier on Bankruptcy* ¶ 363.06[1]).

42. Another case cited by the *Trans World* court in support of its holding was *In re P.K.R. Convalescent Centers, Inc.*, 189 B. R. 90 (Bankr. E.D. Va. 1995), which is directly on point with the facts in this bankruptcy. In the *P.K.R. Convalescent* case, the court expressly enjoined the Virginia Department of Medical Assistance Service from pursuing collections against the prospective purchaser for amounts owed under a Virginia statute relating to depreciation recapture realized upon a transfer of the debtors’ property. *Id.* at 96. The Court found that Virginia’s right to repayment was an interest as defined in section 363(f) of the Bankruptcy Code and that the nursing facility could be sold free and clear of that interest because the amount owed could be satisfied by a payment of money. *Id.*

C. The Sale Order Must Provide that the Stalking Horse Bidders Do Not have Successor Liability for the Maybrook and Consulate Debtors' Debts.

43. The Debtors further request that the Sale Order specifically provide that the Stalking Horse Bidders or any other Successful Bidder shall have no successor liability of any kind, including, without limitation, for any Department Assessments or any other fines/penalties owed by the Debtors to DHS or DOH for periods prior to the Closing of the Sale Transaction or to the United States in connection with the civil action filed by the United States Department of Labor against the thirteen (13) OpCo Debtors alleging violations of federal wage and hour laws, case number 2:18-cv-01608-WSS, United States District Court for the Western District of Pennsylvania (the “DOL Action”).¹⁴

44. The analysis in the *Trans World* case shows that the concepts of what constitutes an “interest in property” and a debtor’s ability to sell free and clear of liabilities are closely related. If a potential liability arises from the debtor’s operation of an integral part of its business, then section 363 of the Bankruptcy Code authorizes a sale of the assets comprising that business free and clear of the liability. *In re Trans World Airlines, Inc.*, 322 F.3d at 290. *See also In re WBQ Partnership*, 189 B.R. 98, 105 (Bankr. E.D. Va. 1995) (enjoining state from pursuing recovery of depreciation recapture from purchaser) (“DMAS’s right of recapture falls with the category of ‘any interest’ that is subject to §363(f).”). In these Chapter 11 Cases, any amounts owed to DHS, DOH or in the DOL Action arise exclusively from the operation of the nursing facilities being sold; therefore, the Court may approve a sale of the Purchased Assets free and clear from these claims or any other claims that could be asserted based on a theory of successor liability.

¹⁴ As of now, the DOL Action is still pending, and the DOL has no judgment against any of the OpCo Debtors that are defendants in the DOL Action. In the event that the DOL is ultimately awarded a judgment, the Maybrook and Consulate Debtors request that the Sale Order should expressly provide that the Purchaser is not liable for that judgment.

45. In *Trans World*, the Court reasoned that the claims asserted qualified as interests subject to section 363(f) of the Bankruptcy Code because “it was the assets of the debtor which gave rise to the claims. Had TWA not invested in airline assets, which required the employment of the EEOC claimants, those successor liability claims would not have arisen.” *Id.* (citing *In re Leckie*, 99 F.3d 573, 585 (4th Cir. 1996) (Sale of debtor’s assets pursuant to section 363 of the Bankruptcy Code was free and clear of any liability imposed upon successors under the federal Coal Act.))¹⁵

46. The DOL Action asserts that the Maybrook and Consulate OpCo Debtors violated federal wage and hour laws and seeks a monetary judgment, including exemplary damages. Like the EEOC claims in the *Trans World* case, the DOL’s, DHS’s and DOH’s claims in this bankruptcy clearly arise from the Maybrook and Consulate OpCo Debtors’ operation of their skilled nursing facilities—the property being sold. The Debtors’ “investment in [their nursing facilities] is inextricably linked to its employment of [the staff who were allegedly underpaid]”. *Cf In re Trans World Airlines, Inc.*, 322 F.3d at 290 (“TWA’s investment in commercial aviation is inextricably linked to its employment of the Knox-Schillinger claimants as flight attendants, . . . “). Clearly, the claims in the DOL Action are inextricably linked to the employees working at the Maybrook and Consulate OpCo Debtors’ facilities, and the Department Assessments and any other amounts owed to DHS or DOH would not exist but for the fact that the Maybrook and Consulate OpCo Debtors

¹⁵ In *Leckie*, the Court reasoned that “[b]ecause there is therefore a relationship between (1) the Fund’s and Plan’s rights to demand premium payments from [the debtors] and (2) the use to which [the debtors] put their assets, we find that the Fund and Plan have interests in those assets within the meaning of section 363(f) [of the Bankruptcy Code].” *See In re Leckie*, 99 F.3d at 582. The court explained that “[t]hose rights are grounded, at least in part, in the fact that [the debtors’] assets have been employed for coal-mining purposes: if [the debtors] had never elected to put their assets to use in the coal-mining industry, and had taken up business in an altogether different area, the [claimants] would have no right to seek premium payments from them.” *Id.* at 582.

operate nursing facilities within the meaning of the PA Nursing Facility Assessment Program. Because any liability owed to these entities is “inextricably linked” to the Purchased Assets, this Court may approve a sale free and clear of those claims and any other claims based on successor liability.

47. The Maybrook and Consulate Debtors are actively seeking to maximize the Purchased Assets’ value. The Maybrook and Consulate Debtors retained Blueprint to market and sell the Purchased Assets, and the Maybrook and Consulate Debtors are prepared to sell the Purchased Assets to any competing bidder that makes an offer that will generate a higher return for their bankruptcy estates than the Stalking Horse Agreements provide. Under these circumstances, this Court and all others routinely include in orders approving sales of assets pursuant to section 363 of the Bankruptcy Code a finding that a purchaser is not a successor to the debtor and is not liable for payment of amounts the debtors owe. *See, e.g., In re Leckie*, 99 F.3d at 576 (“even if [buyers] would be a successor in interest, the Bankruptcy Court may extinguish Coal Act successor liability pursuant to 11 U.S.C. § 363(f)(5)”); *In re Rockdale Marcellus Holdings, LLC*, Case No. 21-bk-22080 (Bankr. W.D. Pa. 2021) (Docket No. 617, ¶¶AA. “No Successor Liability”); *In re Claim Jumper Acquisition Company, LLC*, Case No. 22-bk-21941 (Bankr. W.D. Pa.) (Docket No. 330, ¶¶U, 11 and 13).

48. Thus, this Court should hold that the sale of the Purchased Assets will be free and clear of any claim held by the DOL, DHS or DOH and to enjoin those entities (and all other creditors holding claims against the Debtors) from attempting to collect any liability of the Debtors from the Stalking Horse Bidders or any other Successful Bidder.

D. Liens or Other Interests Will Attach to the Proceeds in Accordance with Their Existing Priority and Should be Paid to CIBC.

49. As provided by the Bankruptcy Code, all valid liens or other interests against the Purchased Assets being sold will attach against the sale proceeds in the order of their existing priority. The Debtors assert that CIBC has a first priority lien on all of the Purchased Assets and will have a first priority lien in the proceeds thereof. The Debtors request authority to pay the net sale proceeds, subject to carve-outs for any Bid Protections afforded the Stalking Horse Bidders, to CIBC for application to its debt. Any proceeds in excess of the amounts required to pay CIBC in full will be held by the Maybrook and Consulate Debtors pending further order of this Court. Furthermore, the Debtors reserve for further determination by this Court the issue of the proper allocation of any excess proceeds among the Maybrook and Consulate Debtors.

E. The Sale Transaction Has Been Proposed in Good Faith and Without Collusion, and Each Successful Bidder Will Be a “Good Faith Purchaser.”

50. Pursuant to section 363(m)¹⁶ of the Bankruptcy Code, a good-faith purchaser is one who purchases assets for value, in good faith, and without notice of adverse claims. *O’Dwyer v. O’Dwyer (In re O’Dwyer)*, 611 Fed. App’x. 195, 200 (5th Cir. 2015); *In re Mark Bell Furniture Warehouse, Inc.*, 992 F.2d 7, 9 (1st Cir. 1993); *In re Willemain v. Kivitz*, 764 F.2d 1019, 1023 (4th Cir. 1985); *In re Congoleum Corp.*, No. 03-51524, 2007 WL 1428477, *2 (Bankr. D.N.J. May 11, 2007); see also *In re Abbotts Dairies*, 788 F.2d at 147 (to constitute lack of good faith, a party’s conduct in connection with the sale must usually amount to fraud, collusion between the buyer and

¹⁶ Section 363(m) provides that:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders); *In re Made In Detroit, Inc.*, 414 F.3d 576, 581 (6th Cir. 2005) (following the *Abbotts Dairies* standard).

51. Courts in this Circuit have upheld section 363 purchase agreements “negotiated, proposed, and entered into . . . in good faith, without collusion . . . [resulting from] arm’s-length bargaining with . . . parties represented by independent counsel.” *In re THQ Inc.*, No. 12-13398 (MFW), 2013 Bankr. LEXIS 781 (Bankr. D. Del. Jan. 24, 2013); *In re Rockdale Marcellus, LLC*, Case No. 21-22080 (Bankr. W.D. Pa. Dec. 29, 2021); *In re Gottschalks Inc.*, Case Nos. 09-10157 (KJC), 526, 603, 2009 Bankr. LEXIS 4880 (Bankr. D. Del. June 10, 2009); *In re Against All Odds USA, Inc.*, Case Nos. 09-10117 (DHS), TIN: 22-3391747, 2009 Bankr. LEXIS 5234, at *1 (Bankr. D.N.J. May 28, 2009); *In re Allegheny Health, Educ. & Research Found.*, Case Nos. 98-25773, 98-25774, 98-25775, 98-25776, 98-25777, 1998 Bankr. LEXIS 1684, at *31 (Bankr. W.D. Pa. Oct. 30, 1998).

52. In other words, a party would have to show fraud or collusion between the successful bidder and the debtor-in-possession or trustee or other bidders to demonstrate a lack of good faith. An appropriate characterization of good faith in a bankruptcy sale is a lack of “fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.” *In re Bleaufontaine, Inc.*, 634 F.2d 1383, 1388 n.7 (5th Cir.1981) (quoting *In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1198 (7th Cir. 1978)). Due to the absence of a bright-line test for good faith, the determination is based on the facts of each case, with a focus on the “integrity of [a bidder’s] conduct in the course of the sale proceedings.” *Made In Detroit, Inc.*, 414 F.3d at 581 (6th Cir. 2005) (quoting *In re Rock Indus.*, 572 F.2d at 1998).

53. The Debtors submit that the Stalking Horse Bidders are “good faith purchasers” within the meaning of section 363(m) of the Bankruptcy Code. The Debtors and the Stalking Horse

Bidders, and their respective advisors, have entered into the Stalking Horse Agreements without collusion, in good faith and after extensive arms'-length negotiations. To the best of the Debtors' knowledge, information and belief, no party has engaged in any conduct that would cause or permit the Stalking Horse Agreements to be set aside under section 363(m) of the Bankruptcy Code.

54. Further, as set forth above, the Bid Procedures are designed to produce a fair and transparent competitive bidding process. Each Qualifying Bidder participating in the Auction must confirm that it has not engaged in any collusion with respect to the bidding or the sale of any of the Purchased Assets. Any asset purchase agreement with a Successful Bidder executed by the Debtors will be negotiated at arm's-length and in good faith. Accordingly, the Debtors seek a finding that any Successful Bidder (including the Stalking Horse Bidders) are good faith purchasers and entitled to the full protections afforded by section 363(m) of the Bankruptcy Code.

55. The Debtors submit, and the testimony presented at the Sale Order Hearing will demonstrate, that the terms and conditions of the Sale Transaction were negotiated by the Debtors and the Stalking Horse Bidders or Successful Bidder, as applicable, at arm's-length and in good faith, with the assistance of the Debtors' professional advisors, and that the parties did not engage in any conduct that would cause or permit the Sale Transaction to be avoided under section 363(n) of the Bankruptcy Code.

56. Based on the foregoing, the Debtors submit that they have demonstrated that the proposed sale of the Purchased Assets is a sound exercise of the Debtors' business judgment and should be approved as a good faith transaction.

F. The Court May Approve the Sale without Appointment of a Consumer Privacy Ombudsman.

57. Section 363(b)(1) of the Bankruptcy Code provides that if a debtor "in connection with offering a product or a service discloses to an individual a policy prohibiting the transfer of

personally identifiable information about individuals [and] such policy is in effect on the date of the commencement of the case,” then the debtor “may not sell . . . personally identifiable information to any person unless” the sale is “consistent with such policy” or a “consumer privacy ombudsman” is appointed. 11 U.S.C. § 363(b)(1). The term “personally identifiable information,” defined in section 101(41A) of the Bankruptcy Code, means private information about a debtor’s customers that “if disclosed, will result in contacting or identifying [an] individual physically or electronically” (e.g., name, address, telephone number, social security number, credit card account number, birth date). *Id.* § 101(41A).

58. Section 332 of the Bankruptcy Code governs the appointment of a consumer privacy ombudsman and provides that the Court “shall order the United States trustee to appoint, not later than 5 days before the commencement of the [sale] hearing, 1 disinterested person ... to serve as the consumer privacy ombudsman in the case and shall require that notice of such hearing be timely given to such ombudsman.” *Id.* § 332(a). The consumer privacy ombudsman “may appear and be heard at [the sale] hearing and shall provide to the [C]ourt information to assist the [C]ourt in its consideration of the facts, circumstances, and conditions of the proposed sale . . . of personally identifiable information.” *Id.* § 332(b).

59. The Debtor currently maintains certain privacy policies that govern the use of personally identifiable information in conducting its business. In particular, the Debtor has policies to comply with the requirements of the privacy rule of the Health Insurance Portability and Accountability Act (“HIPAA”). See 45 C.F.R. Parts 160, 162, and 164.

60. HIPAA establishes guidelines for the disclosure of private health information (“PHI”) and bars health care providers from disclosing PHI of individuals in certain instances. Among the exceptions to the HIPAA privacy rule are disclosures of PHI as part of a covered entity’s

“health care operations.” See 45 C.F.R. §§ 164.502(a)(ii), 164.506(c)(1). “Health care operations” under HIPAA include the “sale, transfer, merger, or consolidation of all or part of a covered entity with another covered entity, or an entity that following such activity will become a covered entity and due diligence related to such activity.” See id. § 164.501(6)(iv).

61. The Stalking Horse Bidders and any other buyer of the Purchased Assets will be a covered entity under HIPAA. The sale of any PHI as part of the Sale Transaction is authorized under HIPAA and otherwise consistent with the Maybrook and Consulate Debtors’ policies regarding the privacy of such information. Accordingly, the Court can approve the Sale Transaction without the appointment of a consumer privacy ombudsmen.

G. The Court Should Waive the Stay of Bankruptcy Rules 6004 and 6006.

62. Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). Bankruptcy Rule 6006(d) further provides that an “order authorizing the trustee to assign an executory contract or unexpired lease under § 365(f) is stayed until the expiration of 14 days after the entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6006(d).

63. The Debtors believe that any sale should be consummated as soon as practicable to preserve and maximize value. Accordingly, the Debtors request that any Sale Order approving the sale of the Purchased Assets and the assumption and assignment of the Assumed Contracts be effective immediately upon entry of such order and that the fourteen-day stay under Bankruptcy Rules 6004(h) and 6006(d) be waived.

II. THE BID PROCEDURES, INCLUDING THE BID PROTECTIONS, SHOULD BE APPROVED.

64. The Bid Procedures are appropriate and in the best interests of the Debtors, their estates, and the creditors. The key objective in any sale of property of a debtor's estate is to maximize the value received by the estate. *See In re Mushroom Transp. Co.*, 382 F.3d 325, 339 (3d Cir. 2004) (finding that debtor "had a fiduciary duty to protect and maximize the estate's assets"); *Official Comm. of Unsecured Creditors of Cybergenics, Corp v. Chinery*, 330 F.3d 548, 573 (3d Cir. 2003) (same).

65. Courts uniformly recognize that procedures established for the purpose of enhancing competitive bidding are consistent with the fundamental goal of maximizing the value of a debtor's estate. *See Calpine Corp. v. O'Brien Envtl. Energy, Inc. (In re O'Brien Envtl. Energy, Inc.)*, 181 F.3d 527, 537 (3d Cir. 1999) (noting that bidding procedures that promote competitive bidding provide a benefit to a debtor's estate); *Integrated Res.*, 147 B.R. at 659 (stating that bidding procedures "encourage bidding and . . . maximize the value of the debtor's assets").

66. The Debtors have designed the Bid Procedures to promote a competitive and fair bidding process and, thus, maximize value for the Maybrook and Consulate Debtors' estates and creditors. The Bid Procedures will allow the Debtors to conduct the Auction in a controlled, fair, and open fashion that will encourage participation by financially capable bidders, thereby increasing the likelihood that the Maybrook and Consulate Debtors will receive the highest or best possible consideration for the Purchased Assets. Furthermore, the Bid Procedures provide an appropriate framework for the Debtors to review, analyze and compare any bids received to determine which bids are in the best interests of the Maybrook and Consulate Debtors' estates and their creditors.

67. The Debtors submit that the Bid Procedures are fair and transparent and will derive the highest or best bids for the Purchased Assets. Therefore, the Debtors request the Court approve the Bid Procedures.

A. The Stalking Horse Bidders and Stalking Horse Bid Protections Should Be Approved.

68. As discussed in further detail above, the Maybrook and Consulate Debtors, in consultation with CIBC and Blueprint, determined to accept the Stalking Horse Bid and enter into the Stalking Horse Agreements, subject to higher and better offers. The Stalking Horse Bidders further satisfied all the Participation Requirements applicable to the Stalking Horse Bidders. For the reasons set forth above, the Court should approve the Stalking Horse Bidders and the Stalking Horse Bid as Qualified Bidders and a Qualified Bid, respectively.

69. The Stalking Horse Agreements provide for the Bid Protections discussed above, including a Termination Fee in an amount of \$1,325,000 and an Expense Reimbursement of up to \$300,000 to be paid to the Stalking Horse Bidders on the terms set forth in the Stalking Horse Agreements. The Bid Protections are the result of active and arm's-length negotiations, and the Bid Protections, including the Termination Fee and Expense Reimbursement, were an essential prerequisite for the Stalking Horse Bidders to enter into the Stalking Horse Agreements. Stalking horse bidders virtually always require break-up fees and, in many cases, other forms of bidding protections as an inducement for "setting the floor at auction, exposing its bid to competing bidders, and providing other bidders with access to the due diligence necessary to enter into an asset purchase agreement." *Official Comm. of Unsecured Creditors v. Interforum Holding, LLC*, No. 11-

CV-219, 2011 U.S. Dist. LEXIS 73421, at *4 n.2 (E.D. Wis. July 7, 2011). Thus, the use of bidding protections has become an established practice in chapter 11 cases.

70. In this circuit, whether Termination Fees and expenses are allowable is subject to the same standard as other general administrative expenses under section 503 of the Bankruptcy Code. *In re O'Brien*, 191 F.3d at 532; *In re Women First Healthcare, Inc.*, 332 B.R. 115, 121 (Bankr. D. Del. 2005) (“The Third Circuit has expressly recognized as an administrative claim a stalking-horse bidder’s claim for a break-up fee and expense reimbursement if granting such claim provides a benefit to the estate.”). These expenses are allowable if they are actually necessary to preserve the value of the bankruptcy estates or if they benefit the debtor’s estate. *Id.*

71. In these Chapter 11 Cases, the Maybrook and Consulate Opco Debtors are currently not profitable, and the Termination Fee and Expense Reimbursement included in the Stalking Horse Agreements were necessary to incentivize the Stalking Horse Bidders to commit to the purchase and establish a minimum sales price for the Purchased Assets. Indeed, the Stalking Horse Bidders insisted on the Bid Protections. If these protections were not offered, the Debtors and Blueprint believe that no entity would be willing to act as a stalking horse bidder, and absent these protections, the Maybrook and Consulate Debtors would have no choice but to proceed to an auction of their assets with no floor, which could lead to a sale of the Purchased Assets at much less than the values established in the Stalking Horse Agreements. Accordingly, the Bid Protections are necessary to preserve the value of the Debtors’ estates because they enable the Debtors to secure an adequate floor for the Purchased Assets—a clear benefit to the Maybrook and Consulate Debtors’ estates.

72. Moreover, there has been no self-dealing or manipulation of any kind in the negotiation of the Bid Protections; rather, the Bid Protections resulted from good faith, arm’s-length negotiations between the Maybrook and Consulate Debtors and the Stalking Horse Bidders. The

Debtors believe that the agreement to pay the Bid Protections is reasonable and necessary to induce the Stalking Horse Bidders to enter into the Stalking Horse Agreements.

73. Pursuant to the Bid Procedures, any bidder that wishes to participate in the Auction must submit a higher or better offer than the bid of the Stalking Horse Bidders, which would be used to fund the Bid Protections. The Stalking Horse Bidders' bid attracts additional bidders because they can save time and costs by utilizing documents the Stalking Horse Bidders heavily negotiated, including the Stalking Horse Agreements and the schedules thereto. Ultimately, if the Purchased Assets are sold to a Successful Bidder other than the Stalking Horse Bidders, it is likely because the Stalking Horse Bidders played a crucial role in initiating interest and setting a minimum acceptable price for others to bid against.

74. Finally, for all the reasons described above, the dollar amount of the Bid Protections is appropriate and reasonable, as it is approximately 3% of the Purchase Price (including the maximum expense reimbursement, but not including Assumed Liabilities and payment of certain Cure Costs). *See In re Abarta Oil & Gas Co, LLC*, Case No. 21-22406, Doc. No. 110 (Bankr. W.D. Pa. Nov. 11, 2021) (court approved Termination Fee of 3.0% in a transaction with \$8,000,000 purchase price); *In re America Classic Voyages Co.*, Case No. 01-10954, Doc. No. [] (EIK) (Bankr. D. Del. March 20, 2002) (court approved breakup fee of 6.6% or \$250,000 in connection with a \$3.75 million sale transaction); *In re Chi-Chi's, Inc.*, Case No. 03-13063, Doc. 143 (Bankr. D. Del. November 4, 2003) (fee of 5.1% permitted). The Bid Protections are a sound exercise of the Debtors' business judgment and are in the best interests of the Debtors, their estates, and all stakeholders. Accordingly, the Court should approve the Bid Protections.

B. This Court Should Approve the Assumption and Assignment Procedures, as well as the Proposed Assumption and Assignment of Contracts.

75. The Debtors respectfully submit that the proposed Assumption and Assignment Procedures set forth above are appropriate and reasonably tailored to provide all necessary notices to the Counterparties, including the deadlines for objecting to the assignment and assumption of their Executory Contracts. Without limitation, the Assumption and Assignment Procedures provide for the payment of any Cure Amounts (and resolution of disputes related thereto) owed under the Assumed Contracts prior to the assignment and assumption of such contracts. Accordingly, the Debtors submit that implementation of the proposed Assumption and Assignment Procedures is appropriate in these Chapter 11 Cases, and that this Court should authorize the Assumption and Assignment Procedures and further authorize the Maybrook and Consulate Debtors to assume and assign the Assumed Contracts as may be set forth in the purchase agreement with the Successful Bidder in accordance with such procedures.

76. Section 365(a) of the Bankruptcy Code provides, in pertinent part, that a debtor in possession, “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). “The purpose behind allowing the assumption or rejection of executory contracts is to permit the trustee or debtor-in-possession to use valuable property of the estate and to ‘renounce title to and abandon burdensome property.’” *Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1098 (2d Cir. 1993) (quoting 2 COLLIER ON BANKRUPTCY ¶ 365.01[1] (15th ed. 1993)).

77. The standard applied to determine whether the assumption of a contract or an unexpired lease should be authorized is the “business judgment” standard. *See Sharon Steel Corp. v. Nat’l Fuel Gas Distrib. Corp.*, 872 F.2d 36, 40 (3d Cir. 1989); *In re AbitibiBowater Inc.*, 418 B.R. 815, 831 (Bankr. D. Del. 2009) (finding that a debtor’s decision to assume or reject an

executory contract will stand so long as “a reasonable business person would make a similar decision under similar circumstances.”); *In re HQ Global Holdings, Inc.*, 290 B.R. 507, 511 (Bankr. D. Del. 2003) (stating a debtor’s decision to reject an executory contract is governed by the business judgment standard and can only be overturned if the decision was the product of bad faith, whim, or caprice). As described above, “[t]he business judgment rule ‘is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interest of the company.’” *Integrated Res., Inc.*, 147 B.R. at 656 (quoting *Smith v. Van Gorkom*, 488 A.2d at 872). Indeed, “the sole issue is whether the rejection benefits the estate.” *In re HQ Global*, 290 B.R. at 511.

78. The business judgment rule is crucial in chapter 11 cases and shields a debtor’s management from judicial second-guessing. *See id.*; *see also Comm. of Asbestos Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) (“[T]he Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a debtor’s management decisions.”). Generally, courts defer to a debtor in possession’s business judgment to assume or reject an executory contract or lease. *See Wheeling-Pittsburgh Steel Corp. v. West Penn Power Co., (In re Wheeling-Pittsburgh Steel Corp.)*, 72 B.R. 845, 846 (Bankr. W.D. Pa. 1987) (stating that the business judgment test “requires only that the trustee [or debtor in possession] demonstrate that [assumption or] rejection of the executory contract will benefit the estate.”); *see also N.L.R.B. v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984); *Control Data Corp. v. Zelman (In re Minges)*, 602 F.2d 38, 42–43 (2d Cir. 1979); *In re Riodizio, Inc.*, 204 B.R. 417, 424–25 (Bankr. S.D.N.Y. 1997); *In re G Survivor Corp.*, 171 B.R. 755, 757 (Bankr. S.D.N.Y. 1994).

79. Here, the Debtors have exercised their sound business judgment in determining that assumption and assignment of the Assumed Contracts is in the best interests of the Maybrook and Consulate Debtors and their estates, and, accordingly, the Court should approve the proposed assumption under section 365(a) of the Bankruptcy Code. *See, e.g., In re Philadelphia Newspapers, LLC*, 424 B.R. 178, 182–83 (Bankr. E.D. Pa. 2010) (stating that if a debtor’s business judgment has been reasonably exercised, a court should approve the assumption or rejection of an executory contract or unexpired lease); *Westbury Real Estate Ventures, Inc. v. Bradlees, Inc. (In re Bradlees Stores, Inc.)*, 194 B.R. 555, 558 n.1 (Bankr. S.D.N.Y. 1996); *Summit Land Co. v. Allen (In re Summit Land Co.)*, 13 B.R. 310, 315 (Bankr. D. Utah 1981) (holding that, absent extraordinary circumstances, court approval of a debtor’s decision to assume or reject an executory contract “should be granted as a matter of course”).

80. As set forth above, the Sale Transaction will provide significant benefits to the Maybrook and Consulate Debtors’ estates. To that end, the assumption and assignment of the Assumed Contracts is necessary for the Maybrook and Consulate Debtors to obtain the benefits of any asset purchase agreement or Stalking Horse Agreements, as applicable. In addition, under section 365(k) of the Bankruptcy Code, the assignment by a debtor to an entity of a contract or lease “relieves the trustee and the estate from any liability for any breach of such contract or lease occurring after such assignment.” 11 U.S.C. § 365(k). Thus, following an assignment to the Successful Bidder of any Assumed Contract, the Maybrook and Consulate Debtors will be relieved from any liability for any subsequent breach associated therewith.

81. Furthermore, section 365(b)(1) of the Bankruptcy Code requires that any outstanding defaults under the Assumed Contracts must be cured or that adequate assurance be provided that such defaults will be promptly cured. 11 U.S.C. § 365(b)(1). The Debtors propose to

file with the Court, and serve on each Counterparty to an Assumed Contract, the Contract Assumption and Assignment Notice (and, if applicable, an Amended Assumption and Assignment Notice) that indicates the proposed Cure Amount for each such contract or lease. As such, each Counterparty will have the opportunity to object to the proposed Cure Amount, if applicable. Moreover, the payment or reserve of the applicable Cure Amount will be a condition to the Debtors' assumption and assignment of any Assumed Contract.

82. Relatedly, section 365(f)(2) of the Bankruptcy Code provides that a debtor may assign an executory contract or unexpired lease of nonresidential real property if "adequate assurance of future performance by the assignee of such contract or lease is provided." 11 U.S.C. § 365(f)(2). The words "adequate assurance of future performance" must be given a "practical, pragmatic construction" in light of the facts and circumstances of the proposed assumption. *See In re Fleming Cos., Inc.*, 499 F.3d 300, 307 (3d Cir. 2007) (internal citation omitted); *Carlisle Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1988) (same); *see also In re Natco Indus., Inc.*, 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985) (finding that adequate assurance of future performance does not mean absolute assurance that debtor will thrive and profit); *In re Bon Ton Rest. & Pastry Shop, Inc.*, 53 B.R. 789, 803 (Bankr. N.D. Ill. 1985) ("Although no single solution will satisfy every case, the required assurance will fall considerably short of an absolute guarantee of performance.").

83. Specifically, adequate assurance may be given by demonstrating the assignee's financial health and experience in managing the type of enterprise or property assigned. *See In re Bygaph, Inc.*, 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (holding that adequate assurance of future performance is given where the assignee of lease has financial resources and expressed a

willingness to devote sufficient funding to the business to ensure its success, and that in the leasing context, the chief determinant of adequate assurance is whether rent will be paid).

84. Here, the Successful Bidder will have provided adequate assurance of future performance with respect to any Assumed Contract. In order for its bid to be deemed a Qualifying Bid, each Qualifying Bidder will be required to provide evidence supporting its ability to comply with the requirements of adequate assurance of future performance under section 365(f)(2)(B) of the Bankruptcy Code (the “Adequate Assurance Information”), including: (a) the bidder’s financial wherewithal and willingness to perform under any contracts that are assumed and assigned to such potential bidder; and (b) a contact person for the proposed assignee that the Counterparty may directly contact in connection with the adequate assurance of future performance. Furthermore, given that the Debtors will submit evidence that all requirements for the assumption and assignment of such contracts have been satisfied at the Sale Order Hearing, the Court and other interested parties will have the opportunity to evaluate the ability of each Successful Bidder to provide adequate assurance of future performance.

85. Therefore, the Debtors respectfully request the Court (a) approve the Assignment and Assumption Procedures, (b) approve the proposed assumption and assignment of the Assumed Contracts, and (c) find that all anti-assignment provisions of such contracts are unenforceable under section 365(f) of the Bankruptcy Code.¹⁷

¹⁷ Section 365(f)(1) provides that “notwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law, that prohibits, restricts, or conditions the assignment of such contract or lease, the trustee may assign such contract or lease . . .” 11 U.S.C. § 365(f)(1). Section 365(f)(3) further provides that “notwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law that terminates or modifies, or permits a party other than the debtor to terminate or modify, such contract or lease or a right or obligation under such contract or lease on account of an assignment of such contract or lease, such contract, lease, right, or obligation may not be terminated or modified under such provision because of the assumption or assignment of such contract or lease by the trustee.” 11 U.S.C. § 365(f)(3).

NO PRIOR REQUEST

86. No prior motion for the relief requested herein has been made to this Court or any other court.

WHEREFORE, the Debtors respectfully request that the Court enter the Sale Procedures Order, substantially in the form attached hereto as **Exhibit A**, and, after the Sale Order Hearing, a Sale Order, granting the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated May 24, 2024
Pittsburgh, Pennsylvania

Respectfully submitted,

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EXHIBIT A

Sale Procedures Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re: SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>,¹ Debtors.	Case No.: 24-21217-CMB Chapter 11 <i>Jointly Administered</i> Doc. No.:
SOUTH HILLS OPERATIONS, LLC, <i>et al.</i>, Movant, -vs - CIBC BANK USA; CUARZO HEALTHCARE CAPITAL; U.S. FOOD SERVICES; PENNSYLVANIA DEPARTMENT OF HUMAN SERVICES; HARMONY PROPERTY MANAGEMENT, LLC; IRWIN PROPERTY MANAGEMENT, LLC; NEW CASTLE PROPERTY MANAGEMENT, LLC; NEW WILMINGTON PROPERTY MANAGEMENT, LLC; LATROBE PROPERTY MANAGEMENT, LLC; WASHINGTON PROPERTY MANAGEMENT, LLC; U.S. DEPARTMENT OF LABOR; INTERNAL REVENUE SERVICE; CENTERS FOR MEDICARE AND MEDICAID SERVICES;	Related to Document No. Hearing Date: Hearing Time: Response Deadline:

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrysburg Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017

NEW WILMINGTON BOROUGH TAX COLLECTOR; RICHARD L. RAPONE, LAWRENCE COUNTY TREASURER; UNITY TOWNSHIP TAX COLLECTOR; WESTMORELAND COUNTY TAX CLAIM BUREAU; ROBERT OHR, TAX COLLECTOR, MERCER COUNTY TAX CLAIM BUREAU; WASHINGTON COUNTY TAX CLAIM BUREAU, DONALD J. PROGAR, TAX COLLECTOR, KEYSTONE COLLECTION GROUP; JULIE LEVENTRY, TAX COLLECTOR; and SHELLEY BUCHANAN, TAX COLLECTOR, CITY OF NEW CASTLE

Respondents.

ORDER (A) APPROVING BID PROCEDURES FOR SALE OF SUBSTANTIALLY ALL OF THE MAYBROOK AND CONSULATE DEBTORS' ASSETS, OTHER THAN ACCOUNTS, FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, (B) APPROVING STALKING HORSE BID PROTECTION, (C) SCHEDULING AUCTION FOR AND HEARING TO APPROVE SALE OF SUBSTANTIALLY ALL OF THE MAYBROOK AND CONSULATE DEBTORS' ASSETS, (D) APPROVING FORM AND MANNER OF NOTICE OF SALE, AUCTION, AND SALE ORDER HEARING, (E) APPROVING ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (F) GRANTING RELATED RELIEF

Upon consideration of *Debtors' Motion for Entry of Orders (A) Approving Sale of Substantially All of the Maybrook and Consulate Debtors' Assets, Other than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Approving Bid Procedures for the Sale of Substantially All of the Maybrook And Consulate Debtors' Assets, Other Than Accounts, (C) Approving Stalking Horse Bid Protections, (D) Scheduling Auction for and Hearing to Approve Sale of the Maybrook and Consulate Debtors' Assets, (E) Approving Form and Manner of Notice of Sale, Auction, and Sale Order Hearing, (F) Approving Assumption and Assignment Procedures, (G) Authorizing Assumption and Assignment of Executory Contracts and Unexpired*

Leases, and (H) Granting Related Relief[Docket. No. ____] (the “Motion”)² scheduled for a hearing (the “Bid Procedures Hearing”) seeking approval of, among other things, the Bid Procedures attached hereto as **Exhibit 1**; and the Court, having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having considered the Motion, the arguments of counsel and the evidence presented at the Bid Procedures Hearing and the entire record; and the Court having found that the Debtors provided due and sufficient notice of the Motion and Bid Procedures Hearing and the relief sought in the Motion under the particular circumstances, and it appearing no other or further notice need be provided; and the Court having reviewed the Motion, the filings in support of the Motion, and all objections to the relief sought in the Motion (the “Objections”); and the Court having found that the relief requested in the Motion is in the best interest of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation and good and sufficient cause appearing for the relief sought in the Motion, it is hereby, **FOUND AND DETERMINED** that:

A. The findings of facts and conclusions of law set forth in this Order constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this case pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are hereby adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are hereby adopted as such. Any findings of

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Motion.

fact or conclusions of law stated by the Court on the record at the Bid Procedures Hearing are hereby incorporated, to the extent they are not inconsistent with this Order.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. The statutory and legal bases for the relief requested in the Motion are sections 105, 363(b), 363, 364, 365, 503, and 507 of title 11 of the United States Code (the “Bankruptcy Code”), and Rules 2002, 4001, 6004, 6006, 9007, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

D. A reasonable opportunity to object or be heard regarding the relief requested in the Motion (including, without limitation, with respect to the Bid Procedures) has been afforded to all interested persons and entities, including, but not limited to, the Sale Notice Parties.

E. Notice of the Motion and the Bid Procedures Hearing was adequate and sufficient under the circumstances of the Chapter 11 Cases, and such notice complied with sections 102(1), 105(a), 363, and 365 of the Bankruptcy Code, Rules 2002, 6004, 6006, and 9014 of the Bankruptcy Rules.

F. The legal and factual bases set forth in the Motion establish just cause for the relief granted herein. Entry of this Order is in the best interests of the Maybrook and Consulate Debtors and their respective estates, creditors, and all other parties-in-interest.

G. The Debtors have demonstrated a compelling and sound business justification for the Court to enter this Order approving a sale process for sale of the Purchased Assets on terms similar to those in the Stalking Horse Agreements attached to the Motion as **Exhibit B**, including

the Bid Protections for the Stalking Horse Bidders that include (a) a Termination Fee of \$1,325,000, and (b) Expense Reimbursement in the aggregate amount of up to \$300,000.

H. The Bid Protections are fair and reasonable and provide a benefit to the Maybrook and Consulate Debtors' estates and stakeholders.

I. The Debtors have demonstrated a compelling and sound business justification for the Court to grant the relief requested in the Motion, including, without limitation, to (a) approve the Stalking Horse Bidders and the Bid Procedures (including the Bid Protections); (b) establish the Assumption and Assignment Procedures; (c) approve the form and manner of the Notices and the Notice Procedures; (d) schedule a date for the (i) Auction, and (ii) Sale Order Hearing; and (e) grant related relief as set forth herein. Such compelling and sound business justification, which was set forth in the Motion and on the record at the Bid Procedures Hearing, among other things, form the basis for the findings of fact and conclusions of law set forth herein.

J. All objections to the relief requested in the Motion that have not been withdrawn, waived, or settled as announced to the Court at the Bid Procedures Hearing or by stipulation filed with the Court are overruled except as otherwise set forth herein.

K. The Bid Procedures, substantially in the form attached as **Exhibit 1** hereto, are fair, reasonable, and appropriate and represent the best method for maximizing the value of the Maybrook and Consulate Debtors' estates.

L. The Auction and Sale Notice, substantially in the form attached as **Exhibit 2** hereto, is appropriate and reasonably calculated to provide notice of the sale of the Purchased Assets free and clear of all liens, claims, encumbrances, or interests, including, without limitation: (i) the date, time, and place of the Auction, if any; (ii) a summary of the Bid Procedures; (iii) the deadline for filing objections to the sale of the Purchased Assets; (iv) the date, time, and place of the hearing to

consider the sale of the Purchased Assets; (v) that the sale of the Purchased Assets is free and clear of all liens, interests, Claims and Encumbrances (as defined in the Stalking Horse Agreements) to the fullest extent allowable under section 363(f) of the Bankruptcy Code, with all liens, interests, Claims and Encumbrances attaching with the same validity and priority to the Sale Transaction proceeds; and (vi) the proposed assumption and assignment of the Assumed Contracts to any Successful Bidder arising from the Auction (if any), and no other or further notice of the Sale Transaction shall be required.

M. The Resident Notice, substantially in the form attached as **Exhibit 3** hereto, is appropriate and reasonably calculated to provide notice to certain residents and patients of the Facilities regarding the proposed Sale Transaction and their right to raise any objections thereto.

N. The Contract Assumption and Assignment Notice, substantially in the form attached as **Exhibit 4** hereto, is reasonably calculated to provide all interested parties with timely and proper notice of the potential assumption and assignment of Executory Contracts in connection with the Sale Transaction and the related Cure Amounts, and no other or further notice is required.

O. The Post-Auction Notice, substantially in the form attached as **Exhibit 5** hereto, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Successful Bidder(s) and Backup Bidder(s), and no other or further notice is required.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that:

1. The relief requested in the Motion is **GRANTED AND APPROVED** as set forth in this Order.

2. All Objections or the relief requested in the Motion that have not been withdrawn, waived or settled as announced to the Court at the Bid Procedures Hearing or by stipulation filed

with the Court, and all reservations of rights included therein, are hereby overruled on the merits or have been otherwise satisfied or adequately provided for pursuant to this Order.

(i) **Timeline of the Sale.**

3. The Debtors are authorized to proceed with the sale of the Purchased Assets in accordance with the Bid Procedures and are authorized to take any and all actions reasonably necessary or appropriate to implement the Bid Procedures in accordance with the following timeline:

Milestone	Proposed Date
Deadline to Serve Contract Assumption and Assignment Notice	5:00 p.m. (prevailing Eastern Time) on _____, 2024
Sale Objection Deadline and Contract Objection Deadline ³	5:00 p.m. (prevailing Eastern Time) on _____, 2024
Bid Deadline	5:00 p.m. (prevailing Eastern Time) on _____, 2024
Auction (if necessary)	10:00 a.m. (prevailing Eastern Time) on _____, 2024
Deadline to file Post-Auction Notice	5:00 p.m. (prevailing Eastern Time) on _____, 2024
Successful Bidder Objections Deadline	5:00 p.m. (prevailing Eastern Time) on _____, 2024
Debtors' Deadline to Reply to Successful Bidder Objections	5:00 p.m. (prevailing Eastern Time) on _____, 2024
Sale Order Hearing (subject to the availability of the Court)	10:00 a.m. (prevailing Eastern Time) on _____, 2024

³ The Sale Objection Deadline and Contract Objection Deadline apply to all objections to the sale of the Purchased Assets and the assumption and assignment of the Assumed Contracts (including adequate assurance of future performance by the Stalking Horse Bidders), with the exception of objections related to adequate assurance of future performance by a Successful Bidder other than the Stalking Horse Bidder.

Milestone	Proposed Date
Sale Closing	5:00 p.m. (prevailing Eastern Time) on _____, 2024

4. The failure to timely file an objection in accordance with this Order shall forever bar the assertion of any objection to the Motion or Sale Order and/or consummation of a Sale Transaction, including the assumption and assignment of Assumed Contracts to a Successful Bidder pursuant to a purchase agreement, and shall be deemed to constitute any such party's consent to entry of an order approving the Sale Transaction and consummation of the Sale Transaction and all other transactions related thereto.

5. The Debtors are authorized to modify the above timeline and Bid Procedures in accordance with the Bid Procedures, subject to the approval of the Stalking Horse Bidders and any rights that the Stalking Horse Bidders may have under the Stalking Horse Agreements on account of such modification.

6. CIBC shall be entitled to credit bid all or a portion of its claim for the Purchased Assets that constitute its collateral, in accordance with section 363(k) of the Bankruptcy Code, provided that CIBC pays sufficient cash at Closing to pay the Termination Fee and the maximum amount of the Expense Reimbursement owing to the Stalking Horse Bidders should CIBC be the Successful Bidder.

(ii) The Bid Procedures.

7. The Bid Procedures are **APPROVED** in their entirety. The Debtors are authorized to take any and all actions reasonably necessary or appropriate to implement the Bid Procedures, in accordance therewith. The failure to specifically include or reference a particular provision of the Bid Procedures in this Order shall not diminish or impair the effectiveness of such actions.

8. The process and requirements associated with submitting a bid and the designation of a bid as a Qualified Bid are approved as fair, reasonable, appropriate, and designed to maximize recoveries for the benefit of the Maybrook and Consulate Debtors' estates, creditors, and other parties in interest. As further described in the Bid Procedures, the Bid Deadline shall be 5:00 p.m. (prevailing Eastern Time) on _____, 2024 and such Bid Deadline may not be extended without the consent of the Stalking Horse Bidders. Any disputes or objections to the selection of any Qualified Bid, the Successful Bid, or the Backup Bid (each as defined in the Bid Procedures) shall be resolved by the Court at the Sale Order Hearing as set forth herein.

9. The Debtors are authorized to conduct and preside over the Auction in accordance with the Bid Procedures. The Auction, to the extent that an Auction is necessary under the Bid Procedures, shall take place at 10:00 a.m. (prevailing Eastern Time) on _____, 2024, at the offices of: (a) Whiteford, Taylor & Preston, LLC, 11 Stanwix St., Suite 1400, Pittsburgh, Pennsylvania 15222, (b) via in person or a virtual platform, such as Zoom or GoToMeeting, or (c) such other location, in each case as the Debtors designate (or at any other time and location as the Debtors may hereafter designate on proper notice). The Auction will be conducted openly and all Qualified Bidders, the Consultation Parties, and the United States Trustee will be permitted to attend.

(iii) Stalking Horse Bidder, Bid Protections.

10. The Stalking Horse Bidders and the Bid Protections are approved. The Termination Fee shall be no greater than \$1,325,000 and any Expense Reimbursement shall not exceed \$300,000 in the aggregate, consisting of the Stalking Horse Bidders' actual pre-petition and post-petition legal and diligence expenses that have been reasonably substantiated by them. The Bid Protections, if due and payable pursuant to this Order and the Stalking Horse Agreements, shall be payable at the Closing of an Alternative Transaction and solely from the proceeds of such

Alternative Transaction, as defined in the Stalking Horse Agreements, provided that the Expense Reimbursement shall be due and payable by the Debtors to the Stalking Horse Bidders under such other circumstances as provided for in the Stalking Horse Agreements.

(iv) Notice Procedures.

11. The Auction and Sale Notice, substantially in the form attached as **Exhibit 2** is **APPROVED.**

12. As soon as practicable after entry of the Sale Procedures Order, the Debtors shall serve the Auction and Sale Notice and this Order by first-class mail, postage prepaid on the following parties, *provided, however*, that to the extent email addresses are available for counsel for any of the following parties that have appeared in the Debtors' bankruptcy cases, such counsel may be served by email (collectively, the "Sale Notice Parties"): (a) all of the Debtors' creditors; (b) all entities that have, to the best knowledge of the Debtors' management and advisors, expressed written interest in purchasing any of the Facilities or Purchased Assets within the past one (1) year; (c) all entities known to have asserted any lien, claim, interest, or encumbrance in or upon any of the Facilities and/or Purchased Assets; (d) counsel to CIBC; (e) DOH; (f) counsel to the DOL in the DOL Action; (g) DHS; (h) counsel to the Committee, once appointed; (i) the U.S. Trustee; (j) all parties that have requested notice pursuant to Bankruptcy Rule 2002; (k) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief granted herein; (l) the Internal Revenue Service; (m) any other governmental authority known or reasonably believed by the Debtors to have or assert a claim against any of the Debtors in the Chapter 11 Cases, including CMS and the United States Attorney for the Western District of Pennsylvania; (n) the Office of the Attorney General and Office of the Secretary of State for the Commonwealth of Pennsylvania; (o) the counterparties to the Executory Contracts; (p) all patients and residents at the Facilities at any point in time dating back to two (2) years prior

to the Petition Date and any of such persons' present legal representatives to the extent known by the Debtors, (q) all persons or entities that have asserted, or threatened to assert, any tort claims against any of the Maybrook and Consulate Debtors at any point in time dating back to two (2) years prior to the Petition Date, and (r) all of the Debtors' employees at any point in time dating back to two (2) years prior to the Petition Date.

13. The Debtors shall also (i) upload the Notice of Sale to the Court's Electronic Access to Sales Information (EASI) system, and (ii) advertise notice of the sale by publication and Legal Journal as required by Local Rule 6004-1.

14. The Resident Notice, substantially in the form attached as **Exhibit 3** is **APPROVED**. In addition to the Auction and Sale Notice, the Debtors shall serve the Resident Notice on all patients and residents at the Facilities at any point in time dating back to two (2) years prior to the Petition Date and any of such persons' present legal representatives to the extent known by the Debtors.

15. Service of the Auction and Sale Notice and Resident Notice as described above shall be good and sufficient notice of the Sale Transaction and the Assumption and Assignment Procedures with respect to known interested parties.

16. The Debtors are directed to post the Auction and Sale Notice on their case information website at <https://omniagentsolutions.com/SouthHills> [omniagentsolutions.com].

17. The form of the Post-Auction Notice substantially in the form attached hereto as **Exhibit 5** is **APPROVED**. The Debtors shall file on the docket and serve the Post-Auction Notice on the counterparties to the Assumed Contracts, the Sale Notice Parties, and all parties entitled to notice pursuant to Bankruptcy Rule 2002 and Local Rule 2002-1 via ECF, by email, fax, or overnight delivery, by 5:00 p.m. (prevailing Eastern Time) on _____, 2024.

(v) **Assumption and Assignment Procedures.**

18. The Assumption and Assignment Procedures, as detailed in the Motion and incorporated herein, are hereby **APPROVED**.

19. The Contract Assumption and Assignment Notice, substantially in the form attached hereto as **Exhibit 4** is hereby **APPROVED**.

20. The Debtors shall file with the Court, post on their case information website at <https://omniagentsolutions.com/SouthHills>, and serve on each Counterparty to an Executory Contract, the Contract Assumption and Assignment Notice no later than twenty-one (21) days before the Sale Order Hearing date. If no Cure Amount is listed for a particular Assumed Contract, the Debtors' asserted Cure Amount for such Executory Contract shall be deemed to be \$0.00. The Debtors shall serve, via email to counsel for any party that has appeared in the Debtors' bankruptcy cases, if available, or first-class mail, the (a) Contract Assumption and Assignment Notice that contains the list of Executory Contracts, (b) information necessary and appropriate to provide notice of the relevant proposed assumption and assignment of Executory Contracts that may be Assumed Contracts and rights thereunder, (c) Cure Amount, if any, and (d) the procedures for objecting thereto, on all counterparties to the Executory Contracts and all parties on the Rule 2002 Notice List. Service of such Contract Assumption and Assignment Notice as set forth herein shall be deemed good and sufficient notice of, among other things, the potential assumption and assignment of the Executory Contracts, the applicable Cure Amounts related thereto, and the procedures for objecting thereto, and no other or further notice is necessary.

21. Any objection with respect to the Debtors' proposed Assumption and Assignment of any Executory Contract included in the Contract Assumption and Assignment Notice, including without limitation any objection to the Cure Amount, shall be filed by 5:00 p.m. (prevailing Eastern Time) on _____, 2024, for any Counterparties to a Executory Contracts provided that,

with respect to any Contract Objection for any Executory Contract included on a subsequent Contract Assumption and Assignment Notice filed by the Debtors, such Contract Objections shall be filed on or prior to fourteen (14) days following service of such Contract Assumption and Assignment Notice. Any Contract Objection must (a) be in writing; (b) comply with the applicable provisions of the Bankruptcy Rules and Bankruptcy Local Rules; (c) be filed with the Court by the Contract Objection Deadline; and (d) state with specificity the grounds for such objection, including, without limitation, the fully liquidated cure amount and the legal and factual bases for any unliquidated cure amount that the Counterparty believes is required to be paid under Bankruptcy Code sections 365(b)(1)(A) and (B) for the applicable Assumed Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise thereto.

22. If, after the Contract Assumption and Assignment Notice Deadline, additional executory contracts or unexpired leases of the Maybrook and Consulate Debtors are determined to be potential Assumed Contracts in connection with an Sale Transaction, or the Debtors seek to modify the previously stated Cure Amount associated with any Executory Contract, as soon as practicable thereafter, the Debtors shall file with the Court and serve, by overnight delivery, on the applicable Counterparties, a supplemental or amended Contract Assumption and Assignment Notice, and such Counterparties shall file any objection to Cure Amount not later than fourteen (14) days following service of such Contract Assumption and Assignment Notice.

23. The inclusion of an Executory Contract on the Contract Assumption and Assignment Notice will not (a) obligate the Debtors to assume any Executory Contract listed thereon nor the Successful Bidder to take assignment of such Executory Contract or (b) constitute any admission or agreement of the Debtors that such Executory Contract is an executory contract.

24. Any objection to the Stalking Horse Bidders' adequate assurance of future performance must be filed no later than the Sale Objection Deadline and all such objections must specify what the objecting party believes is required to provide such adequate assurance.

25. If no Contract Objection is timely received with respect to an Assumed Contract: (a) the Counterparty to such Assumed Contract shall be deemed to have consented to the assumption by the Debtors and assignment to the Successful Bidder of the Assumed Contract, and be forever barred from asserting any objection with regard to such assumption and assignment (including, without limitation, with respect to adequate assurance of future performance by the applicable Successful Bidder); (b) any and all defaults under the Assumed Contract and any and all pecuniary losses related thereto shall be deemed cured and compensated pursuant to Bankruptcy Code section 365(b)(1)(A) and (B) upon payment of the Cure Amount set forth in the Contract Assumption and Assignment Notice; and (c) the Counterparty shall be forever barred from asserting any other claims related to such Assumed Contract against the Debtors and their estates or the Successful Bidder, or the property of any of them, that existed prior to the entry of the order resolving the Contract Assumption Objections and the Sale Order.

26. To the extent that the parties are unable to consensually resolve any Contract Objection prior to the commencement of the Sale Order Hearing, the Debtors may, after consultation with the Consultation Parties and the Stalking Horse Bidders' or other Successful Bidder's (as applicable) approval, as well as CIBC's approval (which will not be unreasonably withheld), (i) assume the applicable Assumed Contract prior to the resolution of the Cure Dispute; provided that the Successful Bidder (or the Debtors, as may be applicable under the applicable purchase agreement) shall (a) pay to the applicable Counterparty the undisputed portion of the Cure Amount within five (5) business days after the Closing of the Sale Transaction and (b) reserve

cash in an amount sufficient to pay the disputed portion of the Cure Amount reasonably asserted by the applicable Counterparty (or such lesser amount as may be fixed or estimated by the Court or otherwise agreed to by the Counterparty and the Maybrook and Consulate Debtors), or (ii) adjourn their request to assume the contract or lease pending resolution of the Cure Dispute; provided further that, to the extent the Adjourned Cure Dispute is resolved or determined unfavorably to the Debtors, the Debtors (with the consent of the Successful Bidder(s)) may withdraw the proposed assumption of the applicable contract or lease after such determination by filing a notice of withdrawal, which, in the case of a lease, shall be prior to the expiration of the applicable deadline to assume or reject unexpired leases under section 365(d)(4) of the Bankruptcy Code. The Debtors shall file notice of their intention to reserve for a Cure Amount or to adjourn their request for assumption. An Adjourned Cure Dispute may be resolved after the Closing Date of the Sale Transaction in the Debtors' discretion with the consent of the Successful Bidder(s).

(vi) Sale Order Hearing.

27. A Sale Order Hearing to (a) approve a sale of the Debtors' assets to a Successful Bidder, approve designation of a Backup Bids and Backup Bidders, if applicable, in accordance with the Bid Procedures, and (c) authorize the assumption and assignment of the Assumed Contracts shall be held at 10:00 a.m. (prevailing Eastern Time) on _____, 2024, and may be adjourned or rescheduled on notice by the Debtors and, if the Stalking Horse Bidders are the Successful Bidders, only upon consent of the Stalking Horse Bidders. At the Sale Order Hearing, the Debtors will seek Court approval of the Successful Bid(s) and Backup Bid(s), if applicable. Unless the Bankruptcy Court orders otherwise, any Sale Order Hearing shall be an evidentiary hearing on matters relating to the Sale Transaction and there will be no further bidding at such hearing. In the event that a Successful Bidder cannot or refuses to consummate the Sale Transaction because of the breach or failure on the part of such Successful Bidder, the Debtors,

may, in accordance with the Bid Procedures, designate the applicable Backup Bid to be the new Successful Bid and the Backup Bidder to be the new Successful Bidder, and the Maybrook and Consulate Debtors shall be authorized, but not required, to consummate the Sale Transaction with the Backup Bidder without further order of the Bankruptcy Court.

28. Any and all objections, if any, to any proposed Sale Transaction and proposed adequate assurance must be filed no later than 5:00 p.m. (prevailing Eastern Time) on _____, 2024. For avoidance of doubt, any objections to a Successful Bidder's proposed form of adequate assurance of future performance assignment of any Assumed Contract will be resolved at the Sale Order Hearing.

(vii) Miscellaneous.

29. Except as otherwise provided herein, any objection provided pursuant to any of the provisions set forth in the Motion must: (a) be in writing, (b) comply with the applicable provisions of the Bankruptcy Rules and Bankruptcy Local Rules, (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor, and (d) be filed with this Court via ECF.

30. Any substantial contribution claims by any Potential Bidder are deemed waived, to the extent based on such Potential Bidder's submission of a bid in accordance with the Bid Procedures.

31. The Debtors are authorized and empowered to take such action as may be necessary to implement and effect the terms and requirements established under this Order.

32. This Order shall constitute the findings of fact and conclusions of law and shall take immediate effect upon execution hereof.

33. Notwithstanding Bankruptcy Rules 6004(h), 6006(d), 9014, or otherwise, this Court, for good cause shown, orders that the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

34. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order, including, but not limited to, any matter, claim, or dispute arising from or relating to the Bid Procedures, the Stalking Horse Agreements, and the implementation of this Order.

Prepared by:

/s/ Daniel R. Schimizzi

Daniel R. Schimizzi

Proposed Local Counsel to the Debtors

BY THE COURT:

Date: _____
Pittsburgh, PA

Carlota M. Bohm, Judge
United States Bankruptcy Court

EXHIBIT 1

Bid Procedures

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re:

**SOUTH HILLS OPERATIONS, LLC, *et al.*,¹

Debtors.**

Case No.: 24-21217-CMB

**Chapter 11
*Jointly Administered***

**BID PROCEDURES FOR THE SALE
OF SUBSTANTIALLY ALL OF THE MAYBROOK AND CONSULATE DEBTORS'
ASSETS**

Due Diligence Participation Requirements

Any person desiring to conduct due diligence that may lead to a bid for one or more of the Maybrook and Consulate Debtors' Facilities or all or substantially all of the Purchased Assets will be required to deliver to the Debtors an executed confidentiality agreement in form and substance satisfactory to the Debtors.² The Debtors and their professionals will afford any parties that execute a confidentiality agreement (a "Potential Bidder") such due diligence access or additional

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrys ville Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017

² Unless otherwise defined, all capitalized terms used herein shall have the meanings provided in the *Debtors' Motion for Entry of Orders (A) Approving Sale of Substantially All of the Maybrook and Consulate Debtors' Assets, Other than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Approving Bid Procedures for the Sale of Substantially All of the Maybrook And Consulate Debtors' Assets, Other Than Accounts, (C) Approving Stalking Horse Bid Protections, (D) Scheduling Auction for and Hearing to Approve Sale of the Maybrook and Consulate Debtors' Assets, (E) Approving Form and Manner of Notice of Sale, Auction, and Sale Order Hearing, (F) Approving Assumption and Assignment Procedures, (G) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (H) Granting Related Relief* [Docket. No. ____] (the "Motion").

information as the Debtors, in their business judgment, determine to be reasonable and appropriate. Notwithstanding the foregoing, the Debtors shall have the right, after consulting with the Consultation Parties, to require satisfactory evidence of any Potential Bidder's available funds for or firm commitment for sufficient financing to consummate an acquisition, prior to granting said Potential Bidder access to conduct due diligence, and the Debtors, after consulting with the Consultation Parties, may withhold or limit access by any Potential Bidder to the due diligence if the Potential Bidder does not become or, the Debtors determine that the Potential Bidder is not likely to become, a Qualified Bidder. Additional due diligence will not be provided after the Bid Deadline (as defined below).

Each Potential Bidder agrees to use, and to instruct its advisors and representatives to use, any of the Debtors' confidential information only in connection with the formulation of a bid(s) during the bidding process or in accordance with the terms of any applicable confidentiality agreement.

Bid Deadline

The deadline for Potential Bidders to submit bids intending to compete with the Stalking Horse Agreements (attached as Exhibit B to the Motion), is _____, **2024 at 5:00 p.m. (prevailing Eastern Time)** (the "**Bid Deadline**"). Such bids must be received on or before the Bid Deadline by the following parties (collectively, the "**Notice Parties**"):

1. Debtors' counsel (a) Bass, Berry & Sims, PLC, 150 Third Ave. South, Suite 2800, Nashville, Tennessee 37201, Attn: Glenn B. Rose (grose@bassberry.com); (b) Whiteford, Taylor & Preston, L.L.P., 11 Stanwix St., Suite 1400, Pittsburgh, PA 1522, Attn: Daniel R. Schimizzi (dschimizzi@wtplaw.com);
2. Ankura Consulting Group, 2021 McKinney Avenue, Suite 340, Dallas, TX 75201, Attn: Louis E. Robichaux, IV (louis.robichaux@ankura.com); and
3. Blueprint Healthcare Real Estate Advisors, LLC, 191 N. Wacker Drive, Suite 1680, Chicago, IL, 60606, Attn: Michael Segal (msegal@blueprinthere.com)

The Debtors will promptly deliver a copy of each bid received by the Bid Deadline to counsel for CIBC Bank USA and any Official Committee of Unsecured Creditors (the "**Committee**", and collectively with CIBC, the "**Consultation Parties**").

The Bid Deadline cannot be extended unless the Stalking Horse Bidders consent.

Participation Requirements

To be eligible to participate in the Auction (as such term is defined below), each bid and each Potential Bidder submitting such a bid must conform to the following requirements (collectively, the "**Participation Requirements**"):

1. Except in the case of a bid for less than all of the Maybrook and Consulate Debtors' facilities, offer to consummate the Sale Transaction on terms no less favorable to the Maybrook and Consulate Debtors than those set forth in the Stalking Horse

Agreements, taking into account the Bid Protections, including the Minimum Overbid Amount;

2. Include a (a) redlined copy of each of the Stalking Horse PSA and the Stalking Horse OTA to show any proposed amendments thereto (the “Modified PSA” and “Modified OTA”, respectively, and, collectively, the “Modified Agreements”) and (b) clean, executed copies of the Modified Agreements;
3. Include a statement that there are no conditions precedent to the Potential Bidder’s entry into definitive Modified Agreements, including that (a) there are no financing contingencies to the bid, (b) there are no due diligence contingencies to the bid, and (c) all necessary internal and shareholder approvals have been obtained prior to submitting the bid;
4. State that such offer is binding and irrevocable until the approval of the Successful Bid by the Court unless designated as the Back-Up Bid (as defined below);
5. Disclose the identity of each entity that will be bidding or otherwise participating in connection with such bid, and the complete terms of any such participation;
6. Include the names and contact information of members of the Potential Bidder who will be available to answer questions regarding the offer, including any advisors and related parties;
7. Include a good-faith deposit in immediately available funds in an amount equal to \$1,350,000 (“Earnest Money Deposit”);
8. Not be conditioned on the receipt of any third party approvals or consents (excluding required Court approval and required governmental, licensing or regulatory approval or consent, if any), including without limitation board of director approval. With respect to any governmental, licensing or regulatory approvals or consents, each bid must include a description of all such approvals or consents that are required to consummate the proposed transaction, together with evidence satisfactory to the Debtors, in consultation with the Consultation Parties and CIBC’s approval, which will not be unreasonably withheld, of the ability of the bidder to obtain such approvals or consents in a timely manner, as well as a description of any material contingencies or other conditions that will be imposed upon, or that will otherwise apply to, the obtainment or effectiveness of any such approvals or consents;
9. Accompanied by an executed letter stating that the Potential Bidder’s offer, if selected as either the Successful Bid or Back-Up Bid, is irrevocable until consummation of a transaction involving the assets identified in such bid and that such bidder agrees to serve as a Backup Bidder (as defined herein) in accordance with these Bid Procedures;
10. Include sufficient financial or other information (the “Adequate Assurance Information”) to establish adequate assurance of future performance with respect

to any lease or contract to be assigned to the Potential Bidder in connection with the proposed Sale Transaction. The bid shall also identify a contact person (with relevant contact information) that counterparties to any lease or contract can contact to obtain additional Adequate Assurance Information;

11. Provide satisfactory written evidence of available funds or a firm commitment for financing sufficient to consummate the Sale Transaction;
12. Provide information on the Potential Bidder's ability to continue to operate the Maybrook and Consulate Facilities;
13. Represent and warrant that the Potential Bidder has had an opportunity to conduct any and all due diligence regarding the Maybrook and Consulate Debtors' business and the Purchased Assets prior to submitting its bid and a statement that the Potential Bidder has relied solely upon its own independent review, investigation, and / or inspection of any relevant documents and the Purchased Assets in making its bid and did not rely on any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express or implied, by operation of law or otherwise, regarding the Maybrook and Consulate Debtors' business or the Purchased Assets or the completeness of any information provided in connection therewith, except as expressly stated in the representations and warranties contained in the Potential Bidder's Modified Agreements, if ultimately accepted and executed by the Debtors; and
14. Acknowledge that the Potential Bidder is not entitled to any of the Bid Protections.

The Debtors, following consultation with the Consultation Parties and CIBC's approval, which will not be unreasonably withheld, shall determine whether bids submitted by the Bid Deadline by Potential Bidders meet the Participation Requirements.

The Debtors reserve the right to request additional information from a Potential Bidder in connection with its bid.

For the avoidance of doubt, bids are not required to adopt the business structure set forth in the Stalking Horse Agreements, may provide for either a for-profit or not-for-profit entity as the purchaser(s) and/or operator(s) of the Facilities, and may be for one, some, or all of the Maybrook and Consulate Debtors' Facilities.

Qualified Bidders and Bids

Potential Bidders who have satisfied the Participation Requirements in the Debtors' judgment, in consultation with the Consultation Parties, will be deemed "Qualified Bidders." Bids that satisfy all bid requirements, as determined by the Debtors, in consultation with the Consultation Parties and with CIBC's approval, which will not be unreasonably withheld, will be deemed "Qualified Bids." The Debtors will advise each Potential Bidder whether it is deemed to be a Qualified Bidder and whether its bid is a Qualified Bid before the Auction.

As provided in the Sale Procedures Order, the Stalking Horse Bidders are deemed Qualified Bidders and the Stalking Horse Bid is a Qualified Bid in all respects. The Stalking Horse Bidders shall be entitled to credit bid the amount of their Termination Fee and Expense Reimbursement (as defined in the Stalking Horse Agreements) towards any subsequent bid at the Auction, if any.

All Qualified Bidders shall be deemed to have waived the right to pursue a substantial contribution claim under section 503 of the Bankruptcy Code related in any way to due diligence, the submission of its bid, the Bid Procedures, the Auction and the Sale, provided that the Stalking Horse Bidders are entitled to the Bid Protections.

Auction Participation

Unless otherwise agreed to by the Debtors, only the Debtors, Qualified Bidders, members of the Committee, the Trustee, and each of the foregoing's legal and financial professionals are eligible to attend or participate at the Auction. Subject to the other provisions of these Bid Procedures, if the Debtors do not receive any Qualified Bids other than Stalking Horse Bid or if no Qualified Bidder other than the Stalking Horse has indicated its intent to participate in the Auction, the Debtors will not hold an Auction and the Stalking Horse Bidders will be named the Successful Bidders (as defined below).

Prior to the start of the Auction, the Debtors, in consultation with the Consultation Parties and with CIBC's approval, which will not be unreasonably withheld, may hold discussions with any Qualified Bidders for less than all of the Maybrook and Consulate Debtors' Facilities to discuss proposals to combine their Qualified Bids for purposes of bidding on the Purchased Assets at the Auction.

Auction

If more than one Qualified Bid is received, the Debtors will conduct an auction (the "Auction") for the sale of substantially all the Purchased Assets. Each Qualified Bidder participating at the Auction will be required to confirm on the record that it has not engaged in any collusion with respect to the bidding or the Sale Transaction. Prior to the start of the Auction, the Debtors, in consultation with the Consultation Parties and with CIBC's approval (which will not be unreasonably withheld), will select a Qualified Bid to be the opening bid at the Auction (each such Qualified Bid, the "Opening Bid" and each such Qualified Bidder, the "Opening Bidder"), and inform each of the Qualified Bidders participating in the Auction of the same.

The Auction shall take place at 10:00 a.m. (prevailing Eastern Time) on _____, 2024 (the "Auction Date") at the offices of: (a) Whiteford, Taylor & Preston, LLP, 11 Stanwix St., Suite 1400, Pittsburgh, Pennsylvania 15222, (b) via in person or a virtual platform, such as Zoom or GoToMeeting, or (c) such other location, in each case as the Debtors designate. No later than forty-eight (48) hours prior to the Auction Date, the Debtors shall provide notice of the Auction location and, if via a virtual platform, the credentials required to access such platform, to all Qualified Bidders, the Trustee and the Committee. At the Auction, only the Stalking Horse Bidders (taking into account their right to credit bid the Bid Protections) and other Qualified Bidders will be permitted to increase their bids by the Minimum Bid Amount,

and to make any incremental bids thereafter. The Debtors may conduct the Auction in the manner they reasonably determine, in their business judgment, after consultation with the Consultation Parties and with CIBC's approval (which will not be unreasonably withheld), will achieve the maximum value for the Purchased Assets.

Closing the Auction

The Auction shall continue until there is one offer or a combination of offers that the Debtors determine, following consultation with the Consultation Parties and with CIBC's approval (which will not be unreasonably withheld), and subject to Bankruptcy Court approval, is the highest and best offer(s) from among the Qualified Bidders (including the Stalking Horse Bidders) submitted at the Auction (the "Successful Bid(s)"). The Qualified Bidder(s) submitting such Successful Bid(s) shall become the "Successful Bidder" and shall have such rights and responsibilities of a purchaser, as set forth in the Stalking Horse Agreements or Modified Agreement, as applicable. Immediately prior to the conclusion of the Auction, the Debtors shall notify all Qualified Bidders at the Auction of the name or names of the Successful Bidder(s) and the amount and other material terms of the Successful Bid(s).

The Debtors shall also, following consultation with the Consultation Parties and CIBC's approval (which will not be unreasonably withheld), select an offer or a combination of offers to serve as a back-up bid (the "Back-Up Bid" and, such Qualified Bidder submitting the Back-Up Bid, the "Back-Up Bidder"), which Back-Up Bid shall remain open and irrevocable until the Closing of the Sale with the Successful Bidder(s). In the event that the Successful Bidder fails to close the transaction contemplated by the Successful Bidder, for any reason, the Debtors may, following consultation with the Consultation Parties, elect to regard the Back-Up Bid as the highest and best bid for the Purchased Assets, and the Debtors will be authorized to consummate the transaction contemplated by the Back-Up Bid without further order of the Bankruptcy Court.

The Successful Bidder(s) and the Back-Up Bidder(s) shall be deemed to have waived the right to pursue a substantial contribution claim under section 503 of the Bankruptcy Code related in any way to due diligence, the submission of its bid, the Bid Procedures, the Auction and the Sale, provided that the Stalking Horse Bidders are entitled to the Bid Protections.

The Debtors may require the Stalking Horse Bidders to serve as the Back-Up Bidder upon the Debtors' selection of another party or parties as the Successful Bidder(s).

Assumption of Executory Contracts and Unexpired Leases

The Stalking Horse Agreements and Modified Agreements must designate which executory contracts and unexpired leases are to be assumed and assigned as part of the Purchased Assets (the "Assumed Contracts"). Except as otherwise provided in the Successful Bidder's purchase agreements or in the Sale Order, the Successful Bidder(s) shall be responsible for all cure amounts relating to the Assumed Contracts under section 365 of the Bankruptcy Code.

No Collusion; Good-Faith Bona Fide Offer

Each Qualified Bidder participating at the Auction will be required to confirm on the record at the Auction that (a) it has not engaged in any collusion with respect to the Sale or Bidding

Process (including that it has no agreement with any other Bidder or Qualified Bidder to control the price) and (b) its Qualified Bid is a good faith bona fide offer and it intends to consummate the Sale Transaction if selected as the Successful Bidder or the Back-Up Bidder.

Return of Deposits

No later than the earlier of (a) three (3) business days following the entry of a Sale Order, or (b) ten (10) business days following the end of the Auction, unless otherwise provided in an escrow agreement or a Qualified Bid, the Debtors shall return by check or wire the full amount of each Earnest Money Deposit submitted by a party that is not a party who is a Successful Bidder(s) or a Back-up Bidder(s). A defaulting Successful Bidder's Earnest Money Deposit shall be forfeited to the Debtors, subject to the terms set forth in the Successful Bidder's purchase agreement.

Communications among Qualified Bidders

Notwithstanding anything to the contrary in these Bid Procedures, all direct communications between and amongst Qualified Bidders shall involve the Debtors and the Debtors' advisors. No Qualified Bidder shall communicate with any other Qualified Bidder absent prior written consent from the Debtors.

Free and Clear of Any and All Claims and Interests

Subject to entry of the Sale Order and except as otherwise provided in the Stalking Horse Agreements or other Successful Bidder's purchase agreements, all of the Debtors' right, title, and interest in and to the Purchased Assets subject thereto shall be sold free and clear of all liens, claims, and interests (collectively, the "Encumbrances") to the maximum extent permitted by section 363 of the Bankruptcy Code (other than permitted liens and assumed liabilities as provided in a Successful Bidder's purchase agreement), with such Encumbrances to attach to the proceeds of the sale of the Purchased Assets with the same validity and priority as such Encumbrances applied against the Purchased Assets.

Reservation of Rights by the Debtors

Nothing in these Bid Procedures shall require the Debtors to take any action, or to refrain from taking any action, with respect to these Bid Procedures, to the extent that the Debtors determine, or based on the advice of counsel, that taking such action, or refraining from taking such action, as applicable, is required to comply with applicable law or their fiduciary duties under applicable law. The Stalking Horse Bidders reserve all rights under the Stalking Horse Agreements with respect to any action taken by the Debtors with respect to these Bid Procedures, or otherwise.

EXHIBIT 2

Auction and Sale Order Hearing Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re:

**SOUTH HILLS OPERATIONS, LLC, *et al.*,¹

Debtors.**

Case No.: 24-21217-CMB

**Chapter 11
*Jointly Administered***

**NOTICE OF PROPOSED SALE OF SUBSTANTIALLY ALL OF THE MAYBROOK
AND CONSULATE DEBTORS' ASSETS, BID PROCEDURES, AUCTION, AND
SALE ORDER HEARING**

PLEASE TAKE NOTICE that the Debtors, by and through their undersigned counsel, sought approval from the United States Bankruptcy Court for the Western District of Pennsylvania (the "Court") to effectuate the sale of substantially all of the Maybrook and Consulate Debtors' assets, other than Accounts in *Debtors' Motion for Entry of Orders (A) Approving Sale of Substantially All of the Maybrook and Consulate Debtors' Assets, Other than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Approving Bid Procedures for the Sale of Substantially All of the Maybrook And Consulate Debtors' Assets, Other Than Accounts, (C) Approving Stalking Horse Bid Protections, (D) Scheduling Auction for and Hearing to Approve Sale of the Maybrook and Consulate Debtors' Assets, (E) Approving Form and Manner of Notice of Sale, Auction, and Sale Order Hearing, (F) Approving Assumption and Assignment Procedures, (G) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (H) Granting Related Relief* [Docket. No. ____] (the "Motion").

PLEASE TAKE FURTHER NOTICE that on _____, the Court entered the *Order (A) Approving Bid Procedures for Sale of Substantially All of the Maybrook and Consulate Debtors' Assets, other than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Approving Stalking Horse Bid Protections, (C) Scheduling Auction for and Hearing to Approve Sale of Substantially All of the Maybrook and Consulate Debtors' Assets, (D)*

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrysburg Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017.

Approving Form and Manner of Notice of Sale, Auction, and Sale Order Hearing, (E) Approving Assumption and Assignment Procedures, and (F) Granting Related Relief (the “Sale Procedures Order”).² The Sale Procedures Order approved the bid procedures (the “Bid Procedures”) attached as **Exhibit 1** to the Sale Procedures Order. The Bid Procedures set the key dates and times related to the sale of the Purchased Assets and assumption and assignment of the executory contracts and unexpired leases.

PLEASE TAKE FURTHER NOTICE that copies of the Sale Procedures Order, all related exhibits, including the Bid Procedures, and any other filings related to the foregoing are available for free on the website of Debtors’ notice agent, Omni Claim Solutions, Inc., at <https://omniagentsolutions.com/SouthHills>.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Motion, the Maybrook and Consulate Debtors seek to sell substantially all of their assets (the “Purchased Assets”) to the Stalking Horse Bidders or any other Successful Bidder free and clear of all liens, claims, encumbrances, and other interests to the fullest extent permitted under 11 U.S.C. § 363(f) and other applicable law. For ease of reference, the Maybrook and Consulate Debtors are identified in **Exhibit A** by reference to the nursing facilities they respectively own and operate

PLEASE TAKE FURTHER NOTICE that the deadline by which all Qualified Bids for the Purchased Assets must be actually received by the parties specified in the Bid Procedures is _____, 2024, at 5:00 p.m. (prevailing Eastern Time).

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Sale Procedures Order, if one or more Qualified Bids (in addition to the Stalking Horse Bid) are received by the Bid Deadline, an auction (“Auction”) to sell the Purchased Assets will take place at 9:00 a.m. (prevailing Eastern Time) on _____, 2024 at the offices of: (a) Whiteford, Taylor & Preston, LLP, 11 Stanwix St., Suite 1400, Pittsburgh, Pennsylvania 15222, (b) via in person or a virtual platform, such as Zoom or GoToMeeting, or (c) such other location, in each case as the Debtors designate and shall be timely communicated to all persons entitled to attend the Auction. The Debtors may cancel the Auction pursuant to the Bid Procedures.

PLEASE TAKE FURTHER NOTICE that, if the Debtors do not timely receive more than one Qualified Bid, the Debtors will not conduct the Auction and, instead, will (a) file a notice with the Court identifying the Stalking Horse Agreements as the Successful Bid for the Purchased Assets and (b) promptly seek the Court’s approval of the sale of the Purchased Assets to the Stalking Horse Bidders all liens, claims, encumbrances, and other interests to the fullest extent permitted under 11 U.S.C. § 363(f) and other applicable law.

PLEASE TAKE FURTHER NOTICE that a hearing will be held to approve the sale of the Purchased Assets to the Successful Bidder (the “Sale Order Hearing”) before the United States Bankruptcy Court for the Western District of Pennsylvania, _____, Pittsburgh, Pennsylvania on _____ 2024, at 10:00 a.m. (prevailing Eastern Time), or at such time thereafter as counsel may be heard or at such other time as the Court may determine The Sale

² All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Motion or Sale Procedures Order, as applicable.

Order Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by filing a notice on the Court's docket for the Chapter 11 Cases or the making of an announcement at the Sale Order Hearing.

PLEASE TAKE FURTHER NOTICE that objections to the Sale, if any, (i) must be in writing, (ii) conform to the applicable provisions of the Bankruptcy Code, Bankruptcy Rules, and Local Rules, (iii) state with particularity the legal and factual basis for the objection, and (iv) be filed with the Court no later than _____, 2024, at 5:00 p.m. (prevailing Eastern Time) by the Court.

FAILURE TO ABIDE BY THE BID PROCEDURES, THE SALE PROCEDURES ORDER, OR ANY OTHER ORDER OF THE BANKRUPTCY COURT IN THE CHAPTER 11 CASES MAY RESULT IN THE REJECTION OF YOUR BID FOR THE PURCHASED ASSETS.

PLEASE TAKE FURTHER NOTICE THAT ANY PARTY OR ENTITY WHO FAILS TO TIMELY FILE AND SERVE AN OBJECTION TO THE SALE BEFORE THE OBJECTION DEADLINE IN ACCORDANCE WITH THE SALE PROCEDURES ORDER SHALL BE DEEMED TO HAVE CONSENTED TO THE SALE(S) AND FOREVER BARRED FROM ASSERTING ANY OBJECTION TO THE SALE(S), INCLUDING WITH RESPECT TO THE TRANSFER OF THE PURCHASED ASSETS TO THE SUCCESSFUL BIDDER FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS THAT SUCH PARTY OR ENTITY MAY HAVE AGAINST THE DEBTORS OR THE PURCHASED ASSETS.

Dated _____, 2024
Pittsburgh, Pennsylvania

Respectfully submitted,
WHITEFORD TAYLOR & PRESTON, LLP

Daniel R. Schimizzi (PA ID No. 311869)
Michael J. Roeschenthaler (PA ID No. 87647)
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*Proposed Local Counsel to the Debtors and
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-AND-

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*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

Facility Name	Type of Facility	Common Address	Owner of Facility	Operator of Facility
The Grove at Greenville	Duly licensed 154 bed skilled nursing facility	110 Fredonia Road, Greenville, PA 16125	Maybrook-C Whitecliff Propco, LLC	Maybrook-C Whitecliff Opco, LLC
The Grove at New Wilmington	Duly licensed 115 bed skilled nursing facility	520 New Castle Street, New Wilmington, PA 16142	Maybrook-C Overlook Propco, LLC	Maybrook-C Overlook Opco, LLC
The Grove at North Huntingdon	Duly licensed 120 bed skilled nursing facility	249 Maus Drive, North Huntingdon, PA 15642	Maybrook-C Briarcliff Propco, LLC	Maybrook-C Briarcliff Opco, LLC
The Grove at New Castle	Duly licensed 62 bed skilled nursing facility	715 Harbor Street, New Castle, PA 16101	Maybrook-C Silver Oaks Propco, LLC	Maybrook-C Silver Oaks Opco, LLC
The Grove at Washington	Duly licensed 74 bed skilled nursing facility	1198 W. Wylie Avenue, Washington, PA 15301	Maybrook-C Kade Propco, LLC	Maybrook-C Kade Opco, LLC
The Grove at Harmony	Duly licensed 115 bed skilled nursing facility	191 Evergreen Mill Road, Harmony, PA 16037	Maybrook-C Evergreen Propco, LLC	Maybrook-C Evergreen Opco, LLC
The Grove at Latrobe	Duly licensed 107 bed skilled nursing facility	576 Rogers Drive, Latrobe, PA 15650	Maybrook-C Latrobe Propco, LLC	Maybrook-C Latrobe Opco, LLC

Facility Name	Type of Facility	Common Address	Owner of Facility	Operator of Facility
Cheswick Rehab & Wellness	Duly licensed 121 bed skilled nursing facility	3876 Saxonburg Blvd., Cheswick, PA 15024	3876 Saxonburg Boulevard Propco, LLC	Cheswick Rehabilitation and Wellness Center, LLC
North Strabane Rehab & Wellness	Duly licensed 62 bed skilled nursing facility	100 Tandem Village Road, Canonsburg, PA 15317	100 Tandem Village Road Propco, LLC	North Strabane Rehabilitation and Wellness Center, LLC

EXHIBIT 3

Resident Notice

[INSERT LETTERHEAD]

[ADDRESS]

TO WHOM IT MAY CONCERN:

You are receiving this letter and enclosed legal notice because you, a loved one, or someone you represent, was or is a resident or patient at one of the following facilities (the “Facilities”):

- The Grove at Greenville - 10 Fredonia Road, Greenville, PA 16125
- The Grove at New Wilmington - 520 New Castle Street, New Wilmington, PA 16142
- The Grove at North Huntingdon - 249 Maus Drive, North Huntingdon, PA 15642
- The Grove at New Castle - 715 Harbor Street, New Castle, PA 16101
- The Grove at Washington - 1198 W. Wylie Avenue, Washington, PA 15301
- The Grove at Harmony - 191 Evergreen Mill Road, Harmony, PA 16037
- The Grove at Latrobe - 576 Rogers Drive, Latrobe, PA 15650
- Cheswick Rehab & Wellness - 3876 Saxonburg Blvd., Cheswick, PA 15024
- North Strabane Rehab & Wellness - 100 Tandem Village Road, Canonsburg, PA 15317

As discussed in the attached legal notice, the owners and operators of the Facilities have filed voluntary bankruptcy petitions to preserve their assets and pursue going concern sales of the Facilities. The Facilities are staying open and continuing operations through this process. Anyone who is a current resident or patient at one of the Facilities will continue to receive the same care and services they did before the bankruptcies.

The proposed sales of the Facilities to an approved buyer(s) will be free and clear of all liens, claims, encumbrances, or interests that you or someone you represent may have against the Facilities, the owners, or operators of the Facilities. Furthermore, any contract that current residents or patients have with the owners or operators of the Facilities will be assumed and assigned to the approved buyer(s). The approved buyer(s) will assume no liabilities of the current owners or operators under such contracts, but will continue to provide services to current residents and patients at the Facilities under any contract after the closing of an approved sale.

If you have any objection to the proposed sale of the Facilities, or the assumption and assignment of your contract to a new owner and operator, you must raise such objections pursuant to the procedures set forth in the attached legal notice by July 12, 2024 or you will be deemed to have consented to the sale of the Facilities free and clear of all liens, claims, encumbrances, or interests that you or someone you represent may have. If you have no objection, then you do not need to take any action. You may wish to consult with an attorney regarding these matters.

Again, the purpose of the bankruptcy cases and the proposed sale transaction(s) is to ensure that the Facilities continue to provide quality care and services to all residents and patients. If you have any questions regarding these matters you may send an email to southhillsinquiries@omniagent.com or call (866) 989-6144 (US & Canada toll free).

Chief Restructuring Officer

EXHIBIT 4

Contract Assumption and Assignment Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re:

**SOUTH HILLS OPERATIONS, LLC, *et al.*,¹

Debtors.**

Case No.: 24-21217-CMB

**Chapter 11
*Jointly Administered***

**NOTICE OF EXECUTORY CONTRACTS THAT MAY BE
ASSUMED AND ASSIGNED IN CONNECTION WITH THE SALE TRANSACTION**

PLEASE TAKE NOTICE that on _____, 2024, the above-captioned debtors and debtors in possession (collectively, the “Debtors”), by and through their undersigned counsel filed *Debtors’ Motion for Entry of Orders (A) Approving Sale of Substantially All of the Maybrook and Consulate Debtors’ Assets, Other than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Approving Bid Procedures for the Sale of Substantially All of the Maybrook And Consulate Debtors’ Assets, Other Than Accounts, (C) Approving Stalking Horse Bid Protections, (D) Scheduling Auction for and Hearing to Approve Sale of the Maybrook and Consulate Debtors’ Assets, (E) Approving Form and Manner of Notice of Sale, Auction, and Sale Order Hearing, (F) Approving Assumption and Assignment Procedures, (G) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (H) Granting Related Relief* (the “Motion”).²

PLEASE TAKE FURTHER NOTICE that under the Motion, the Debtors seek authority to, among other things, assume and assign certain executory contracts and unexpired leases under section 365 of the Bankruptcy Code. If you are a counterparty to any contract or lease with the

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrysburg Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors’ address is 485 Lexington Avenue, 10th Floor, New York, NY 10017

²Capitalized terms used but not otherwise defined herein shall the meanings ascribed to such terms as set forth in the Motion.

Maybrook or Consulate Debtors, you should check **Schedule 1** to determine if your contract or lease is listed.

PLEASE TAKE FURTHER NOTICE that on _____, 2024, the United States Bankruptcy Court for the Western District of Pennsylvania (the “**Court**”) entered its *Order (A) Approving Bid Procedures for Sale of Substantially All of the Maybrook and Consulate Debtors’ Assets, other than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Scheduling Auction for and Hearing to Approve Sale of Substantially All of the Maybrook and Consulate Debtors’ Assets, (C) Approving Form and Manner of Notice of Sale, Auction, and Sale Order Hearing, (D) Approving Assumption and Assignment Procedures, and (E) Granting Related Relief* [Docket. No. ____ 1 (the “**Sale Procedures Order**”).

PLEASE TAKE FURTHER NOTICE that this Contract Assumption and Assignment Notice is being provided pursuant to the Sale Procedures Order. Attached hereto as **Schedule 1** is a list of the Executory Contracts that the Debtors may assume and assign to the Successful Bidder along with (a) the name of each non-Debtor counterparty to such Executory Contract (the “**Executory Contract Counterparty**”); and (b) the proposed amount necessary, if any, to cure all monetary defaults, if any, under the such Executory Contract (the “**Cure Amounts**”). You are receiving this Notice because you are identified as an Executory Contract Counterparty to one or more of the Executory Contracts. If you agree with the Cure Amounts and do not otherwise object to the assumption and assignment of your Executory Contract listed on **Schedule 1**, you do not need to take any further action.

PLEASE TAKE FURTHER NOTICE that any party seeking to object to the assumption and assignment of an Executory Contract for any reason, including without limitation lack of assurance of adequate performance or the validity of the Cure Amounts (a “**Contract Objection**”) on **Schedule 1**, or otherwise assert that any other amounts, defaults, conditions or pecuniary losses must be cured or satisfied under any of the Executory Contracts in order to be assigned to the Successful Bidder, must file an objection, which must: (a) be in writing; (b) state with specificity the basis for the objection as well as any Cure Amounts that the objector asserts to be due, including each and every asserted default in the applicable contract or lease (in all cases with appropriate documentation in support thereof); (c) comply with the Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Western District of Pennsylvania; and (d) be filed and served on the following parties by no later than **5:00 p.m. (prevailing Eastern Time) _____, 2024** (the “**Contract Objection Deadline**”): (i) counsel for the Debtors; (ii) counsel for the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases, [____]; and (iii) the Office of the United States Trustee for the Western District of Pennsylvania (collectively, the “**Objection Recipients**”).

PLEASE TAKE FURTHER NOTICE that any non-Debtor counterparty to any Executory Contract who does not file a Contract Objection by the Contract Objection Deadline shall be forever barred from objecting to the Cure Amounts set forth on **Schedule 1** or asserting or claiming any cure amount (other than the Cure Amounts) against the Debtors or the Successful Bidder.

PLEASE TAKE FURTHER NOTICE that, the inclusion of any contract or lease on **Schedule 1** shall not constitute or be deemed a determination or admission by the Debtors that such contract or other document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved). Notwithstanding the inclusion of any lease or contract on **Schedule 1**, the Debtors are not bound to assume, and a Successful Bidder is not bound to accept assignment of, any executory contracts or unexpired leases. The Successful Bidder has until the closing of the Sale Transaction to designate which executory contracts and unexpired leases, if any, shall be assumed by the Debtors and assigned to the Successful Bidder.

PLEASE TAKE FURTHER NOTICE that, if the Stalking Horse Bidders are not the Successful Bidders, any party seeking to object to a Successful Bidder's proposed adequate assurance of future performance (a "**Adequate Assurance Objection**") must do so: (i) in writing, (ii) comply with the applicable provisions of the Bankruptcy Rules and Local Rules, (iii) specify what the objecting party believes is required to provide such adequate assurance, by **5:00 p.m. (prevailing Eastern Time) on _____, 2024** (the "**Adequate Assurance Objection Deadline**").

PLEASE TAKE FURTHER NOTICE that the hearing with respect to any Contract Objection or Adequate Assurance Objection may be held (i) at the Sale Order Hearing or (ii) on such other date as the Court may designate. To the extent the Debtors and non-Debtor counterparty to an Executory Contract are able to consensually resolve a Contract Objection or an Adequate Assurance Objection prior to the Sale Order Hearing, the Debtors shall promptly provide notice to the other Objection Recipients of such resolution.

PLEASE TAKE FURTHER NOTICE that this Contract Assumption and Assignment Notice is subject to the full terms and conditions of the Motion, the Sale Procedures Order, and Bid Procedures, which shall control in the event of any conflict. The Debtors encourage parties in interest to review such documents in their entirety. Copies of the Motion, the Sale Procedures Order, and the Bid Procedures, and all other documents filed with the Court may be obtained on the website of the Debtors' notice agent, Omni, website: <https://omniagentsolutions.com/SouthHills>.

IF AN EXECUTORY CONTRACT COUNTERPARTY FAILS TO FILE WITH THE BANKRUPTCY COURT AND SERVE ON THE OBJECTION RECIPIENTS A TIMELY CONTRACT OBJECTION, THE EXECUTORY CONTRACT COUNTERPARTY SHALL BE FOREVER BARRED FROM ASSERTING ANY OBJECTION WITH REGARD TO THE AMOUNT TO CURE ANY DEFAULT UNDER THE APPLICABLE EXECUTORY CONTRACT. THE CURE AMOUNTS SET FORTH ON SCHEDULE 1 HERETO SHALL BE CONTROLLING AND WILL BE THE ONLY AMOUNT NECESSARY TO CURE OUTSTANDING DEFAULTS UNDER THE APPLICABLE EXECUTORY CONTRACT UNDER BANKRUPTCY CODE SECTION 365(B), NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE EXECUTORY CONTRACT, OR ANY OTHER DOCUMENT, AND THE APPLICABLE EXECUTORY CONTRACT COUNTERPARTY SHALL BE FOREVER BARRED FROM ASSERTING ANY ADDITIONAL CURE OR OTHER AMOUNTS WITH RESPECT TO

SUCH EXECUTORY CONTRACT AGAINST THE DEBTORS, ANY SUCCESSFUL BIDDER, OR THE PROPERTY OF ANY OF THEM.

IF NO ADEQUATE ASSURANCE OBJECTION IS TIMELY RECEIVED WITH RESPECT TO ASSUMPTION AND ASSIGNMENT OF AN ASSUMED CONTRACT: (I) THE COUNTERPARTY TO SUCH ASSUMED CONTRACT SHALL BE DEEMED TO HAVE CONSENTED TO THE ASSUMPTION BY THE DEBTORS AND ASSIGNMENT TO SUCCESSFUL BIDDER OF THE ASSUMED CONTRACT, AND BE FOREVER BARRED FROM ASSERTING ANY OBJECTION WITH REGARD TO SUCH ASSUMPTION AND ASSIGNMENT (INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO THE CURE AMOUNT AND ADEQUATE ASSURANCE OF FUTURE PERFORMANCE BY THE SUCCESSFUL BIDDER); (II) ANY AND ALL DEFAULTS UNDER THE ASSUMED CONTRACT AND ANY AND ALL PECUNIARY LOSSES RELATED THERETO SHALL BE DEEMED CURED AND COMPENSATED PURSUANT TO BANKRUPTCY CODE SECTION 365(B)(1)(A) AND (B) UPON PAYMENT OF THE CURE AMOUNT SET FORTH IN THE NOTICE OF ASSUMED CONTRACTS FOR SUCH ASSUMED CONTRACT; AND (III) THE CURE AMOUNT SET FORTH IN THE NOTICE OF ASSUMED CONTRACTS FOR SUCH ASSUMED CONTRACT SHALL BE CONTROLLING, NOTWITHSTANDING ANYTHING TO THE CONTRARY IN SUCH ASSUMED CONTRACT, OR ANY OTHER RELATED DOCUMENT, AND THE COUNTERPARTY SHALL BE FOREVER BARRED FROM ASSERTING ANY OTHER CLAIMS RELATED TO SUCH ASSUMED CONTRACT AGAINST THE DEBTORS AND THEIR ESTATES OR THE SUCCESSFUL BIDDER, OR THE PROPERTY OF ANY OF THEM, FOR ANY BREACHES, CLAIMS, OR OTHER LIABILITIES OR OBLIGATIONS THAT EXISTED PRIOR TO THE CLOSING OF THE SALE TRANSACTION WITH THE SUCCESSFUL BIDDER.

Dated _____, 2024
Pittsburgh, Pennsylvania

Respectfully submitted,

WHITEFORD TAYLOR & PRESTON, LLP

Daniel R. Schimizzi (PA ID No. 311869)
Michael J. Roeschenthaler (PA ID No. 87647)
Mark A. Lindsay (PA ID No. 89487)
Sarah E. Wenrich (PA ID No. 325834)
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*Proposed Local Counsel to the Debtors and
Debtors in Possession*

-AND-

Glenn B. Rose (*pro hac vice*)
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*Proposed Counsel to the Debtors and
Debtors in Possession*

SCHEDULE 1

Potential Assumed Contracts

EXHIBIT 5

Post-Auction Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

In Re:

**SOUTH HILLS OPERATIONS, LLC, *et al.*,¹

Debtors.**

Case No.: 24-21217-CMB

**Chapter 11
Jointly Administered**

NOTICE OF SUCCESSFUL BID AND BACKUP BID

PLEASE TAKE NOTICE that, pursuant to the *Order (A) Approving Bid Procedures for Sale of Substantially All of the Debtors' Assets, (B) Approving Stalking Horse Bid Protections, (C) Scheduling Auction for and Hearing to Approve Sale of Substantially All of the Maybrook and Consulate Debtors' Assets, other than Accounts, Free and Clear of All Liens, Claims, Encumbrances, and Interests, (D) Approving Form and Manner of Notice of Sale, Auction, and Sale Order Hearing, (E) Approving Assumption and Assignment Procedures, and (F) Granting Related Relief* [Docket. No. ___] (the "Sale Procedures Order") the United States Bankruptcy Court for the Western District of Pennsylvania approved, among other things, the implementation of the Bid Procedures attached to the Sale Procedures Order as **Exhibit 1** in connection with the disposition of the Purchased Assets.²

PLEASE TAKE FURTHER NOTICE that, pursuant to the Sale Procedures Order, the deadline for submitting a Qualified Bid for the Purchased Assets was _____, 2024 at 5:00 p.m. (prevailing Eastern time) (the "Bid Deadline") and in the event that the Debtors timely received one or more Qualified Bids, in addition to the Qualified Bid submitted by the Stalking Horse Bidder, the Debtors would conduct the Auction on _____, 2024 at 10:00 a.m. (prevailing Eastern Time).

¹The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number are: South Hills Operations, LLC (5527); Monroeville Operations, LLC (3280); Mt. Lebanon Operations, LLC (1133); Murrysburg Operations, LLC (9149); Cheswick Rehabilitation and Wellness Center, LLC (9561); 3876 Saxonburg Boulevard Propco, LLC (3618); North Strabane Rehabilitation and Wellness Center, LLC (1677); 100 Tandem Village Road Propco, LLC (1918); Maybrook-C Briarcliff Opco, LLC (5187); Maybrook-C Briarcliff Propco, LLC (1823); Maybrook-C Evergreen Opco, LLC (5388); Maybrook-C Evergreen Propco, LLC (2000); Maybrook-C Kade Opco, LLC (4033); Maybrook-C Kade Propco, LLC (2097); Maybrook-C Latrobe Opco, LLC (4148); Maybrook-C Latrobe Propco, LLC (2178); Maybrook-C Overlook Opco, LLC (7081); Maybrook-C Overlook Propco, LLC (6804); Maybrook-C Silver Oaks Opco, LLC (7146); Maybrook-C Silver Oaks Propco, LLC (9654); Maybrook-C Whitecliff Opco, LLC (6211); Maybrook-C Whitecliff Propco, LLC (4835). The Debtors' address is 485 Lexington Avenue, 10th Floor, New York, NY 10017

²Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms as set forth in the Bidding Procedures Order.

PLEASE TAKE FURTHER NOTICE that on _____, 2024 at 10:00 a.m. (prevailing Eastern Time), the Debtors conducted the Auction in accordance with the Bid Procedures and certain rules distributed to Auction attendees prior to and at the Auction. At the Auction, the Debtors determined that the highest and/or best offer was submitted by [_____] (the “Successful Bidder” and the Successful Bidder’s winning bid, the “Successful Bid”) and the second highest and/or best offer was submitted by [_____] (the “Backup Bidder,” and the Backup Bidder’s bid, the “Backup Bid”). **Exhibit A** attached hereto is a copy of the final, fully-executed contract for sale and operations transfer agreement (collectively, the “Transaction Documents,” and the transaction contemplated thereby the “Sale Transaction”) between the Maybrook and Consulate Debtors and the Successful Bidder, containing the terms of the Successful Bid.

PLEASE TAKE FURTHER NOTICE that, as contemplated by the Sale Procedures Order, the Debtors will seek final approval of the Sale Transaction to the Successful Bidder pursuant to the Transaction Documents, during the **Sale Order Hearing on _____, 2024 at 10:00 a.m. (prevailing Eastern time)** before the United States Bankruptcy Court for the Western District of Pennsylvania, 5414 U.S. Steel Tower, 600 Grant Street, Pittsburgh, PA 15219. The Successful Bidder(s) shall appear at the Sale Order Hearing and be prepared to testify in support of the Successful Bid(s) and the Successful Bidder(s)’ ability to close in a timely manner, including with respect to demonstrating adequate assurance of future performance that may be required in connection with the assumption and assignment of any Assumed Contracts. The Sale Order Hearing may be adjourned or rescheduled as ordered by the Bankruptcy Court, or by the Debtors in consultation with the Successful Bidder and the Consultation Parties and with CIBC’s approval (which will not be unreasonably withheld), but without further notice to creditors and parties in interest other than by announcement by Debtors of the adjourned date at the Sale Order Hearing. The Debtors’ presentation to the Bankruptcy Court for approval of a Successful Bid does not constitute the Debtors’ acceptance of the Successful Bid. The Debtors shall be deemed to have accepted a Successful Bid only when the Successful Bid has been approved by order of the Court in a form acceptable to the Debtors and Successful Bidders.

PLEASE TAKE FURTHER NOTICE that if the Sale Transaction is not consummated with the Successful Bidder pursuant to the Successful Bid, the Debtors may designate the Backup Bidder as the new Successful Bidder and such Backup Bidder’s Backup Bid as the new Successful Bid, and the Debtors, after consultation with the Consultation Parties and with CIBC’s approval (which will not be unreasonably withheld), will be authorized to consummate the Sale Transaction with the Backup Bidder without further order of the Court.

PLEASE TAKE FURTHER NOTICE that the deadline to object to the approval of the Sale Transaction and the sale of the Purchase Assets to the Successful Bidder free and clear is _____, **2024 at 5:00 p.m. (prevailing Eastern time)**, and any objection must comply with the Sale Procedures Order.

PLEASE TAKE FURTHER NOTICE that copies of the Motion, the Sale Procedures Order, the Bid Procedures, the Transaction Documents, , and all other documents filed with the Court may be obtained on the website of the Debtors’ notice agent, Omni Claims Solutions, Inc. website: <https://omniagentsolutions.com/SouthHills>.

PLEASE TAKE FURTHER NOTICE THAT ANY PARTY OR ENTITY WHO FAILS TO TIMELY FILE AND SERVE AN OBJECTION TO THE SALE BEFORE THE OBJECTION DEADLINE IN ACCORDANCE WITH THE SALE PROCEDURES ORDER SHALL BE DEEMED TO HAVE CONSENTED TO THE SALE(S) AND FOREVER BARRED FROM ASSERTING ANY OBJECTION TO THE SALE(S), INCLUDING WITH RESPECT TO THE TRANSFER OF THE PURCHASED ASSETS TO THE SUCCESSFUL BIDDER FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS THAT SUCH PARTY OR ENTITY MAY HAVE AGAINST THE DEBTORS OR THE PURCHASED ASSETS.

Dated _____, 2024
Pittsburgh, Pennsylvania

Respectfully submitted,

WHITEFORD TAYLOR & PRESTON, LLP

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-AND-

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EXHIBIT B

Stalking Horse Agreements

CONTRACT OF SALE

THIS CONTRACT OF SALE together with all exhibits, schedules and documents required herein (the “Agreement”), dated May 17, 2024 (the “Effective Date”), is by and between Greenville Property Management LLC, Harmony Property Management, LLC, Irwin Property Management, LLC, Latrobe Property Management, LLC, New Castle Property Management, LLC, New Wilmington Property Management, LLC, Washington Property Management, LLC, Cheswick Property Management, LLC, LLC and North Strabane Property Management, LLC, each a Pennsylvania limited liability company (each, a “Buyer” and, collectively, the “Buyers”), and Maybrook-C Whitecliff Propco, LLC, Maybrook-C Overlook Propco, LLC, Maybrook-C Briarcliff Propco, LLC, Maybrook-C Silver Oaks Propco, LLC, Maybrook-C Kade Propco, LLC, Maybrook-C Evergreen Propco, LLC, Maybrook-C Latrobe Propco, LLC, 3876 Saxonburg Boulevard Propco, LLC, and 100 Tandem Village Road Propco, LLC each a Delaware limited liability company (each, a “Seller” and, collectively, the “Sellers”).

RECITALS:

WHEREAS, each Seller owns that certain skilled nursing facility set forth opposite the name of such Seller on Exhibit A attached hereto (each, a “Facility” and, collectively, the “Facilities”) located upon the applicable land set forth on Exhibit A attached hereto;

WHEREAS, each of the operators listed on Exhibit A attached hereto (each, an “Operator” and, collectively, the “Operators”) leases and operates the applicable Facility set forth opposite the name of such Operator on Exhibit A attached hereto pursuant to an existing lease agreement between such Operator and the applicable Seller that owns such Facility (each, an “Existing Operating Lease” and, collectively, the “Existing Operating Leases”), and each Operator holds the licenses and provider agreements for the operation of the Facility that it leases;

WHEREAS, on or about May 17, 2024 (the “Petition Date”), each Seller and each Operator (in their capacity as chapter 11 debtors, each, a “Debtor” and, collectively, the “Debtors”), will file voluntary petitions (collectively, the “Chapter 11 Petitions”) for relief under Chapter 11 of the Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Western District of Pennsylvania (the “Bankruptcy Court”) commencing chapter 11 cases (each, a “Bankruptcy Case” and, collectively, the “Bankruptcy Cases”);

WHEREAS, the Sellers and Operators will continue to own and operate their respective Facilities and businesses as “*debtors-in-possession*” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code;

WHEREAS, subject to approval of the Bankruptcy Court and in accordance with the structure shown on Exhibit A hereto, Buyers desire to purchase the Property (as defined herein) from the Sellers, and the Sellers desire to sell, convey, assign and transfer to Buyers the Property, simultaneously with the closing of the transactions between Operators and New Operators (as defined herein) described in the OTA (as defined herein), all and in the manner and subject to the terms and conditions set forth in this Agreement and in accordance with Sections 105, 363 and 365 and other applicable provisions of the Bankruptcy Code;

WHEREAS, concurrently herewith and also subject to approval of the Bankruptcy Court, Operators and Manager (as defined in the OTA) are entering into an operations transfer agreement (the “OTA”) with Greenville Rehabilitation & Nursing LLC, Harmony Rehabilitation & Nursing LLC, Irwin Rehabilitation & Nursing LLC, Latrobe Rehabilitation & Nursing LLC, New Castle Rehabilitation & Nursing LLC, New Wilmington Rehabilitation & Nursing LLC, Washington Rehabilitation & Nursing LLC, Cheswick Rehabilitation & Nursing, LLC and North Strabane Rehabilitation & Nursing, LLC, each a Pennsylvania limited liability company and affiliate of the Buyers (each, a “New Operator” and, collectively, the “New Operators”) in order to provide for an orderly transition of the operations of the Facilities, and the transfer of certain assets related thereto;

WHEREAS, the Property, along with the assets being transferred to the New Operators under the OTA (collectively, the “Purchased Assets”), and any specified liabilities assumed hereunder and thereunder, shall be purchased and assumed by the respective Buyers and the respective New Operators shown on Exhibit A hereto pursuant to the Sale Order approving such sale, free and clear of all Claims and Encumbrances, other than Permitted Encumbrances (as said terms are defined herein), pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, and Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure, which order will include the authorization for the assumption by the respective Operators and assignment to the respective New Operators of the Assumed Contracts (as defined herein) and the liabilities thereunder in accordance with Section 365 of the Bankruptcy Code, all in the manner and subject to the terms and conditions set forth in this Agreement, the OTA and the Sale Order and in accordance with other applicable provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure and the local rules for the Bankruptcy Court (together, the “Bankruptcy Rules”); and

WHEREAS, the managers of each of the Sellers and Operators have determined that it is advisable and in the best interests of each entity to enter into this Agreement and the OTA, respectively, and to consummate the transactions provided for herein and in the OTA, subject to entry of the Sale Order, and have approved the same;

NOW, THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Buyers and Sellers agree as follows:

ARTICLE 1 BANKRUPTCY PROVISIONS

Section 1.1 Sale Motion and Sale Order. The parties hereto agree to the terms and conditions regarding the Debtors’ filing of the Sale Motion (as defined herein) with the Bankruptcy Court to, among other things, seek (a) entry of the Bidding Procedures Order (as defined herein) (i) approving this Agreement and the OTA as the stalking horse purchase agreement, (ii) approving Buyers and New Operators as the stalking horse bidder, and (iii) approving the Bidding Procedures (as defined herein), including the bid protections, that shall govern the Sellers’ solicitation of competing bids for the Purchased Assets, and, (b) following an Auction (as defined herein) to be held after the Bidding Solicitation Period (as defined herein) expires should there be other Qualifying Bidders (as defined herein), the Debtors’ pursuit of the Sale Order approving the Successful Bidder’s (as defined herein) purchase agreement and operations transfer agreement, all

in accordance with the provisions set forth on Exhibit B attached hereto (which Exhibit B includes additional defined terms used in this Agreement). To the extent of any inconsistencies in the Debtors' Sale Motion and the provisions set forth on Exhibit B attached hereto, the provisions in Exhibit B shall control, except as otherwise ordered by the Bankruptcy Court.

ARTICLE 2 SALE AND PURCHASE OF PROPERTY

Section 2.1 Sale and Purchase of Property. Upon the terms and subject to the conditions set forth in this Agreement, on the Closing Date (as hereinafter defined), each of the Sellers, to the extent of its interest, agrees to sell, transfer, convey, assign and deliver to the applicable Buyers set forth on Exhibit A hereto, and such Buyers agree to purchase, acquire and accept from such Sellers, free and clear of any Claims and Encumbrances, except the Permitted Encumbrances, all of such Seller's right, title and interest in and to the following assets:

(a) Real Property. All of the land legally described on Exhibit A-1, Exhibit A-2, Exhibit A-3, Exhibit A-4, Exhibit A-5, Exhibit A-6, Exhibit A-7, Exhibit A-8 and the skilled nursing facility being a portion of the land legally described on Exhibit A-9 attached hereto and incorporated herein by this reference (collectively, the "Land"), together with all right, title and interest of such Seller in and to the buildings, fixtures and improvements thereon (collectively, the "Improvements"), and such Seller's rights, title and interest, if any, in any land lying in the bed of the street, road, avenue or highway, opened or proposed, in front of or adjoining such premises to the center line thereof, all tenements, hereditaments, rights, privileges, interests, easements, licenses, appurtenances, estates and other rights and benefits now or hereafter belonging or in any way pertaining to such premises and any strips and gores of land adjoining such premises (collectively, the "Real Property"); and

(b) Personal Property. All furniture, fixtures, furnishings, equipment, appliances, apparatus, inventory, supplies, and other tangible property (collectively, the "Personal Property") that such Seller owns and is located at or used in connection with the Real Property and the Facilities; and

(c) Intangible Property. All assignable or transferable licenses, certificates, and permits including, but not limited to, all authority and operational rights running to, in favor of, or in the name of such Seller establishing the right to operate the licensed nursing facility beds in the such Seller's Facility, certificates of need and certificates of occupancy which benefit the Real Property, trade names and trademarks and other intellectual property, plans, surveys, development rights, drawings, operating manuals, and specifications, and assignable existing warranties, indemnities, bonds, and guaranties issued in connection with the Improvements or Personal Property, and contract rights (to the extent assumed by Buyers), and all other intangible property owned or held by such Seller that relate to the Real Property or the Facilities and all rights related thereto (collectively, the "Intangible Property").

The Real Property, Personal Property, and Intangible Property are collectively hereinafter referred to as the "Property". The Property shall expressly exclude the "Excluded Assets", as defined in the OTA.

Section 2.2 Evidence of Transfer. The transfer of the Property, pursuant to this Agreement and following entry of the Sale Order, shall be free and clear of all Claims and Encumbrances, other than the Permitted Encumbrances and Assumed Liabilities (as defined in the OTA), and, with respect to the Real Property, shall be evidenced by deeds (each, a “Deed” and, collectively, the “Deeds”) conveying each Facility in fee simple (subject only to the Permitted Encumbrances) in a form which is suitable to Landmark Abstract Agency LLC (the “Title Company”) for purposes of issuing the Title Policies (as defined herein). As used in this Agreement, “Permitted Encumbrances” means: (i) all currently existing and future Encumbrances for unpaid real estate taxes and water and sewer charges not due and payable as of the date of the Closing, subject to adjustment as provided below in this Agreement; (ii) all present and future zoning, building, environmental and other laws, ordinances, codes, restrictions and regulations of all Governmental Authorities having jurisdiction with respect to the Property, provided the same are not violated by, or materially interferes with, the current use of the Property or the Facility; (iii) minor variations between tax lot lines and lines of record title; and (iv) possible encroachments or projections of stoop areas, roof cornices, window trims, vent pipes, cellar doors, steps, columns and column bases, flue pipes, signs, piers, lintels, window sills, fire escapes, satellite dishes, protective netting, sidewalk sheds, ledges, fences, coping walls (including retaining walls and yard walls), air conditioners and the like, if any, on, under or above any street or highway or any adjoining property, not to exceed three (3) feet.

Section 2.3 Inspection Right; As-Is.

(a) Buyers have completed or substantially completed their diligence regarding the Property prior to the Effective Date. Subject to the provisions of this Section 2.3, Buyers and their respective agents, employees, attorneys, accountants, consultants, advisors, lenders, investors, inspectors, appraisers, engineers and contractors (collectively “Buyers’ Representatives”) may continue to perform supplemental diligence and shall have the right, upon the advance notice required pursuant to subsection (b) below, to enter upon the Property during normal business hours to conduct such inspections, investigations, tests and studies with respect to the Property as Buyers shall deem necessary, including without limitation, a Phase I or similar environmental study; provided that Buyers shall not conduct any invasive testing, such as a Phase II environmental study, without Sellers’ prior written consent, which shall not be unreasonably withheld. Buyers (or its designees, including, without limitation, New Operators) shall have the right, upon notice to the Sellers and Operators, to interview the employees of the Facilities at a mutually agreeable date and time. Sellers shall reasonably cooperate with Buyers and Buyers’ Representatives in connection with its supplemental due diligence, including, without limitation, making available to Buyers (to the extent not already provided) such documents or information in Sellers’ possession or control requested by Buyers.

(b) In conducting any inspection of the Property or otherwise accessing the Property, Buyers shall at all times comply in all material respects with all laws and regulations of all applicable governmental authorities, and neither Buyers nor any of Buyers’ Representatives shall (i) unreasonably interfere with the business of any of the tenants conducted at the Property or unreasonably disturb the use or occupancy of any occupant of the Property or (ii) damage the Property. Buyers shall schedule and coordinate all inspections, including without limitation, any environmental tests, and other access with Sellers and shall give Sellers at least one (1) business day’s prior notice thereof (which notice may be given by electronic mail). Sellers shall be entitled

to have a representative present at all times during each such inspection or other access. Buyers agree to pay to Sellers, in the event Buyers shall terminate this Agreement, on demand, the cost of repairing and restoring any damage that Buyers or Buyers' Representatives shall cause to the Property (which for purposes hereof shall specifically exclude the mere discovery of pre-existing conditions). All inspection fees and other costs and expenses of any kind incurred by Buyers or Buyers' Representatives relating to any prior or supplemental inspection(s) and its other access shall be at the sole expense of Buyers; *provided, however*, should Buyers be entitled to recover the Expense Reimbursement (as defined herein), then Sellers and their respective bankruptcy estates shall be liable for such fees and other costs and expenses as provided herein. Sellers shall not impose any costs on Buyers relating to such inspection. Prior to conducting any physical inspection or testing at the Property, other than mere visual examination, Buyers shall obtain, and during the period of such inspection or testing shall maintain, at its expense, commercial general liability insurance, including a contractual liability endorsement, and personal injury liability coverage, with Sellers as an additional insured, from any insurer reasonably acceptable to Sellers, which insurance policies must have limits for bodily injury and death of not less than One Million Dollars (\$1,000,000) for any one occurrence. Prior to making any entry upon the Property for purposes other than visual examination, Buyers shall furnish to Sellers a certificate of insurance evidencing the foregoing coverages. The provisions of this Section 2.3(b) shall survive the Closing or any termination of this Agreement.

(c) Except as is expressly set forth in this Agreement, Buyers are expressly purchasing the Property in its existing condition "AS IS, WHERE IS, AND WITH ALL FAULTS" with respect to all facts, circumstances, conditions and defects, and, except as is expressly set forth in this Agreement, Sellers have no obligation to determine or correct any such facts, circumstances, conditions or defects or to compensate Buyers for same. Except as expressly set forth in this Agreement to the contrary, Sellers have specifically bargained for the assumption by Buyers of all responsibility to investigate the Property, laws and regulations, facts and of all risk of adverse conditions and has structured the Purchase Price and other terms of this Agreement in consideration thereof. Buyers have, as of the Effective Date, substantially undertaken all such investigations of the Property, laws and regulations and other facts as Buyers deems necessary or appropriate under the circumstances as to the status of the Property and based upon same, except for the representations, warranties and covenants of Seller set forth in this Agreement, Buyers are and will be relying strictly and solely upon such inspections and examinations and the advice and counsel of its own consultants, agents, legal counsel and officers and Buyers are and will be fully satisfied that the Purchase Price is fair and adequate consideration for the Property.

Section 2.4 Liability. Except for the Assumed Liabilities, Buyers shall not assume and shall not be liable for, any debts, liabilities or obligations of Sellers of any kind or nature, at any time existing or asserted, whether or not accrued, whether fixed, contingent or otherwise, whether known or unknown, arising out of the transactions contemplated herein or any other transaction or event or otherwise (the "Excluded Liabilities"), including, but not limited to: any (i) liabilities or obligations of Sellers to any of their creditors, or (ii) liabilities or obligations of Sellers with respect to any acts, events or transactions occurring prior to, on or after the Closing Date. Unless specifically and unambiguously set forth herein and in the Sale Order to the contrary, Buyers are not the successor to liability of Sellers and are not herein assuming any liability arising from, out of, or relating to, Sellers' ownership or operation of the Property.

Without limiting the foregoing, and except for the Assumed Liabilities, to the fullest extent permitted by law (including under Section 363 of the Bankruptcy Code), upon the Closing, Buyers shall not be deemed to: (i) be the successors of the Sellers, (ii) have, de facto, or otherwise, merged with or into the Sellers, (iii) be a mere continuation or substantial continuation of the Sellers or the business, enterprise(s), or operations of the Sellers or (iv) be liable for any acts or omissions of the Sellers in the conduct of their business or arising under or related to the Property. Without limiting the generality of the foregoing, Buyers shall not be liable for any Claims or Encumbrance (other than Assumed Liabilities and Permitted Encumbrances) against any Seller or any of the Sellers' predecessors or affiliates, and Buyers shall have no successor or vicarious liability of any kind or character whether known or unknown as of the Closing Date, including, without limitation, any liabilities owed by the Sellers to the Pennsylvania Department of Health ("DOH"), the Pennsylvania Department of Human Services ("DHS"), or the United States Department of Labor ("DOL"), any taxes of any kind whether now existing or hereafter arising with respect to the Facilities or the Property, or any other liabilities of the Sellers arising prior to the Closing Date. The parties agree that provisions substantially in the form of this Section 2.4, as well as any other provisions requested by Buyers to ensure "free and clear" sale of the Property (except for Permitted Encumbrances and Assumed Liabilities), shall be reflected in the Sale Order.

Notwithstanding anything to the contrary herein or in the OTA, in the event that (i) New Operators or Buyers must engage legal counsel or incur any other costs or expenses to enforce the terms of the Sale Order against any third party asserting any type of Claim or Encumbrance against New Operators, Buyers, or the Purchased Assets that is not a Permitted Encumbrances or Assumed Liability or (ii) a Governmental Authority determines pursuant to a Final Order that New Operators, Buyers, or the Purchased Assets are liable for any type of Claim or Encumbrance against New Operators, Buyers, or the Purchased Assets that is not a Permitted Encumbrance or Assumed Liability, then then New Operators and Buyers may recover the amount of any losses, liabilities, or damages resulting from the same, including, without limitation, costs and fees for legal counsel and related expenses, from the Indemnification Escrow as provided in Section 16 of the OTA, subject to the terms and conditions of said Section 16 of the OTA.

ARTICLE 3

PURCHASE PRICE; CLOSING; RECOUPMENT ESCROW

Section 3.1 Purchase Price; Allocations.

(a) The aggregate purchase price for the sale and purchase of the Property (the "Purchase Price") shall be FIFTY-THREE MILLION and 00/100 Dollars (\$53,000,000.00), which is comprised of (i) \$46,000,000.00 for the Property including the Greenville Facility, the Wilmington Facility, the Huntington Facility, the New Castle Facility, the Washington Facility, the Harmony Facility, and the Latrobe Facility (collectively, the "Maybrook Facilities"), and (ii) \$7,000,000.00 for the Property including the Cheswick Facility and the Canonsburg Facility (collectively, the "Consulate Facilities").

(b) The Purchase Price shall be paid by Buyers to Sellers as follows:

(i) An earnest money deposit in the amount of ONE MILLION, THREE-HUNDRED AND FIFTY THOUSAND and 00/100 Dollars (\$1,350,000.00) (the

“Deposit”) shall be paid by Buyers to Omni Claim Solutions, Inc., as deposit escrow agent (the “Deposit Agent”), by no later than 4:00 p.m. (prevailing Eastern Time), May 20, 2024. The Deposit shall be held by Deposit Agent, as escrowee, in accordance with the terms of this Agreement.

(ii) If the Buyers are the Successful Bidder at the Auction, or there are no other Qualifying Bidders as of the Bid Deadline, each as approved by the Bankruptcy Court in the Sale Order, at Closing, the Deposit shall be applied against the Purchase Price and, subject to any applicable adjustments provided herein and in the OTA to be reflected in the Closing Statement (as defined below), Buyers shall cause the delivery of the balance of the Purchase Price to Sellers by wire transfer of immediately available funds. Without limiting the foregoing, the PTO Credit (as defined in the OTA) and any other closing credits in favor of New Operators under the OTA shall be credited against the Purchase Price at Closing.

(c) Prior to Closing, Sellers and Buyers shall exchange proposed allocations of the Purchase Price (together with any other amounts that are treated as purchase price for federal income tax purposes) among the Real Property and the other assets acquired hereunder according to the relative fair market values of such assets on the Closing Date and in accordance with Section 1060 of the Code. If the parties are able to agree upon the allocation of the Purchase Price, the attached Schedule 3.1(e) of this Agreement shall be completed setting forth the agreed upon allocations and Buyers and Sellers shall report and file all tax returns consistent with such mutually agreed Purchase Price allocation, and shall take no position contrary thereto or inconsistent therewith. Buyers and Sellers shall file or cause to be filed any and all forms (including U.S. Internal Revenue Service Form 8594), statements and schedules with respect to such allocation, including any required amendments to such forms. If Buyers and Sellers are unable mutually to agree upon the manner in which the Purchase Price should be allocated, any disputed aspects of such allocation shall be resolved by a nationally recognized independent accounting firm mutually acceptable to Buyers and Sellers, which accounting firm shall be paid by Buyers.

Section 3.2 Closing. Subject to satisfaction of the closing pre-conditions set forth herein, the closing of the transactions contemplated herein (the “Closing”) shall take place within fourteen (14) days after the Sale Order becomes a Final Order (as defined herein) (the “Scheduled Closing Date”); provided, however, that the Scheduled Closing Date occurs prior to the Outside Date (as defined herein), provided further, however, that the parties may agree to extend the Outside Date and the Scheduled Closing Date by written agreement signed by all parties. The date the Closing actually occurs is referred to herein as the “Closing Date”.

Section 3.3 Closing Matters and Closing Deliverables. Upon the terms and subject to the conditions set forth in this Agreement, and provided the Bankruptcy Court has entered the Sale Order, at the Closing:

(a) Buyers and Sellers shall deliver to one another a closing statement agreed to and signed by all Buyers and Sellers (the “Closing Statement”), and Buyers shall deliver to Sellers the Purchase Price, less the Deposit, and plus or minus any costs and prorations for which Sellers and/or Buyers are responsible under the terms hereof and the OTA as the same shall be provided for in the Closing Statement, by wire transfer of immediately available funds in such amount to an account to be designated in writing by Sellers;

(b) The respective Sellers shall duly execute and deliver to the respective Buyers as set forth on Exhibit A hereto a Deed properly executed in a form acceptable to Buyers, Sellers and the Title Company, conveying marketable title to the respective Real Property in fee simple, free and clear of all Claims and Encumbrances (except Permitted Encumbrances), together with such affidavits as the Title Company shall reasonably require in order to omit from its title insurance policy all exceptions for judgments, bankruptcies or other returns against persons or entities whose names are the same as or similar to the names of Sellers and issue to each of the Buyers an ALTA standard coverage Owner's Policy of Title Insurance showing title to the Real Property vested in each of the Buyers subject only to the Permitted Encumbrances (each, a "Title Policy" and, collectively, the "Title Policies");

(c) The respective Sellers shall execute and deliver to the respective Buyers as set forth on Exhibit A hereto a bill of sale and general assignment (the "Bill of Sale") in the form attached hereto as Exhibit 3.3(c), conveying and assigning to each such Buyer the Personal Property and Intangible Property (including any Assumed Contracts) free and clear of all Claims and Encumbrances (other than the Permitted Encumbrances);

(d) Sellers and Buyers shall each deliver to the other a certificate in the form attached hereto as Exhibit 3.3(d) confirming that each party's respective representations and warranties are true and correct as of Closing (a "Bring Down Certificate");

(e) Each of the Sellers shall deliver a FIRPTA certification of non-foreign status, in the form required by the Internal Revenue Code, signed under penalty of perjury. Sellers acknowledge and agree that such certifications will be retained by Buyers and will be made available to the Internal Revenue Service upon request;

(f) Sellers shall deliver evidence to Buyers, in form satisfactory to Buyers, of the termination of all of the Existing Operating Leases, effective as of the date of Closing;

(g) Sellers shall deliver to the Buyers and the Title Company a certified copy of the Sale Order entered by the Bankruptcy Court;

(h) Sellers and Buyers shall deliver any documents or affidavits reasonably requested by Title Company;

(i) Sellers and Buyers shall execute and deliver to the Escrow Agent (as defined herein) the Indemnification Claims Escrow Agreement (as defined in the OTA);

(j) Each party shall provide such documents as reasonably requested by the other party in connection with the transactions contemplated herein; and

(k) Sellers shall deliver possession of the Property to Buyers (or their designees) in accordance with the terms herein and the OTA, and Sellers shall deliver to Buyers (or their designees) all keys, fobs, and access cards to the Property that are in the possession and control of Sellers.

Section 3.4 Closing Adjustments; Costs and Prorations.

(a) The costs associated with Closing shall be paid as follows:

(i) Sellers shall be responsible for satisfying any Encumbrance or Claim (other than Permitted Encumbrances) necessary as a condition to Closing under this Agreement or the Sale Order;

(ii) Buyers and Sellers to split equally the Deposit Agent's fee;

(iii) Sellers shall pay for the recording of the Deeds;

(iv) Buyers and Sellers to split equally any deed transfer taxes due in connection with the transfer of the Real Property;

(v) Buyers shall pay for any costs associated with its financing, including the recording of any mortgage(s) granted to Buyers, all of its due diligence costs, and all costs associated with its Title Policies, ALTA surveys and any of its other third party reports;

(vi) Buyers and Sellers shall each pay their own attorneys' fees;

(vii) Buyers shall pay any Cure Costs required to be paid in connection with the Assumed Contracts, if any; and

(viii) All other closing costs shall be in accordance with the local custom of the area in which the Property is located, as reasonably determined by the Title Company.

(b) Adjustments of revenue and expenses shall be made as follows, and the Purchase Price shall be adjusted accordingly along with such adjustments as provided for in the OTA (with such adjustments to be reflected on the Closing Statement):

(i) Real estate taxes, water, sewer and other utility charges and other assessments typically pro-rated between buyers and sellers of commercial real estate in the county of situs of the Real Property will be prorated between Sellers and Buyers as of the date of Closing based on the number of days of the applicable period that each party owns the Real Property. To the extent practicable, all such prorations and payments will be made on the day of Closing, with the balance to be made as soon as practicable following the Closing upon delivery by Buyers or Sellers, as applicable, of reasonable documentation of such payment to the other party. If the applicable tax rate and assessments for the Real Property have not been established for the year in which Closing occurs, the proration of real estate taxes and assessments shall be based upon the rate and assessments for the preceding year. Prior to Closing, the parties shall agree upon all prorations to be made to be reflected in the Closing Statement, and shall submit a statement of the same to the Title Company. In the event any of the prorations, apportionments or computations required hereunder shall require final adjustment following Closing, then the parties agree to allocate such items on a fair and equitable basis at Closing and then the parties shall make the appropriate final adjustments promptly when accurate information becomes available and either party here shall be entitled to an adjustment to correct the same, but in no event shall such final adjustment occur later than ninety (90) days following the Closing. Any corrected adjustment or proration shall be paid in cash to the party entitled thereto within ten (10) days after completion of the reconciliation. This Section 3.4(b)(i) shall survive Closing and any amounts owing to Buyers

pursuant to this Section 3.4(b)(i) may be recovered by Buyers from the Indemnification Escrow subject to the terms and conditions of Section 16 of the OTA if not timely and fully paid by Sellers in accordance herewith.

(ii) Sellers are not conveying to Buyers, but are expressly reserving and retaining, all of Sellers' right, title and interest in any claims for refund or other claims owned in connection with any real estate taxes or assessments which relate to a period or periods prior to the Closing. In the event that any proceeds from such proceedings which belong to Sellers are paid to Buyers after the Closing, an amount equal to the amount of the proceeds which belong to Sellers as aforesaid shall be held in trust for Sellers and paid by Buyers to Sellers within ten (10) business days of Buyers' receipt of such funds. Buyers shall not have any responsibility or liability to file any protest or institute any proceeding for reduction of real estate taxes for periods prior to the Closing. Any expenses of recovery for tax certiorari or other proceedings which benefit both Sellers and Buyers shall be allocated in accordance with their respective percentage shares in the recovery. This Section 3.4(b)(ii) shall survive the Closing and any amounts owing to Buyers pursuant to this Section 3.4(b)(ii) may be recovered by Buyers from the Indemnification Escrow subject to the terms and conditions of Section 16 of the OTA if not timely and fully paid by Sellers in accordance herewith.

Section 3.5 Indemnification Escrow. At Closing, the sum of \$3,000,000.00 from the Purchase Price shall remain with the Omni Agent Solutions, Inc., as escrow agent ("Escrow Agent"), for a period of up to twenty-four (24) months after the Closing (the "Indemnification Escrow") for purposes of reimbursing the Buyers and New Operators on the terms and conditions set forth in Section 16 of the OTA for any Recoupment (as defined in the OTA) or any Indemnification Claims (as defined in the OTA). For the avoidance of doubt, Section 16 of the OTA is incorporated by reference herein and agreed to by both Buyers and Sellers.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF SELLER

In order to induce Buyers to enter into this Agreement, each of the Sellers hereby represents and warrants to Buyers as follows as of the Effective Date:

Section 4.1 Organization and Qualification. Sellers are each duly formed and validly existing under the laws of its jurisdiction of organization and is qualified to do business in the Commonwealth of Pennsylvania, and, subject to the Bankruptcy Court's entry of the Sale Order, Sellers have all requisite power and authority and have taken all action necessary (including, without limitation, such actions required under the Bankruptcy Rules) to authorize the execution and delivery of this Agreement and the other Transaction Documents, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by the Sellers and, subject to the Bankruptcy Court's entry of the Sale Order, constitutes the valid and binding obligation of the Sellers enforceable against the Sellers in accordance with its terms.

Section 4.2 Authority. Sellers have all requisite power and authority to execute and deliver this Agreement, and, subject to the Bankruptcy Court's entry of the Sale Order, to perform their obligations hereunder and to consummate the transactions contemplated hereby. Upon the

Bankruptcy Court's entry of the Sale Order, the execution and delivery of this Agreement by Sellers, the performance of this Agreement by Sellers, and the consummation of the transactions contemplated hereby shall have been duly authorized by Sellers and the Bankruptcy Court and no other proceeding on the part of Sellers shall be necessary to authorize this Agreement or to consummate the transactions contemplated hereby under the Bankruptcy Code, Bankruptcy Rules, or other applicable law.

Section 4.3 Reserved.

Section 4.4 Title. Sellers are the true and lawful owners of, and own all right, title and interest in and to, all of the Property, free and clear of all Claims and Encumbrances, except for (i) Permitted Encumbrances, and (ii) those Claims and Encumbrances that will be discharged at or before Closing or pursuant to the Sale Order. Following the Bankruptcy Court's entry of the Sale Order and upon the Closing of the sale of the Property to Buyers pursuant to this Agreement, the other Transaction Documents, and the Sale Order, all right, title and interest in and to all of the Property, free and clear of all Claims and Encumbrances (except for Permitted Encumbrances), will pass to Buyers on the Closing Date.

Section 4.5 Brokers. Sellers have retained BluePrint Healthcare Advisors and Cummings and Co. (the "Brokers") as their agents in connection with the sale of the Property. No other person or entity is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based on arrangements made by or on behalf of Sellers. Each of the Sellers shall be, jointly and severally, responsible for satisfying all fees and commissions owing to the Brokers at Closing, and if any fees or commissions are claimed or payable as a result of any person's claimed representation of any Seller, the same shall be the Sellers' sole responsibility (which responsibility shall survive Closing).

Section 4.6 Environmental Matters. To the knowledge of Sellers, Sellers have not received any written notice of alleged, actual or potential responsibility for, or any inquiry or investigation regarding, the presence or Release of any Hazardous Substance at the Property, including with respect to any Hazardous Substances that were allegedly manufactured, used, generated, processed, treated, stored, disposed or otherwise handled at, or transported to or from the Property, or regarding compliance with Environmental Laws. Sellers have not received any written notice of any other Claim, demand or action by any individual or entity alleging any actual or threatened injury or damage to any person or entity, property, natural resource or the environment arising from or relating to the presence or Release of any Hazardous Substances at, on, under, in, to or from the Property. To the knowledge of Sellers, Sellers' and Operators' ownership and operation of the Property are and have been in compliance with all Environmental Laws and there has not been a release or threatened release of any Hazardous Substances at, upon, in, under, or from the Property or any part thereof at any time. For purposes of this Agreement, (i) the term "Environmental Laws" shall mean any applicable statutes, ordinances, directives or other written, published laws, any written, published rules or regulations, orders, guidelines or policies, and any licenses, permits, orders, judgments, notices or other requirements issued pursuant thereto, enacted, promulgated or issued by any Governmental Authority, relating to pollution or protection of public health or the environment, or to the identification, reporting, generation, manufacture, processing, distribution, use, handling, treatment, storage, disposal, transporting, presence, or Release of any Hazardous Substances. Without limiting the generality of the foregoing,

Environmental Laws shall include the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Toxic Substances Control Act, as amended, the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended, the Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Clean Air Act, as amended, the Occupational Safety and Health Act, as amended, and all analogous laws enacted, promulgated or lawfully issued by any Governmental Authority, (ii) the term “Hazardous Substances” shall mean any pollutants, contaminants, substances, chemicals, carcinogens, wastes, dangerous wastes, or any ignitable, corrosive, reactive, toxic or other hazardous substances or materials, whether solids, liquids or gases (including, but not limited to, petroleum and its derivatives, PCBs, asbestos, radioactive materials, waste waters, sludge, slag and any other substance, material or waste), as defined in or regulated by any Environmental Laws or as determined by any Governmental Authority, and (iii) the term “Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migration, dumping or disposing into the environment.

Section 4.7 Absence of Litigation. Except as set forth in Schedule 4.7, there is no Claim, action, suit, administrative matter, arbitration, proceeding or investigation of any kind, at law, equity or admiralty (including actions or proceedings seeking injunctive relief), by or before any Governmental Authority pending or, to the knowledge of Sellers, threatened against any Seller or Operator or otherwise pertaining to the Property or any part thereof.

Section 4.8 Condemnation, Zoning, Property Access. There are no pending condemnation actions or special assessments of any nature with respect to the Property or any part thereof, and, to the knowledge of Sellers, there are no such threatened or contemplated condemnation actions or special assessments. To the knowledge of Sellers, there are no (i) material violations of any covenants or restrictions recorded in the public land records against any of the Facilities, (ii) material violations of any zoning codes or ordinances applicable to any of the Facilities, or (iii) federal, state, county, municipal, or other governmental plans to change the highway or roads adjacent to any of the Facilities or to restrict or change access from any such highway or road to any of the Facilities.

Section 4.9 Compliance with Laws. To the knowledge of Sellers, the Property is in compliance in all material respects with all applicable laws, including, without limitation, (a) quality, safety accreditation standards and requirements of all applicable law and regulatory bodies, and (b) applicable laws regulating the ownership, operation or licensure of a health care facility or business, or assets used in connection therewith, including such applicable laws relating to licenses, approvals, certificates, certificates of need, permits, consents, authorizations and variances required for the management or operation of the Facilities (collectively, the “Health Care Laws”). To the knowledge of Sellers, Sellers and Operators have filed all reports, data and other information required to be filed with governmental authorities, including, without limitation, DOH and DHS. To the knowledge of Sellers, neither Sellers nor Operators have received written notice that the Property is not in compliance with any laws (including the Health Care Laws), rules, regulations, health and sanitation codes, zoning ordinances, environmental assessment and impact requirements or with the terms of all permits applicable to the Property. To the knowledge of Sellers, Sellers have not received written notice of any claim, requirement or demand of any licensing or certifying agency supervising or having authority over the Facilities or otherwise to rework or redesign the Facilities so as to conform to or comply with any existing law (including

the Health Care Laws), code or standard which has not been fully satisfied prior to the date hereof or which will not be satisfied prior to the Closing Date.

Section 4.10 Insurance. Sellers currently maintain in effect all insurance (including, without limitation, property and casualty insurance, general liability insurance, and professional liability insurance) required to be maintained by Sellers' senior lender with respect to the Property (collectively, the "Insurance"), and all premiums owing on such Insurance are paid current. Sellers have not received written notice from any insurance company of any defects or inadequacies in the Property that would affect adversely its insurability or increase the cost of insurance.

Section 4.11 Employees. Sellers do not employ any of the employees at the Facilities and do not have any employment agreements which will be binding on Buyers after the Closing.

Section 4.12 Taxes/Assessments. To Sellers' knowledge, there are no agreements, waivers, or other arrangements providing for an extension of time with respect to the assessment of any tax or deficiency against the Facilities, the Property (or any part thereof), or the Sellers. To Sellers' knowledge, all assessments that are now Encumbrances on the Real Property are shown on the public records or on the tax assessor's records, and no Improvements have been installed by Sellers or any public authority, the cost of which are to be assessed against the Real Property in the future. Seller has not received written notice of any possible future Improvements, the cost of which or any part thereof will or would reasonably be expected to be assessed against the Real Property.

Section 4.13 Improvements Made. To Seller's knowledge, no labor has been performed or material furnished for any Facility or the Real Property for which any mechanics' or materialmans' liens, or any other Encumbrance, can be lawfully claimed by any Person.

Section 4.14 Assets Necessary to Business. Sellers presently have and at Closing will have all property and assets, real, personal and mixed, tangible and intangible, owned by Sellers and currently used in the ownership of the Property. To the knowledge of Sellers, and except for any assets leased by Sellers or Operators, such assets and the assets of Operators are all of the assets necessary to permit Buyers to carry on the business of the Facilities as presently conducted. Since the date of the Seller Financial Statements (defined below), neither Sellers nor the Operators have sold any of the Purchased Assets, except sales of inventory in the ordinary course of business.

Section 4.15 Service Contracts. Except for the Existing Operating Leases and as set forth on Schedule 4.15, Sellers are not a party to any service, maintenance, equipment, supply or operating contracts, management agreements or other agreements, however termed, written or oral, affecting the use, ownership, maintenance or operation of all or any part of the Property, including, without limitation, commercial leases and equipment leases (the "Service Contracts").

Section 4.16 Financial Statements. To the knowledge of Sellers, the Seller Financial Statements (as defined herein) are materially true, complete and accurate, have been based upon the information contained in the books and records of Sellers and present fairly, in all material respects, the assets, liabilities and financial condition of Sellers at the respective dates thereof and the results of Sellers' operations for the periods ended at the respective dates thereof, in each case prepared in conformity with GAAP applied on a consistent basis throughout the periods involved

and with prior periods. To the knowledge of Seller, the Seller Financial Statements do not contain any material inaccuracy and do not suffer from any material omissions in accordance with GAAP.

Section 4.17 COVID FUNDS. Any amounts borrowed by Sellers pursuant to the Paycheck Protection Program established under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), Pub. L. No. 116-136, 134 Stat. 281 (Mar. 27, 2020) have been repaid or forgiven in their entirety.

Section 4.18 Searches and Surveys. Sellers have furnished to Buyers any examinations of title with respect to the Real Property and surveys of the Real Property in Sellers’ possession, together with any other customary third party reports obtained by Sellers or its lenders in anticipation of the transactions contemplated by this Agreement, to the extent available.

Section 4.19 Not a Foreign Person. Sellers are not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in (a) the Internal Revenue Code and the corresponding income tax regulations, and (b) similar provisions of state law. Buyers have no duty to collect withholding taxes for Sellers pursuant to the Foreign Investors Real Property Tax Act of 1980, as amended, or any applicable foreign, state, or local law.

Section 4.20 Compliance with International Trade Control Laws and OFAC Regulations. Sellers are not now nor shall they be at any time prior to or at the Closing an individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity (collectively, a “Person”) named in any executive orders or lists published by the Office of Foreign Assets Control, Department of the Treasury (“OFAC”) as Persons with whom a United States Citizen (“U.S. Person”) may not transact business or must limit their interactions to types approved by OFAC (“Specially Designated Nationals and Blocked Persons”).

The representations and warranties contained in this Article 4 shall be true and complete on the Effective Date and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date. Additionally, the representations and warranties contained in this Article 4 shall not be deemed to have merged with the Deeds or other Transaction Documents, and will survive Closing for a period commencing on the Closing Date and ending on the date that is nine (9) months following the Closing Date (the “Survival Period”). In the event that Buyers discover during the Survival Period that Sellers were in breach of any material representation or warranty contained in this Article 4 as of the Closing Date (except for any breach disclosed by Sellers in their Bring Down Certificate), Buyers shall be entitled to reimbursement from the Indemnification Escrow in accordance with the terms and conditions of Section 16 of the OTA for any and all losses, liabilities, damages, costs and expenses (including reasonable attorneys’ fees and disbursements) incurred by Buyers arising out of, resulting from, relating to, or in any manner connected with such breach.

All references in this Agreement to “Sellers’ knowledge”, “the knowledge of Sellers” or words of similar import shall refer only to the actual knowledge of Michael Neufeld (“Designated Representative”), without independent investigation or inquiry. Sellers represent and warrant that

the Designated Representative is the director of finance of CHMS Group, LLC, and that the Designated Representative is regularly involved in the asset management of the Property and the day to day affairs of the Sellers. There shall be no personal liability on the part of the Designated Representative arising out of any representations or warranties made herein.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows as of the Effective Date:

Section 5.1 Organization and Authority. Buyers are limited liability companies duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania with authorization to do business in Pennsylvania. On the Closing Date, and upon approval of the Bankruptcy Court, Buyers will have all requisite power and authority and have taken all action necessary to authorize the execution and delivery of this Agreement, to perform their obligations hereunder and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Buyers and, and, subject to the Bankruptcy Court's entry of the Sale Order, constitutes the valid and binding obligation of Buyers enforceable against Buyers in accordance with its terms.

Section 5.2 No Conflict; Required Consents and Approvals. The execution and delivery of this Agreement by the Buyers and the performance of this Agreement by Buyers and the consummation of the transactions contemplated hereby, will not conflict with or violate or constitute, with or without notice or the lapse of time or both, a breach of or default under any term or provision of any agreement or other instrument or any applicable laws to which Buyers are bound.

Section 5.3 Brokers. No person or entity is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based on arrangements made by or on behalf of Buyers. If any fees or commissions are claimed or payable as a result of any person's claimed representation of Buyers, the same shall be the Buyers' sole responsibility (which shall survive Closing).

The representations and warranties contained in this Article 5 shall be true and complete on the Effective Date and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date. Additionally, the representations and warranties contained in this Article 5 shall not be deemed to have merged with the Deeds or other Transaction Documents, and will survive Closing for the Survival Period. In the event that Sellers discover during the Survival Period that Buyers were in breach of any material representation or warranty contained in this Article 5 as of the Closing Date (except as disclosed by Buyers in their Bring Down Certificate), Buyers agree to indemnify and hold harmless Sellers from any and all losses, liabilities, damages, claims, costs and expenses (including reasonable attorneys' fees and disbursements) arising out of, resulting from, relating to, or in any manner connected with such breach.

ARTICLE 6 COVENANTS AND AGREEMENTS

Section 6.1 Seller Covenants. Sellers agree from the Effective Date hereof until Closing (or until this Agreement is terminated in accordance with the terms hereof), Sellers shall comply with the following:

(a) Further Information. Sellers shall promptly respond to Buyers' reasonable requests for further information, and make available for Buyers all reasonably requested documents and records relating to the Purchased Assets that are in Sellers' possession or control.

(b) Insurance. Sellers shall continue to maintain its current Insurance pertaining to the Property in such amounts as required by Seller's senior lender at all times prior to the Closing or the termination of this Agreement.

(c) No Adverse Action; Preservation of Assets. Sellers will take no action or inaction that would materially impair or damage any of the Purchased Assets, and Sellers shall maintain, or cause to be maintained, the Purchased Assets in substantially the same condition as they exist as of the Effective Date, ordinary wear and tear excepted. Except for liens granted with the approval of the Bankruptcy Court and liens that arise by operation of law, Sellers shall not permit or allow any of the Property to be subject to any new Encumbrances.

(d) Condition of Business. Except as otherwise expressly approved in writing by Buyers or by the Bankruptcy Court, Sellers shall conduct their business with respect to the Property only in the ordinary course thereof consistent with past practice and the covenants of Seller required in this Section 6.1, and the effects of the Bankruptcy Cases and in such a manner that the representations and warranties contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date (except for changes contemplated, permitted or required by this Agreement, or by the Bankruptcy Court) and so that the conditions to be satisfied by Seller at the Closing shall have been satisfied; provided, that Seller shall comply with any orders entered, or approvals or authorizations granted or required, by or under the Bankruptcy Court or the Bankruptcy Code (including in connection with the Bankruptcy Cases), and the Debtors' obligations as debtors-in-possession to comply with any order of the Bankruptcy Court (including the Sale Order).

(e) Sell, Removal and Replacement of Purchased Assets. Sellers shall not sell or remove, or permit Operators to sell or remove, any Purchased Assets except as may be required (i) for necessary repair or replacement, (ii) in the ordinary course of business, or (iii) as otherwise provided by Order of the Bankruptcy Court. All repairs and replacements shall be of reasonably equivalent quality and quantity as existed as of the time of removal of the applicable Property.

(f) Facility Surveys, Deficiencies, Plans of Correction. Sellers shall provide Buyers copies of survey and other governmental authority reports, statements of deficiency, plans of correction and any other written investigation notices or reports received with respect to Sellers, Operators or the Facilities since Sellers' acquisition of the Facilities (collectively, "Government Correspondence"), and will continue to furnish any and all new Government Correspondence to Buyers within five (5) days after Sellers' receipt of same. Seller shall comply, and cause Operators

to comply, in all respects, with the requirements of any currently outstanding plan or plans of correction proposed in response to any inspections or surveys conducted prior to Closing and pay any fines or penalties resulting from such inspections or surveys or, if appealed, Sellers shall retain all liability for all costs and expenses in pursuing such appeals and all liabilities for any penalties not rescinded. In addition, Sellers shall consult with Buyers and obtain written approval from Buyers for any settlements of such appeals to the extent such settlements will have any adverse impact on post-Closing licensure for the Facilities or a material adverse effect on the post-Closing operations of the Facilities, and notify Buyers of the final disposition of such matters.

(g) Litigation and Investigations. Sellers shall give prompt written notice to Buyers of the commencement of any litigation by any Person, investigation by a Governmental Authority or other proceeding by a Governmental Authority against Sellers, Operators or the Facilities, or any threat thereof.

(h) Notice of New Service Contracts. Sellers shall use reasonable efforts to provide Buyers with prompt written notice of any new Service Contracts entered into after the Effective Date.

(i) Financials. Sellers shall provide Buyers profit and loss statements for each of the Facilities for the annual periods ending December 31, 2022 and December 31, 2023, and such other financial information regarding Sellers' income and financial status as reasonably requested by Buyers (collectively, the "Seller Financial Statements").

Section 6.2 Confidentiality. Each party acknowledges that they will be providing each other with information that is non-public, confidential or proprietary in nature (the "Proprietary Information"). Each party agrees and will each cause its respective affiliates, counsel, accountants, representatives, agents and employees (collectively "Affiliates") to agree, to keep all such Proprietary Information confidential. For purposes of this Agreement, Proprietary Information shall not include information that: (i) becomes generally available to the public absent any breach of this Agreement; (ii) was available on a non-confidential basis to any party or any of such party's Affiliates from a third party prior to its disclosure pursuant to this Agreement; (iii) becomes available on a non-confidential basis from a third party who is not bound to keep such information confidential; (iv) was already known or independently developed by the receiving party, or (v) is disclosed in any filings that are part of the Bankruptcy Case.

Section 6.3 Public Announcements. No party shall issue any public announcement, report, statement or press release or otherwise make any public statement regarding this Agreement or the transactions contemplated hereby without the prior written consent of the other parties, except as otherwise required by law; *provided, however*, Buyers agree that (i) Sellers shall file the motions necessary to pursue entry of the Bidding Procedures Order and the Sale Order, and provide notice thereof, in accordance with the terms set forth in Exhibit B hereto, and (ii) this Section 6.3 shall not apply to any motion, order, pleading or other filing properly made as part of the Bankruptcy Case.

Section 6.4 Further Assurances. At any time and from time to time after the Closing, Sellers shall, at the reasonable request of Buyers and consistent with the Sale Order and subject to any necessary approval of the Bankruptcy Court, execute and deliver any further deeds, bills of

sale, endorsements, assignments, and other instruments of conveyance and transfer, and take such other actions as Buyers may reasonably request in order to carry out the intents and purposes of this Agreement.

Section 6.5 Tandem Village Road Property Separation. 200 Tandem Village Road Propco, LLC ("North Strabane Propco") and North Strabane Retirement Village, LLC ("North Strabane Opco") are affiliates of Sellers and Operators and collectively are equitable owners and operators of the real property and other assets which comprise the retirement facility known as "Consulate Retirement Village of North Strabane" located at 200 Tandem Village Road Canonsburg, PA 15317 (the "North Strabane Retirement Facility"). Sellers have informed Buyers that the North Strabane Retirement Facility is currently on the same parcel of land as the Canonsburg Facility (which is one of the Facilities included as part of the Purchased Assets and owned by 100 Tandem Village Road Propco, LLC ("Canonsburg Propco"), who is one of the Sellers/Debtors), by virtue of single vesting deed that conveyed both (i) the real property comprising the Canonsburg Facility to Canonsburg Propco, and (ii) the real property comprising the North Strabane Retirement Facility to North Strabane Propco. Buyers expressly agree and acknowledge that the North Strabane Retirement Facility is to be excluded from the Facilities being conveyed to Buyers and New Operators under this Agreement and the OTA, provided, that, prior to Closing, Sellers shall take all reasonable actions to obtain a recorded subdivision plan approved by North Strabane Township, Washington County, Pennsylvania, to be further approved by Buyers and the Bankruptcy Court, in order that title to the North Strabane Retirement Facility real property and the Canonsburg Facility real property can be recorded separately with the North Strabane Propco and the Canonsburg Propco, respectively, in the appropriate real property records (the "North Strabane Retirement Subdivision"). Sellers shall be responsible for all costs and expenses associated with the North Strabane Retirement Subdivision. Until the North Strabane Retirement Subdivision has been effectuated pursuant to the terms herein, Buyers agree, at no cost to Buyers or subject to Sellers' reimbursement to Buyers for any costs and fees associated therewith (including, without limitation, Buyers' reasonable attorneys' fees), to (a) reasonably cooperate with Sellers and North Strabane Propco in their efforts to complete the North Strabane Retirement Subdivision, (ii) abide by the terms applicable to Canonsburg Propco under the unrecorded Agency Agreement entered into by Canonsburg Propco and North Strabane Propco as contemplated in 1102-C.3.11 of the Pennsylvania Realty Transfer Tax Act, and (iii) enter into an access easement agreement with North Strabane Propco granting reasonable access rights to the North Strabane Retirement Facility for North Strabane Propco, its tenants, and their respective employees, residents, guests and invitees (collectively, the "North Strabane Parties"), which easement shall constitute a Permitted Encumbrance, subject, however, to North Strabane Propco and North Strabane Opco agreeing to pay all costs and maintenance fees associated with such easement and to indemnify and hold harmless Buyers from and against any and all loss, liability, claim, damage and expense whatsoever (including attorneys' fees actually incurred) directly or indirectly arising out of, based upon, resulting from or otherwise relating to any claims asserted by any of the North Strabane Parties on account of, arising from, or otherwise relating to their use of such easement. Notwithstanding anything herein to the contrary, Sellers acknowledge and agree that it is Sellers' obligation to effectuate the North Strabane Retirement Subdivision, at Sellers' cost, by Closing. If Sellers are unable to complete such subdivision prior to Closing, then, at Closing, Sellers shall provide Buyers with comprehensive insurance against loss or damage to the Property by fire, casualty and other hazards as now or subsequently may be covered by an "**all-risk**" policy, with coverage for earthquake in amounts and in form satisfactory to Buyers, and such

endorsements as Buyers may require and which are customarily required for similar properties similarly situated in the state. Buyers shall be entitled to reimbursement from the Indemnification Escrow in accordance with the terms and conditions of Section 16 of the OTA for any and all losses, liabilities, damages, costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Buyers arising out of, resulting from, relating to, or in any manner connected with Sellers' breach of this Section 6.5. The parties' obligations under this Section 6.5 shall survive Closing.

Section 6.6 Release of Liens and Claims. Promptly upon the parties' execution of the PSA and OTA, Buyers shall release, or cause to be released, all liens *lis pendens* filed by Buyers or their affiliates against any of the real property included in the Purchased Assets. Additionally, automatically upon execution of the PSA and OTA, Sellers, on behalf of themselves and all of their affiliates, hereby release Buyers from any and all claims or liabilities related to or arising from the underlying actions or agreements to which the liens *lis pendens* relate.

ARTICLE 7 CASUALTY; CONDEMNATION

Section 7.1 Fire or Other Casualty. If, subsequent to the Effective Date and on or before the Closing Date, all or any material portion of the Real Property shall be destroyed or damaged by one or more incidents of fire or other casualty, then Sellers shall promptly give Buyers notice of such occurrence, and Buyers may, within fifteen (15) days after receipt of such notice, elect by written notice to Sellers to either (y) terminate this Agreement, in which event the Deposit shall be returned to Buyers, this Agreement shall be deemed null and void and all further rights and obligations of the parties hereunder shall terminate (other than those matters which, pursuant to the terms of this Agreement, expressly survive any termination of this Agreement); or (z) proceed to close the transaction contemplated hereby as scheduled with no adjustment to the Purchase Price, provided, however, that Buyers shall have the right to participate with Sellers in the adjustment and settlement of any insurance claim relating to said damage, and provided further that Sellers shall, at Closing, (I) assign to Buyers all of Sellers' interest in any then unpaid insurance proceeds claimed with respect to said loss or damage, and (II) pay to Buyers all insurance proceeds theretofore paid to Sellers with respect to same and not theretofore used for restoration or repair, plus any deductible amount. Buyers' failure to give notice within the time period specified above shall be deemed to be Buyers' election of option (y) above. For purposes of this Section 7.1, "material" shall mean a damage more than One Million Dollars (\$1,000,000) to replace and/or repair.

Section 7.2 Eminent Domain. If, subsequent to the Effective Date and on or before the Closing Date, any proceeding which shall relate to the proposed taking of any material portion of the Real Property by condemnation or eminent domain is instituted or commenced, then Sellers shall promptly give Buyers notice of such proceeding, and Buyers shall, within fifteen (15) days after receipt of such notice, elect by written notice to Sellers to either (y) terminate this Agreement, in which event the Deposit shall be returned to Buyers, this Agreement shall be deemed null and void and all further rights and obligations of the parties hereunder shall terminate (other than those matters which, pursuant to the terms of this Agreement, expressly survive any termination of this Agreement); or (z) proceed to close the transaction contemplated hereby as scheduled with no adjustment to the Purchase Price, provided, however, that, at Closing, Sellers shall (I) credit to

Buyers any condemnation proceeds theretofore paid to Sellers with respect to the taking (and not theretofore used for restoration or repair), and (II) assign to Buyers all of Sellers' right to any other proceeds therefrom. Buyers' failure to give notice within the time period specified above shall be deemed to be Buyer's election of option (y) above. For purposes of this Section 7.2, a "material" taking shall be deemed to mean a taking of any portion of the building(s) associated with any Facility or that reduces the parking area by more than ten percent (10%) or below the minimum parking required pursuant to legal requirements, or which would otherwise result in any reduction in the number of licensed beds at the Facility.

ARTICLE 8 CONDITIONS

Section 8.1 Conditions Precedent to Obligations of Buyers. The obligations of Buyers to consummate the transactions contemplated hereby are subject to the satisfaction at or prior to the Closing Date of the following conditions (provided that Closing Date occurs prior to the Outside Date), any or all of which may be waived, in whole or in part, to the extent permitted by applicable law, in a written instrument executed and delivered by Buyers:

(a) Successful Bidder; Sale Order. The Bankruptcy Court shall have entered the Sale Order approving the sale of the Purchased Assets to Buyers and New Operators free and clear of all Claims and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities), and such Sale Order shall be a Final Order.

(b) Title Insurance. The Title Company shall be irrevocably committed to issue the Title Policies insuring marketable title to the Real Property in the amount of the Purchase Price at regular rates and without additional premium, unless Sellers are willing to pay same, in the form of Buyers' approved proforma policy, subject only to the Permitted Encumbrances and as otherwise provided in this Agreement.

(c) Representations and Warranties. Each of the representations and warranties of Sellers contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, as though made on and as of the Closing Date.

(d) Agreements and Covenants. Sellers shall have performed or complied, in all material respects, with all agreements and covenants required by this Agreement to be performed or complied with by Sellers on or prior to the Closing Date, including, without limitation, those covenants in Section 6.1 above and Sellers shall have delivered all of the items required to be delivered by Sellers pursuant to Section 3.3 above.

(e) No Order/Injunction. On the Closing Date, no Governmental Authority shall have enacted, issued, promulgated, or entered any statute, rule, regulation, executive order, judgment, decree, injunction, or other Order (whether temporary, preliminary, or permanent) which has the effect of making the Transactions contemplated by this Agreement illegal, or otherwise restrains consummation of the Transactions contemplated hereby.

(f) No Material Adverse Change. Since the date of execution of this Agreement, there shall have occurred no event, circumstance or other change in the Property or the operations of the Facilities taken as a whole that, in the aggregate, has had or reasonably could

be expected to have, a material adverse effect on the Property or the operations of the Facilities taken as a whole. Without limiting the foregoing, as of the Closing Date, (1) there shall have occurred no event, circumstance or other change in the regulatory status and/or condition of any of the Facilities' licenses, permits and/or certifications, the Medicare and Medicaid rates of the Facilities, and/or the business operations or financial conditions of the Purchased Assets that, alone or in the aggregate, is reasonably likely to result in a loss, suspension or revocation of any of the Facilities' licenses, material violations cited by any Governmental Authority with jurisdiction over the operations of the Facilities, decertification from the Medicaid or Medicare programs, or reduction in the number of licensed beds at the Facilities, (2) Centers for Medicare and Medicaid Services ("CMS") shall not have issued a denial of payment, which remains outstanding, for new admissions or a denial of new admissions with respect to any Facility that is outstanding as of the Closing Date, (3) there shall not then be imposed against any Facility any life safety violation which remains outstanding as of the Closing Date, and (4) CMS shall not have made a finding of "immediate jeopardy" with respect to any Facility which remains outstanding as of the Closing Date.

(g) Simultaneous Closing with OTA. Operators and New Operators shall have entered into the OTA, all of New Operators' conditions to closing set forth in the OTA shall have been satisfied or waived (including, without limitation New Operators' receipt of License Confirmation (as defined in the OTA)), and the closing under the OTA shall occur simultaneously with the Closing of this Agreement.

(h) Facility Census. The aggregate resident census at all the Facilities shall not have decreased by more than seven and one-half percent (7.5%) since the Effective Date. Each calculation shall be based on the seven (7) day average census before the relevant date (i.e., the Effective Date and the Closing Date).

Section 8.2 Conditions to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated hereby are subject to the satisfaction at or prior to the Closing Date of the following conditions (provided that Closing Date occurs prior to the Outside Date), any or all of which may be waived, in whole or in part, to the extent permitted by applicable law, in a written instrument executed and delivered by Sellers:

(a) Sale Order. The Bankruptcy Court shall have entered the Sale Order approving the sale of the Purchased Assets to Buyers and New Operators free and clear of all Claims and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities), and such Sale Order shall be a Final Order.

(b) Representations and Warranties. Each of the representations and warranties of Buyers contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, as though made on and as of the Closing Date.

(c) Agreements and Covenants. Buyers shall have performed or complied, in all material respects, with all agreements and covenants required by this Agreement to be performed or complied with by Buyers on or prior to the Closing Date, including, without limitation, Buyers shall have delivered all of the items required to be delivered by Buyers pursuant to Section 3.3 above.

(d) Simultaneous Closing with OTA. Operators and New Operators shall have entered into the OTA, all of Operators' conditions to closing set forth in the OTA shall have been satisfied or waived, and the closing under the OTA shall occur simultaneously with the Closing of this Agreement.

ARTICLE 9

TERMINATION; INDEMNIFICATION

Section 9.1 Termination. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

- (a) by written consent of Sellers and Buyers;
- (b) by written notice of either the Sellers or Buyers to the other party, if the Closing shall not have been consummated prior to September 16, 2024 (the "Outside Date");
- (c) by written notice from Buyers to Sellers, if there shall have been any breach (i) by Sellers of any of Sellers' representations, warranties, covenants and agreements set forth herein, or (ii) by Operators of any of Operators' representations, warranties, covenants and agreements set forth in the OTA, which breach is not cured within the earlier of (x) the Cure Period (as defined below) or (y) the Outside Date;
- (d) by written notice from Sellers to Buyers, if there shall have been any material breach (i) by Buyers of any of Buyers' representations, warranties, covenants and agreements set forth herein, or (ii) by New Operators of any of New Operators' representations, warranties, covenants and agreements set forth in the OTA, which breach is not cured within the earlier of (x) the Cure Period, or (y) the Outside Date;
- (e) by written notice from Buyers to Sellers if the Bankruptcy Court has not entered the Bidding Procedures Order on or prior to June 7, 2024, or (ii) entered the Sale Order on or prior to August 7, 2024 unless otherwise ordered by the Bankruptcy Court;
- (f) by written notice from Buyers to Sellers, if this Agreement, the OTA, the Sale Order, the Bidding Procedures or the Bidding Procedures Order is modified or amended without Buyers' prior written consent;
- (g) automatically upon the occurrence of the following at the Auction: (i) Buyers are not chosen as the Successful Bidder at the Auction, and (ii) Buyers are not designated as the Backup Bidder at the Auction;
- (h) automatically upon the consummation of an Alternative Transaction;
- (i) by written notice from Buyers to Sellers, if any of Buyers' conditions to close as set forth in Section 8.1 above, and not otherwise specifically addressed by any of the preceding subsections in this Section 9.1, have not been timely and fully satisfied as of the Outside Date; provided the same was caused by or resulted from Sellers' action or inaction; and

(j) by written notice from Sellers to Buyers, if any of Sellers' conditions to close as set forth in Section 8.2 above, and not otherwise specifically addressed by any of the preceding subsections in this Section 9.1, have not been timely and fully satisfied as of the Outside Date.

As used above, "Cure Period" shall mean the period ending fifteen (15) days after the defaulting party receives notice written notice thereof from the non-defaulting party; provided that if a non-monetary breach is not reasonably capable of being cured within said fifteen (15) day period but the defaulting party notifies the non-defaulting party in writing of its efforts to cure and thereafter diligently pursues the same, the "Cure Period" shall be extended to thirty (30) days from initial receipt of the written default notice.

Section 9.2 Procedure and Effect of Termination.

(a) In the event of termination and abandonment by Buyers or Sellers, or both such parties, pursuant to Section 9.1 hereof, written notice thereof shall forthwith be given to the other party or parties, and this Agreement shall terminate, and the purchase of the Property hereunder shall be abandoned, without further action by Buyers or Sellers.

(b) If this Agreement is terminated as provided herein, no party shall have any liability or further obligation hereunder to any other party to this Agreement, except as specifically provided in this Agreement.

(c) If this Agreement is terminated by Sellers (i) pursuant to Section 9.1(d) or (ii) pursuant to Section 9.1(j) (but specifically excluding failure to satisfy the conditions to close set forth in Section 8.2(a)), and Sellers and Operators have complied in all material respects with all covenants and obligations required under this Agreement and the OTA to be performed by Sellers and Operators through the date of termination, then Seller's sole remedy shall be to retain the Deposit as Seller's liquidated damages. THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO ASCERTAIN THE ACTUAL DAMAGES SUFFERED BY SELLERS AND OPERATORS AS A RESULT OF BUYERS' FAILURE TO COMPLETE THE TRANSACTIONS PURSUANT TO THIS AGREEMENT, AND THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE EFFECTIVE DATE, THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS SECTION 9.2(c) REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES WHICH SELLERS AND OPERATORS WILL INCUR AS A RESULT OF SUCH FAILURE. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLERS, OPERATORS AND THEIR RESPECTIVE BANKRUPTCY ESTATES.

(d) If this Agreement is terminated by Buyers pursuant to any subsection in Section 9.1(a), (b), (c), (e), (f), (g), (h) and (i), and Buyers and New Operators have complied in all material respects with all covenants and obligations required under this Agreement and the OTA to be performed by Buyers and New Operators through the date of termination, Buyers shall be entitled to an immediate return of the Deposit. In addition to the immediate return of the Deposit in accordance with the preceding sentence, (i) if this Agreement is terminated by Buyers pursuant

to Section 9.1(c) or (f), Buyers shall also be paid the Expense Reimbursement within three (3) business days of termination, and (ii) if this Agreement is terminated by Buyers pursuant to Section 9.1(h), Buyers shall also be paid the Expense Reimbursement and the Termination Fee at the time of, and as a condition to, closing of the Alternative Transaction.

(e) Notwithstanding anything herein or in the OTA to the contrary, if this Agreement is terminated by Buyers because (i) the Bankruptcy Court enters an Order approving the sale of the Purchased Assets to Buyers and New Operators, but such Order is not free and clear all Liens, Claims and Encumbrances of DHS and DOH (other than Permitted Encumbrances and Assumed Liabilities), or (ii) Closing does not otherwise occur because Buyers and New Operators are unable to obtain the necessary licensure and/or Medicaid provider agreements from DHS and DOH as a result of the Liens, Claims and Encumbrances of DHS and DOH, and Buyers and New Operators have complied in all material respects with all covenants and obligations required under this Agreement and the OTA to be performed by Buyers and New Operators through the date of termination, Buyers shall be entitled to an immediate return of the Deposit and shall also be paid the Expense Reimbursement within three (3) business days of termination.

ARTICLE 10 MISCELLANEOUS

Section 10.1 Payment of Expenses. Whether or not the transactions contemplated by this Agreement are consummated, each party shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the transactions contemplated hereby; *provided, however,* should Buyer be entitled to recover the Expense Reimbursement pursuant to the terms herein, then Sellers and their respective bankruptcy estates shall be liable for the same which (i) shall be entitled to super-priority administrative expense claim status under Sections 503 and 507 of the Bankruptcy Code (provided, however, such claims shall not come ahead of the Carve Out, as defined in the CIBC DIP loan facility), (ii) shall not be subordinate to any other administrative expense claim against the Debtors, and (iii) shall survive the termination of any Transaction Documents.

Section 10.2 Entire Agreement; Assignment; Etc. This Agreement constitutes the entire agreement, and supersedes all other agreements, understandings, representations and warranties, written, oral, electronic, or otherwise, between the parties with respect to the subject matter hereof, and is not intended to create any obligations to, or rights in respect of, any persons and entities other than the parties hereto. This Agreement shall not be assignable by operation of law or otherwise unless approved by the Bankruptcy Court; *provided, however,* Buyers may designate an affiliate or affiliates, including newly formed affiliates, to take title to any of the Purchased Assets at Closing.

Section 10.3 Severability. If any term or other provision of this Agreement, or any portion thereof, is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Agreement, or remaining portion thereof, shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any such term or other provision, or any portion thereof, is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so

as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are consummated to the fullest extent possible.

Section 10.4 Modification or Amendment. The parties may modify or amend this Agreement at any time only by a written instrument duly executed and delivered by each party, provided that the same shall be subject to approval by the Bankruptcy Court.

Section 10.5 Exhibits and schedules. If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable but in any event prior to ten (10) days before the Bid Deadline. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend or supplement all exhibits and schedules in order for the same to be current, true and correct as of the Closing Date. The inclusion of all supplements to the exhibits and schedules pursuant to this Section shall be subject to Buyers approving, in their reasonable judgment, all such exhibits and schedules within seven (7) days of submission thereof to Buyers.

Section 10.6 Construction of Agreement. The parties to this Agreement acknowledge that each of them has been represented by counsel in connection with this Agreement and the transactions contemplated hereby. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against a party that drafted it has no application and is expressly waived.

Section 10.7 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given on the first business day after timely delivery to Federal Express or other reputable overnight courier service for next business day delivery, on the fifth business day after being mailed by registered or certified mail (postage prepaid, return receipt requested), in each case, to the parties at the following addresses, or on the date sent and confirmed by electronic transmission (provided a notice is subsequently sent by certified mail or overnight courier service) to the telecopier number or email specified below (or at such other address or telecopier number for a party as shall be specified by notice given in accordance with this Section):

(a) If to Buyer, to: Attn: Daniel Morris
Email: Dan@Kadimahealth.com

With a copy to: Koss & Schonfeld, LLP
160 Broadway, 8th Floor
New York, NY 10038
Attn: Allen Koss Esq.
Email: avk@kandsllp.com
Phone: (212) 796-8915
Fax: (212) 401-4757

Bradley Arant Boult Cummings LLP
1819 Fifth Ave. N.

Birmingham, AL 35203
Attn: T. Parker Griffin
Email: pgriffin@bradley.com
Phone: (205) 521-8524
Fax: 205.488.6524

(b) If to Sellers, to: Attn: Louis E. Robichaux, IV
Email: Louis.Robichaux@ankura.com

with a copy to: Glenn B. Rose
Bass, Berry & Sims, PLC
150 Third Ave. South, Suite 2800
Nashville, TN 37205
grose@bassberry.com

and a copy to: Michael J. Roeschenthaler
Whiteford
11 Stanwix Street, Suite 1400
Pittsburgh, PA 15222

No provision of this Agreement, including this Section 10.6, shall be deemed to constitute consent to the manner and address for service of process in connection with any legal proceeding (including such arising out of or in connection with this Agreement), which service shall be effected as required by applicable law.

Section 10.8 Failure or Delay Not Waiver; Remedies Cumulative. No failure or delay on the part of any party in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty, covenant or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other right. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

Section 10.9 Governing Law. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA SHALL GOVERN, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF (EXCEPT FOR ANY LAWS OF THAT STATE WHICH WOULD RENDER SUCH CHOICE OF LAWS INEFFECTIVE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

Section 10.10 Jurisdiction, Waiver of Jury Trial. THE BANKRUPTCY COURT WILL HAVE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN OR AMONG THE PARTIES, WHETHER AT LAW OR IN EQUITY, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY AGREEMENT CONTEMPLATED HEREBY; PROVIDED, HOWEVER, THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTE, THE COURTS OF THE COMMONWEALTH OF PENNSYLVANIA AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN

PENNSYLVANIA WILL HAVE SOLE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN OR AMONG THE PARTIES, WHETHER AT LAW OR IN EQUITY, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY AGREEMENT CONTEMPLATED HEREBY.

EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT or THE TRANSACTIONS CONTEMPLATED HEREBY.

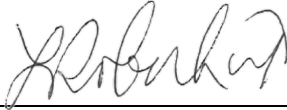
Section 10.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument. Telecopied or PDF (exchanged via e-mail) signatures may be used in place of original signatures on this Agreement.

[Signature Page Follows]

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

SELLERS:

Maybrook-C Whitecliff Propco, LLC
Maybrook-C Overlook Propco, LLC
Maybrook-C Briarcliff Propco, LLC
Maybrook-C Silver Oaks Propco, LLC
Maybrook-C Kade Propco, LLC
Maybrook-C Evergreen Propco, LLC
Maybrook-C Latrobe Propco, LLC
3876 Saxonburg Boulevard Propco, LLC, and
100 Tandem Village Road Propco, LLC
each a Delaware limited liability company

By: 

Name: Louis E. Robichaux, IV

Title: Chief Restructuring Officer

BUYERS:

Greenville Property Management LLC,
Harmony Property Management, LLC,
Irwin Property Management, LLC,
Latrobe Property Management, LLC,
New Castle Property Management, LLC,
New Wilmington Property Management, LLC,
Washington Property Management, LLC
Cheswick Property Management, LLC, and
North Strabane Property Management, LLC
each a Pennsylvania limited liability company

By: _____

Name: _____

Title: _____

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

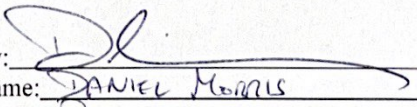
SELLERS:

Maybrook-C Whitecliff Propco, LLC
Maybrook-C Overlook Propco, LLC
Maybrook-C Briarcliff Propco, LLC
Maybrook-C Silver Oaks Propco, LLC
Maybrook-C Kade Propco, LLC
Maybrook-C Evergreen Propco, LLC
Maybrook-C Latrobe Propco, LLC
3876 Saxonburg Boulevard Propco, LLC, and
100 Tandem Village Road Propco, LLC
each a Delaware limited liability company

By: _____
Name: Louis E. Robichaux, IV
Title: Chief Restructuring Officer

BUYERS:

Greenville Property Management LLC,
Harmony Property Management, LLC,
Irwin Property Management, LLC,
Latrobe Property Management, LLC,
New Castle Property Management, LLC,
New Wilmington Property Management, LLC,
Washington Property Management, LLC
Cheswick Property Management, LLC, and
North Strabane Property Management, LLC
each a Pennsylvania limited liability company

By: 
Name: DANIEL MORRIS
Title: PRINCIPAL

[Signature Page to Contract of Sale]

Joinder of Deposit Agent

The undersigned, as “Deposit Agent”, joins in the execution of this Agreement solely for the purpose of acknowledging and agreeing to the terms related to the Deposit.

Omni Claim Solutions, Inc.

By: _____

Name: _____

Title: _____

EXHIBIT A

See attached.

Facility Name	Type of Facility	Common Address	Legal Description	Seller	Operator	Buyer	New Operator
The Grove at Greenville (the “ <u>Greenville Facility</u> ”)	Duly licensed 154 bed skilled nursing facility	110 Fredonia Road, Greenville, PA 16125	See Exhibit A-1	Maybrook-C Whitecliff Propco, LLC	Maybrook-C Whitecliff Opco, LLC	Greenville Property Management LLC	Greenville Rehabilitation & Nursing LLC
The Grove at New Wilmington (the “ <u>Wilmington Facility</u> ”)	Duly licensed 115 bed skilled nursing facility	520 New Castle Street, New Wilmington, PA 16142	See Exhibit A-2	Maybrook-C Overlook Propco, LLC	Maybrook-C Overlook Opco, LLC	New Wilmington Property Management, LLC	New Wilmington Rehabilitation & Nursing LLC
The Grove at North Huntingdon (the “ <u>Huntingdon Facility</u> ”)	Duly licensed 120 bed skilled nursing facility	249 Maus Drive, North Huntingdon, PA 15642	See Exhibit A-3	Maybrook-C Briarcliff Propco, LLC	Maybrook-C Briarcliff Opco, LLC	Irwin Property Management, LLC	Irwin Rehabilitation & Nursing LLC
The Grove at New Castle (the “ <u>New Castle Facility</u> ”)	Duly licensed 62 bed skilled nursing facility	715 Harbor Street, New Castle, PA 16101	See Exhibit A-4	Maybrook-C Silver Oaks Propco, LLC	Maybrook-C Silver Oaks Opco, LLC	New Castle Property Management, LLC	New Castle Rehabilitation & Nursing LLC
The Grove at Washington (the “ <u>Washington Facility</u> ”)	Duly licensed 74 bed skilled nursing facility	1198 W. Wylie Avenue, Washington, PA 15301	See Exhibit A-5	Maybrook-C Kade Propco, LLC	Maybrook-C Kade Opco, LLC	Washington Property Management, LLC	Washington Rehabilitation & Nursing LLC

Facility Name	Type of Facility	Common Address	Legal Description	Seller	Operator	Buyer	New Operator
The Grove at Harmony (the “ <u>Harmony Facility</u> ”)	Duly licensed 115 bed skilled nursing facility	191 Evergreen Mill Road, Harmony, PA 16037	See Exhibit A- 6	Maybrook-C Evergreen Propco, LLC	Maybrook-C Evergreen Opco, LLC	Harmony Property Management, LLC	Harmony Rehabilitation & Nursing LLC
The Grove at Latrobe (the “ <u>Latrobe Facility</u> ”)	Duly licensed 107 bed skilled nursing facility	576 Rogers Drive, Latrobe, PA 15650	See Exhibit A-7	Maybrook-C Latrobe Propco, LLC	Maybrook-C Latrobe Opco, LLC	Latrobe Property Management, LLC	Latrobe Rehabilitation & Nursing LLC
Cheswick Rehab & Wellness (the “ <u>Cheswick Facility</u> ”)	Duly licensed 121 bed skilled nursing facility	3876 Saxonburg Blvd., Cheswick, PA 15024	See Exhibit A-8	3876 Saxonburg Boulevard Propco, LLC	Cheswick Rehabilitation and Wellness Center, LLC	Cheswick Property Management, LLC	Cheswick Rehabilitation & Nursing, LLC
North Strabane Rehab & Wellness (the “ <u>Canonsburg Facility</u> ”)	Duly licensed 62 bed skilled nursing facility	100 Tandem Village Road, Canonsburg, PA 15317	See Exhibit A-9	100 Tandem Village Road Propco, LLC	North Strabane Rehabilitation and Wellness Center, LLC	North Strabane Property Management, LLC	North Strabane Rehabilitation & Nursing, LLC

LEGAL DESCRIPTIONS

A-1:

The Grove At Greenville 110 Fredonia Road Greenville, PA 16125

Parcel 1:

ALL that certain tract or parcel of ground with the improvements thereon erected, situate in Hempfield Township, Mercer County, Pennsylvania, and bounded and described in accordance with a site plan made for Gilmore's White Cliff Nursing Home by Ronald P. Bittler, PE, dated December 27, 1977, and last revised March 24, 1983, as follows, to-wit:

BEGINNING at a point set on the centerline of Legislative Route No. 43044, commonly known as the Fredonia Road (forty [40] feet wide), at a corner of lands of Stephen and Margaret Zawistowski (as shown on said plan); thence extending from said beginning point and measured along lands of Stephen and Margaret Zawistowski the two (2) following courses and distances: (1) North three (3) degrees ten (10) minutes East, four hundred forty eight and eighty one hundredths (448.80) feet to an iron pin; and (2) South eighty six (86) degrees fifty (50) minutes East, four hundred eighty (480) feet to an iron pin at a corner of lands of Lot No. 20, lands of Ralph and Ruth Woodworth (as shown on said plan); thence extending along said lands South three (3) degrees ten (10) minutes West four hundred seventy four and forty one hundredths (474.40) feet to a point set on the centerline of Fredonia Road (L.R. No. 43044), aforesaid; thence extending along said centerline North eighty three (83) degrees forty seven (47) minutes West four hundred eighty and eighty one hundredths (480.80) feet to the first mentioned point and place of beginning.

PARCEL NO. 09-057-134

Parcel 2:

ALL that certain piece or parcel of land situate in Township of Hempfield, County of Mercer, more commonly known as Lot 20 in the Troy Estates Plan of Lots recorded in Plan Book 1, Page 98.

BEING the same premises which Francis A. Hayman, Jr., John J. Hayman, Drury J. Gallagher, William H. Miller, Timothy F. Nicholson, Robert N. Elkins, George L. Ryan and Howard G. Seitz, as tenants in common in the undivided portion or shares as follows: Francis A. Hayman, Jr. 15.34%; John J. Hayman - 15.33%; Drury J. Gallagher - 15.33%; William H. Miller - 18.4%; Timothy F. Nicholson - 18.4%; Robert N. Elkins - 9.2%; George L. Ryan - 4.0%; and Howard G. Seitz - 4.0%, by Deed dated 05/12/1983 and recorded 05/16/1983 in the Office of the Recorder of Deeds in and for the County of Mercer in Deed Book 83 DR Page 1242, granted and conveyed unto White Cliff Nursing Center Associates, a Pennsylvania Limited Partnership.

PARCEL NO. 09-057-139

The foregoing Parcels 1 & 2 being further described as follows:

Beginning at a point in the centerline of Fredonia Road (a.k.a. L.R. 43044-40"ROW) said point being distant 1440 feet more or less westerly along said centerline from its intersection with Maple Avenue and from said beginning point necessary; thence

- 1) along lands now or formally of Stephan Zawistowski North 03 degrees 10 minutes seconds East a distance of 448.80 feet to a point and corner; thence
- 2) still along said lands of Stephan Zawistowski, South 86 degrees 50 minutes 00 seconds East a distance of 540.00 feet to a point and corner; thence
- 3) along lands of Ralph R. Woodworth, South 03 degrees 10 minutes 00 seconds West a distance of 477.60 feet to a point in the said centerline of Fredonia Road; thence
- 4) along said centerline North 83 degrees 47 minutes 00 seconds West a distance of 540.89 feet to the point and place of beginning.

BEING the same premises which Whitecliff Nursing Center Associates, a Pennsylvania limited partnership, by deed dated June 30, 2016, and recorded August 18, 2016, in the Office of the Recorder of Deeds in and for the County of Mercer in Instrument No. 2016-00007500, granted and conveyed unto Maybrook-C Whitecliff Propco, LLC a Delaware limited liability company.

A-2:

The Grove At New Wilmington
520 New Castle Street, New Wilmington, PA 16142

ALL THAT CERTAIN piece, parcel or tract of land situate in the Borough of New Wilmington, County of Lawrence and Commonwealth of Pennsylvania, being bounded and described as follows:

BEGINNING at the Northeast corner of the tract herein described, said point being located in the Centerline of New Castle Street, a forty-six (46) foot right-of-way, and being common to Lot 2 of the Overlook Subdivision as recorded in Plan Book 18, Page 37; thence along the Centerline of New Castle Street, South 0 degrees 15 minutes 30 seconds East, a distance of 203.38 feet to a point; thence by same along a curve to the right having a radius of 319.61 feet, an arc distance of 225.925 feet to a point, said curve having a chord of South 19 degrees 59 minutes 32 seconds West, a distance of 221.25 feet; thence by same, South 40 degrees 14 minutes 30 seconds West, a distance of 31.46 feet to a point; thence by lands of now or formerly Beechwood Partners, North 66 degrees 49 minutes 00 seconds West, a distance of 278.13 feet to a point; thence by same, South 37 degrees 07 minutes 15 seconds West, a distance of 148.73 feet to a point; thence by lands of now or formerly Beechwood Partners, North 56 degrees 40 minutes 00 seconds West, a distance of 224.93 feet to a point; thence by Lot 2 of the Overlook Subdivision, North 8 degrees 20 minutes 00 seconds East, a distance of 261.65 feet to a point; thence by same, South 71 degrees 36 minutes 00 seconds East, a distance of 65.00 feet to an iron pin; thence by same, North 38 degrees 52 minutes 00 seconds East, a distance of 96.12 feet to an iron pin; thence by same, North 89 degrees 04 minutes 15 seconds East, a distance of 468.55 feet to the point of beginning.

Together with an easement for parking which is recorded in the office for the recording of deeds in and for Lawrence County, Pennsylvania in Record Book 657 Page 563 and an easement for access to and use of sheds which encroach upon adjacent property, which easement is to be recorded.

PARCEL NO. 18-034000

BEING the same premises which Overlook Nursing Center Associates, a Pennsylvania limited partnership, by deed dated June 30, 2016, and recorded August 18, 2016, in the Office of the Recorder of Deeds in and for the County of Lawrence in Document No. 2016-006244, granted and conveyed unto Maybrook-C Overlook Propco, LLC a Delaware limited liability company.

A-3:

The Grove At North Huntingdon
249 Maus Drive, North Huntingdon/Irwin, PA 15642

ALL THAT certain piece, parcel or tract of land situate in North Huntingdon Township, Westmoreland County, Pennsylvania, bounded and described as follows:

BEGINNING at a point in the centerline of Daily Drive, SK 3055 said point being N 04°-27' W, a distance of 358.35 feet from the Southwesterly corner of lands formerly Alice Gahagan and also being the South West corner of Lot #4 of the Alice Gahagan Plan of Lots, as recorded in Deed Book 74, Page 175, thence continuing along the Centerline of Daily Drive N 04°-27' W, a distance of 54.23 feet, thence along lands of Richard Wood, S 89°-30' E, a distance of 150.00 feet to a point, thence continuing along lands of Richard Wood and lands of George D. Badanich N 04°-27'-00" W, a distance of 200.00 feet to a point, thence along lands of the Calvin Presbyterian Church and lands of Long Run Presbyterian Church and lands of James W. and Jennie S. Shirley S 89°-30' E, a distance of 517.86 feet to a point, said point being the Northeasterly corner of this tract described, thence along lands of Briarcliff Nursing Center Associates, being Lot #1 of the James W. Shirley Plan and other lands of John M. & Dorothea M. Shirley, being Lot #4 of the James W. Shirley Plan, S 00°-30' E, a distance of 385.00 feet to a point, thence continuing along lands of John M. & Dorothea M. Shirley, being Lot #4 of the James W. Shirley Plan and other lands of Ronald R. & Marilyn Webberking, being Lot #8 of the James W. Shirley Plan, N 89°-30' W, a distance of 491.24 feet to a point, thence along lands of William Stash and lands of John Pacerucha, N 04°-27'-00" W, a distance of 132.15 feet to a point, said point being the Northeast corner of Lot #1 of the Alice Gahagan Plan of Lots, thence continuing along lands of Pacerucha N 89°-30' W, a distance of 150.00 feet to a point in the centerline of Daily Drive, said point being the place of beginning of this parcel described.

Parcel 2:

Being Lot #1 of the James W. Shirley Plan, as recorded in Plan Book Volume 90, Page 1645. BEGINNING at the Northwest corner of Lot #1 of the James W. Shirley Plan as it adjoins the Northeasterly corner of lands of the Briarcliff Nursing Center Associates as located in the above described Parcel #1, thence along lands of James W. Shirley S 89°-30' E, a distance of 50.00 feet, thence along other lands of James W. Shirley, being Lot #5 of the James W. Shirley Plan, S 00°-

30' E, a distance of 200.00 feet to a point, thence along lands of John M. Shirley, being Lot #4 of the James W. Shirley Plan, N 89°-30' W, a distance of 50.00 feet to a point, thence continuing along the line of lands of Briarcliff Nursing Center Associates, N 00°-30' W, a distance of 200.00 feet to the point of BEGINNING.

Parcel 3: GRANT OF RIGHT-OF-WAY AND EASEMENT

BEGINNING at a point in the Centerline of Daily Drive, at the Northwest corner of lands now or formerly of George D. Badanich thence by a line through Maus Drive, N 64°-30' E, a distance of 161.09 feet to a point in Maus Drive, thence along line of lands of Calvin Presbyterian Church, S 48°-40' E, a distance of 108.00 feet to a point on line of Parcel #1, aforesaid, thence extending partly along same and along lands of George D. Badanich, N 89°-30' W, a distance of 226.50 feet to a point in the centerline of Daily Drive, said point being the point of beginning of parcel described.

PARCEL NO. 54-07-09-0-120-00-000

BEING the same premises which Briarcliff Nursing Center Associates, a Pennsylvania limited partnership by Deed dated June 30, 2016, and recorded August 18, 2016, in the Office of the Recorder of Deeds in and for the County of Westmoreland, in Instrument No. 201608180026289, granted and conveyed unto Maybrook-C Briarcliff Propco, LLC, a Delaware limited liability company.

A-4:

The Grove At New Castle
715 Harbor Street, New Castle, PA 16101

ALL that certain piece, parcel or tract of land situate in the 6th Ward, City of New Castle, County of Lawrence, Commonwealth of Pennsylvania, being bounded and described as follows:

BEGINNING at a monument at the Southeast corner of the tract herein described, said monument being located on the West side of Harbor Street, a fifty (50) foot right of way, said point being common to lands of now or formerly the Housing Authority of Lawrence County and lands of the Grantor herein; thence by lands of now or formerly the Housing Authority of Lawrence County South 89° 54' 00" West a distance of 320.15 feet to a point; thence by same North 08° 55' 00" West a distance of 293.47 feet to a monument; thence by lands of now or formerly Joseph Wyza, Jr., South 89° 34' 00" East a distance of 319.04 feet to a point; thence along the Westerly right of way line of Harbor Street South 09° 13' 30" East a distance of 290.71 feet to a point of beginning.

PARCEL NO. 06-041000

BEING the same premises which Overlook Nursing Center Associates, a Pennsylvania limited partnership, by deed dated June 30, 2016, and recorded August 17, 2016, in the Office of the Recorder of Deeds in and for the County of Lawrence in Document No. 2016-006234, granted and conveyed unto Maybrook-C Silver Oaks Propco, LLC a Delaware limited liability company.

A-5:

The Grove At Washington
1198 W. Wylie Avenue, Washington, PA 15301

All that certain tract or parcel of ground with the buildings and improvements thereon erected, situate in the Township of Canton, County of Washington and Commonwealth of Pennsylvania, which is bounded and described in accordance with a survey and plan made by Engelhardt-Power and Associates, Incorporated, Washington, Pennsylvania, dated 1 December 1983, Job No. 457-6-83, as follows, to wit:

BEGINNING at a point in Township Public Road 563, also known as West Wylie Avenue Extension, which point is the Northwest corner of the land herein conveyed and the Northeast corner of land now or formerly of Joseph Lepowsky and which point is further located North thirteen (13) degrees twenty-two (22) minutes zero (00) seconds West, a distance of eight and seventy one-hundredths (8.70) feet from a pipe on the Southerly side of said road; thence in said road South eighty-one (81) degrees thirty (30) minutes zero (00) seconds East, a distance of eighty-nine and eighty-two one-hundredths (89.82) feet to a point in said road; thence continuing in said road, North seventy-two (72) degrees thirty-two (32) minutes zero (00) seconds East, four hundred thirty-nine and sixty-eight one-hundredths (439.68) feet to a point in said road which is the Northwestern corner of land now or formerly of Edward Steffek; thence by line of land now or formerly of Steffek and land now or formerly of William E. Kieth, South twelve (12) degrees twelve (12) minutes forty (40) seconds East, three hundred thirty-four and four one-hundredths (334.04) feet to a point in the Northerly side of a forty (40) foot wide street; thence extending along said Northerly side of said street and land of Stanley & Hollie R. Sams Plan of record in the Recorder's Office of Washington County, Pennsylvania, in Plan Book 9, Page 130, South seventy-seven (77) degrees thirty-six (36) minutes zero (00) seconds West, a distance of one hundred seventy-four and seven one-hundredths (174.07) feet to a point; thence by the same South twenty-two (22) degrees forty-one (41) minutes zero (00) seconds East, a distance of forty and eighty-two one-hundredths (40.82) feet to a point; thence by the same, South seven (7) degrees fifty-one (51) minutes forty (40) seconds East, a distance of four hundred forty-nine and sixty-six one-hundredths (449.66) feet to an angle iron; thence by land now or formerly of Herbert R. and Renee Ackron the three (3) following courses and distances: (1) South forty (40) degrees six (06) minutes ten (10) seconds West, three hundred and eighty-five one-hundredths (300.85) feet to a point, (2) South seventy-six (76) degrees thirty-eight (38) minutes zero (00) seconds West, two hundred sixty-two and ninety-one one-hundredths (262.91) feet to a point, and (3) north thirteen (13) degrees twenty-two (22) minutes zero (00) seconds West, five hundred and no one-hundredths (500.00) feet to a point in line of lands now or formerly of Joseph Lepowsky; thence extending along said lands the two (2) following courses and distances: (1) North seventy-six (76) degrees thirty-eight (38) minutes zero (00) seconds East, two hundred and no one-hundredths (200.00) feet to a pipe, and (2) North thirteen (13) degrees twenty-two (22) minutes zero (00) seconds West, five hundred and no one-hundredths (500.00) feet to a point in the Township Public Road 563, the first mentioned point and place of BEGINNING

CONTAINING an area of 10.4825 acres, more or less.

Being further described according to a survey prepared by Bock & Clark's National Surveyors Network dated 01-26-16 as follows:

Beginning at a point in or near the centerline of West Wylie Avenue (33 foot wide public right of way) said point being located at the northeast corner of lands N/F of Joseph Samida as described in Deed Book 766 Page 494 and from said beginning point running; thence

- 1) Along said centerline South 81 degrees 30 minutes 00 seconds East a distance of 89.82 feet to a point in same; thence
- 2) Still along said centerline North 72 degrees 23 minutes 00 seconds East a distance of 439.83 feet to a point in same; thence
- 3) Leaving said West Wylie Avenue and along lands N/F of Carl R. Claypoole and John Meyers South 12 degrees 12 minutes 40 seconds East a distance of 335.19 feet to a point in the northerly sideline of Kimberly Drive (50 foot wide public right of way); thence
- 4) Along said sideline and lands N/F of William Sams South 77 degrees 36 minutes 00 seconds West a distance of 174.07 feet to a point; thence
- 5) Still along said William Sams South 23 degrees 55 minutes 00 seconds East a distance of 40.82 feet to a point; thence
- 6) Along the rear of parcels located on Kimberly Drive South 07 degrees 40 minutes 00 seconds East a distance of 450.00 feet to a point; thence
- 7) Along land N/F of Margaret L. Breck and Donald York South 40 degrees 01 minutes 40 seconds West a distance of 300.26 feet to a point; thence
- 8) Still along said Breck and York South 76 degrees 38 minutes 00 seconds West a distance of 262.91 feet to a point; thence
- 9) Still along Breck and York and lands N/F Foley Selvaggi North 13 degrees 22 minutes 00 seconds West a distance of 500.00 feet to a point; thence
- 10) Along lands N/F of Joseph Samida North 76 degrees 38 minutes 00 seconds East a distance of 200.00 feet to a point; thence
- 11) Still along said Joseph Samida North 13 degrees 22 minutes 00 seconds West a distance of 500.00 feet to the point and place of beginning.

PARCEL NO. 120-011-00-00-0038-00

BEING the same premises which Briarcliff Nursing Center Associates, a Pennsylvania limited partnership by deed dated June 20, 2016, and recorded August 18, 2016, in the Office of the Recorder of Deeds in and for the County of Washington, in Instrument No. 201620668, granted and conveyed unto Maybrook-C Kade Propco, LLC, a Delaware limited liability company.

A-6:

The Grove At Harmony
191 Evergreen Mill Road, Harmony, PA 16037

All those certain pieces, parcels or tracts of land situate in the Township of Jackson, County of Butler and Commonwealth of Pennsylvania, being bounded and described as follows:

Parcel 1

Beginning at a point in the centerline of Evergreen Mill Road, T-323, a thirty-three foot (33') right-of-way, at line of lands of now or formerly Schwan's Sales Ent, Inc.; thence by lands of now or formerly Schwan's Sales Ent., Inc., J. Rosenberger and M.B. Ebner, North 23°36'00" East a distance of 592.00 feet to a point in the Little Connoquenessing Creek; thence along the Little Connoquenessing Creek and by lands of now or formerly Southwest Butler County School District, South 74°00'00" East a distance of 450.00 feet to a point; thence by same, South 63°16'00" East a distance of 218.72 feet to a point; thence by same, South 73°30'00" East a distance of 108.00 feet to a point; thence along Parcel 2 herein described, South 30°38'00" West a distance of 687.43 feet to a point in Evergreen Mill Road; thence along Evergreen Mill Road, North 59°15'00" West a distance of 460.00 feet to a point; thence by same, North 73°17'17" West a distance of 232.69 feet to the point of beginning.

Parcel 2

Beginning at a point in the centerline of Evergreen Mill Road, T-323, a thirty-three foot (33') right-of-way, said point being the southeast corner of Parcel No. 1 as described above; thence along the centerline of Evergreen Mill Road, South 59°15'00" East a distance of 539.90 feet to a point; thence along Parcel No. 3 as herein described, North 28°49'00" East a distance of 818.36 feet to a point in the Little Connoquenessing Creek; thence along the Little Connoquenessing Creek and lands now or formerly Southwest Butler County School District, North 73°30'00" West a distance of 112.58 feet to a point; thence along Parcel No. 5 as herein described, South 28°49'00" West a distance of 197.30 feet to a point; thence by same, North 59°15'00" West a distance of 109.99 feet to a point; thence by same, North 28°49'00" East a distance of 169.59 feet to a point in the Little Connoquenessing Creek; thence along the Little Connoquenessing Creek and lands of now or formerly Southwest Butler County School District, North 73°30'00" West a distance of 304.90 feet to a point; thence along Parcel No. 1 as described above, South 30°38'00" West a distance of 687.43 feet to the point of beginning.

Parcel 3

Beginning at a point in the centerline of Evergreen Mill Road, T -323, a thirty-three foot (33') right-of-way, said point being located on a bridge over the Little Connoquenessing Creek at lands of now or formerly G. Hartmann; thence along Evergreen Mill Road, North 57°24'30" West a distance of 877.75 feet to a point; thence by same, North 57°24'49" West a distance of 238.69 feet to a point; thence along Parcel No. 2 as described above, North 28°49'00" East a distance of 818.36 feet to a point in the Little Connoquenessing Creek; thence along the Connoquenessing Creek and lands of now or formerly Southwest Butler School District, South 73°30'00" East a distance of 122.01 feet to a point; thence by same, South 66°00'00" East a distance of 600.00 feet to a point;

thence by same, South 55°00'00" East a distance of 190.00 feet to a point; thence by same, South 69°00'00" East a distance of 350.00 feet to a point; thence along the Little Connoquenessing Creek and lands of now or formerly G. Hartmann, South 36°45'00" West a distance of 1005.00 feet to the point of beginning.

Parcel 4

Beginning at a point in the centerline of Evergreen Mill Road, T-323, a thirty-three foot (33') right-of-way, said point being on a line common to lands of now or formerly T. Grech, said point also being the point of beginning of Parcel No. 1 as described above; thence along Evergreen Mill Road, South 73°17'17" East a distance of 232.69 feet to a point; thence by same, South 59°15'00" East a distance of 999.90 feet to a point; thence by same South 57°24'49" East a distance of 238.69 feet to a point; thence by lands of now or formerly R.W. McConnell, Jr. and M.A. Crawford, South 35°01'00" West a distance of 861.30 feet to a point in the Connoquenessing Creek; thence along the Connoquenessing Creek North 46°29'00" West a distance of 1033.30 feet to a point; thence by same, North 39°30'00" West a distance of 528.12 feet to a point; thence by same North 55°50'00" West a distance of 153.94 feet to a point; thence by lands of now or formerly T. Grech, North 17°20'00" East a distance of 138.63 feet to a point; thence by same, North 79°00'00" East a distance of 389.40 feet to the point of beginning.

Parcel 5

Commencing at a point in the centerline of Evergreen Mill Road, T-323, a thirty-three foot (33') right-of-way, said point being common to Parcel No. 2 and Parcel No. 3 as described above and being on the westerly edge of a twenty-five foot (25') right-of-way; thence along the boundary between Parcel No. 2 and Parcel No. 3 and the westerly line of a twenty-five foot (25') right-of-way, North 28°49'00" East a distance of 593.33 feet to a point; thence along the southerly line of said twenty-five foot (25') right-of-way, North 59°15'00" West a distance of 110.05 feet to the point of beginning of the tract herein described; thence along Parcel No. 2 as described above, North 59°15'00" West a distance of 109.99 feet to a point; thence by same, North 28°49'00" East a distance of 169.59 feet to a point in the Little Connoquenessing Creek; thence along the Little Connoquenessing Creek and lands of now or formerly Southwest Butler School District, South 73°30'00" East a distance of 112.52 feet to a point; thence along Parcel No. 2 as described above, South 28°49'00" West a distance of 197.30 feet to the point of beginning.

PARCEL NOS. 180-4F102-2; 180-4F102-2M; & 180-4F102-2MA

BEING the same premises which Lawrence County Industrial Development Authority, an instrumentality of the Commonwealth of Pennsylvania and a public body corporate and politic, by Deed dated 04/12/1983 and recorded 10/03/1986 in the Office of the Recorder of Deeds in and for the County of Butler in Record Book 1305 Page 708, granted and conveyed unto Overlook Nursing Center Associates, a Pennsylvania Limited Partnership.

Excepting and Reserving to the Grantor all rights under the oil and gas lease executed by Overlook Nursing Center Associates as lessor and R.E. Gas Development LLC as lessee, recorded to Instrument No. 201004200008167; as assigned by Assignment and Assumption in favor of Summit Discovery recorded to Instrument No. 201010010022357.

ALSO BEING the same premises which Overlook Nursing Center Associates, a Pennsylvania limited partnership, by Deed dated June 30, 2016, and recorded August 18, 2016, in the Office of the Recorder of Deeds in and for the County of Butler in Instrument No. 201608180016925, granted and conveyed unto Maybrook-C Evergreen Propco, LLC, a Delaware limited liability company.

A-7:

The Grove At Latrobe
576 Fred Rogers Drive, Latrobe, PA 15650

ALL THAT CERTAIN piece or parcel of land, situate in the Township of Unity, County of Westmoreland, and Commonwealth of Pennsylvania, being more specifically bounded and described as follows:

BEGINNING at a point on the Old Lincoln Highway leading from Youngstown to U.S. Route 30 at a point where the Northerly boundary line of the property now or formerly of L.V. Planinsek intersects with the property herein described; thence from said point of beginning and by lands now or formerly of Planinsek North 49° West 303.64 feet to an iron pin at line of lands now or formerly of Joseph Misko; thence along lands now or formerly of said Misko and lands of the Edgewater Terrace Plan of Lots North 61° 21' 40" East, a distance of 872.70 feet to a point in the center line of the aforementioned Old Lincoln Highway; thence from said point and through the Old Lincoln Highway South 41° West 818.18 feet to a point the place of BEGINNING.

AS SURVEYED LEGAL DESCRIPTION

ALSO BEING that same Premises described in that certain ALTA/NSPS Land Title Survey OLH PA Project being B&C Project No 201700041,001 dated January 24, 2017 for 576 Fred Rogers Drive in the Township of Unity, County of Westmoreland, Commonwealth of Pennsylvania being more specifically bounded and described as follows:

BEGINNING at a Mag Nail (Set) on Fred Rogers Drive (formerly Old Lincoln Highway), thence North 49°00'01"West, 303.64 feet to a pipe (FD); thence along line of Edgewater Terrace Plan of Lots, North 61°21'39" East, 872.70 feet to a Mag Nail (Set) in center line of Fred Rogers Drive; thence through Fred Rogers Drive South 41°00'West, 818.17 feet to a Mag Nail, being place of BEGINNING.

BEING designated as Tax Map No. 61-14-16-0-117-000-000 in the Tax Assessment Office of Westmoreland County, Pennsylvania.

BEING the same premises which 576 Latrobe LLC, a Delaware limited liability company by Deed dated February 10, 2017, recorded on February 21, 2017, to Westmoreland County Instrument No. 201702210005739 granted and conveyed to Maybrook-C Latrobe Propco, LLC, a Delaware limited liability company.

A-8:

Cheswick Rehab & Wellness
13876 Saxonburg Blvd., Cheswick, PA 15024

ALL THAT certain piece or parcel of land situate in the Township of Indiana, County of Allegheny and Commonwealth of Pennsylvania, to wit.

BEGINNING at the intersection of the dividing line between West Deer Township and Indiana Township, Allegheny County, Pennsylvania, with the easterly line of Saxonburg Boulevard as widened to a width of 60 feet; thence in a southerly direction along the easterly line of said Saxonburg Boulevard by the arc of a circle curving to the right having a radius of 830.00 feet an arc distance of 161.54 feet; thence continuing along said easterly line of said Boulevard, South 36 degrees 34 minutes West, a distance of 14.00 feet to a point on the southerly line of lands now or formerly of George R. Roncevich and being the true point of beginning of the within described parcel; thence from said true point of beginning and along said easterly line of said Saxonburg Boulevard, South 36 degrees 34 minutes West, a distance of 84.94 feet to a point; thence in a southerly direction along said easterly line of Saxonburg Boulevard by an arc of a circle bearing to the left having a radius of 770.00 feet an arc distance of 266.98 feet to a point on the northerly line of lands now or formerly of John Rees; thence along said lands now or formerly of John Rees, South 67 degrees 26 minutes 32 seconds East, a distance of 543.65 feet to a point on the westerly line of lands now or formerly of M. Kish, Jr.; thence along line of land of Kish, North 0 degrees 15 minutes East, a distance of 500.41 feet to a point on the said southerly line of land of George R. Roncevich; thence along said line of land of Roncevich, North 87 degrees 38 minutes West, a distance of 334.83 feet to a point on the easterly line of Saxonburg Boulevard being the true point of BEGINNING.

BEING designated as Block 1081-C, Lot 10 in the Records of the Deed Registry Office of Allegheny County, Pennsylvania.

BEING the same premises which FC-THC Leasing III, LLC, a Delaware limited liability company, by Deed dated August 21, 2017, and recorded on September 21, 2017, in Allegheny County Office of Recorder of Deeds in Deed Book Volume 16949, Page 498, granted and conveyed unto 3876 Saxonburg Boulevard Propco, LLC, a Delaware limited liability company.

NOTE FOR INFORMATIONAL PURPOSES ONLY:
Tax Parcel ID. No. 1080

A-9:

North Strabane Rehab & Wellness
100 Tandem Village Road, Canonsburg, PA 15317

Being a portion of that certain tract of land situate in the Township of North Strabane, County of Washington and Commonwealth of Pennsylvania, being Lot No. 301 in the Grandvue Plan of Lots,

Phase 3, as recorded in the Office of the Recorder of Deeds of Washington County, Pennsylvania on March 4, 1999 in Plan Book Volume 39, Pages 41 and 42.

BEING the same property that Tandem Health Care of North Strabane, LLC, a Pennsylvania limited liability company, by Deed dated August 21, 2017, recorded September 21, 2017, in the Washington County Records as Instrument No. 201724649 granted and conveyed unto 100 Tandem Village Propco, LLC, a Delaware limited liability company, as Agent, and 200 Tandem Village Propco, LLC, a Delaware limited liability company, as Agent, for 100 Tandem Village Propco, LLC, a Delaware limited liability company and 200 Tandem Village Propco, LLC, a Delaware limited liability company, respectively.

NOTE FOR INFORMATIONAL PURPOSES ONLY:

Tax Parcel ID. No. 520-001-15-00-0011-00

THE PERSONAL CARE/RETIREMENT CENTER LOCATED ON THIS PROPERTY IS
EXCLUDED FROM THE PURCHASED ASSETS

EXHIBIT B
TERMS OF THE SALE MOTION AND SALE ORDER; BIDDING PROCEDURES

1.1 Sale Motion. By no later than May 24, 2024, Debtors shall file with the Bankruptcy Court the Sale Motion, which shall include, among other things, a proposed form of the Bidding Procedures Order. The Debtors shall promptly serve true and correct copies of the Sale Motion and all related pleadings, or notice thereof in form satisfactory to Buyers, to all creditors of the Debtors and other parties in interest in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules for the United States Bankruptcy Court for the Western District of Pennsylvania and any other applicable order of the Bankruptcy Court. The Debtors shall also promptly serve the Sale Motion to any other party designated in writing by Buyers in their sole discretion. The Debtors and their bankruptcy estates shall be responsible for all costs of service of the Sale Motion and any other motions or notices related to the Sale Motion, Bidding Procedures, or Transactions.

1.2 Bidding Procedures and Auction. Buyers and New Operators acknowledge that Debtors are seeking to find another party that would be willing to pay more for the Purchased Assets. In connection with this effort, the parties acknowledge that the Debtors will request the Bankruptcy Court, in the Sale Motion, to approve certain procedures related to this effort, including the procedures for soliciting competing bids for the Purchased Assets and selling the Purchased Assets at a sale auction (the "Auction") should there be other Qualifying Bidders, and certain bidding protections to Buyers as consideration for serving as the stalking horse. In that regard, the Debtors shall take such actions as are reasonably necessary to obtain (on an expedited basis following the filing of the Sale Motion and by no later than June 7, 2024) the Bidding Procedures Order from the Bankruptcy Court approving, among other things, payment of the Expense Reimbursement and Termination Fee and procedures for the marketing, competitive bidding, auction, and sale of the Purchased Assets that include, without limitation, the following (collectively, and as more fully set forth in the Bidding Procedures Order, the "Bidding Procedures"):

- a. Minimum Initial Topping Bid: \$54,875,000.00;
- b. Minimum Bid Increments Thereafter: \$250,000.00;
- c. Other bidders to provide to Debtors, among other things, a blackline comparison of the PSA and OTA, a \$1,350,000.00 purchase price deposit, and satisfactory proof of financing prior to the expiration of the Bid Deadline in order to qualify as a bidder for the Auction (such other bidders meeting such qualifying criteria shall be referred to herein as "Qualifying Bidders"). For the avoidance of doubt, and provided that the PSA and other Transaction Documents have not been terminated prior to the Bid Deadline, Buyers' purchase offer pursuant to the PSA and OTA and the other Transaction Documents shall constitute a qualifying bid.
- d. Qualifying Bidders will have a due diligence period that expires at the conclusion of the Bidding Solicitation Period;

- e. If there are other Qualifying Bidders, an Auction to be held by no later than July 17, 2024 (unless such different date is established by the Bankruptcy Court in the Bidding Procedures Order), at which the Debtors will select the winning bidder (the “Successful Bidder”);
- f. Buyers shall be entitled to credit bid the amount of the Termination Fee and Expense Reimbursement towards any subsequent bid at the Auction;
- g. If there are no other Qualifying Bidders as of the Bid Deadline, then Buyers shall be deemed the Successful Bidder. Buyers may be required to serve as the Backup Bidder upon the Debtors’ selection of another party or parties as the Successful Bidder(s); and
- h. No extension of the Bidding Solicitation Period, the Bid Deadline, or date of the Auction unless ordered by the Bankruptcy Court or approved by Buyers in writing. Without limiting the foregoing, Debtors shall not file any motion or otherwise seek to change, modify or amend the Transaction Documents, the Bidding Procedures Order, or the Sale Order without prior written approval of the Buyers.

1.3 Sale Order Hearing and Sale Order. Within three (3) days following the Auction, if there are other Qualifying Bidders, Debtors shall file with the Bankruptcy Court the results of the bidding solicitation process and the Auction, along with the purchase agreement of the Successful Bidder and all documents to be filed on behalf of the Debtors with the Bankruptcy Court for approval of the sale to the Successful Bidder and entry of the Sale Order. If there are no additional Qualifying Bidders as of the Bid Deadline, Debtors shall file a notice with the Bankruptcy Court within three (3) days of the Bid Deadline that the Buyers were the Successful Bidder and seeking the Bankruptcy Court’s entry of the Sale Order approving the PSA, OTA, and other Transaction Documents. Debtors shall take such actions as are reasonably necessary to obtain the Bankruptcy Court’s entry of the Sale Order by no later than August 7, 2024. Buyers and New Operators agree that they will promptly take such actions as are reasonably requested by the Debtors to assist in obtaining Bankruptcy Court approval of the Sale Order, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for purposes, among others, of (a) demonstrating that Buyers and New Operators are a “good faith” purchaser under Section 363(m) of the Bankruptcy Code, and (b) establishing adequate assurance of future performance within the meaning of Section 365 of the Bankruptcy Code.

1.4 Contracts.

(a) Sellers and Operators shall provide to Buyers and New Operators a list of Contracts relating to the operations and leasing of the Facilities (the “Available Contracts List”). Sellers and Operators will use best efforts to ensure that the Available Contracts List contains all Contracts which the Buyer may seek to assume. At any time prior to the Sale Hearing, the Buyers and New Operators, in their sole and absolute discretion, and subject to the their right to subsequently amend their designations until the Closing, may deliver one or more written notices

to the Sellers and Operators (each such notice, a “Designation Notice”), pursuant to which Buyers and New Operators shall designate in writing any Available Contracts that Buyers or New Operators wish to assume at Closing. Any Available Contracts so designated shall be deemed the Assumed Contracts.

(b) Any Contracts that Buyers or New Operators do not indicate they desire to assume and continue shall be deemed rejected by Buyers and New Operators (the “Rejected Contracts”), and Sellers and Operators may reject and terminate such Rejected Contracts pursuant to the Bankruptcy Code. Any Contract not expressly designated by Buyers or New Operators as an Assumed Contract pursuant to a Designation Notice, including any Contract discovered after the Closing, shall be deemed a Rejected Contract.

(c) The Sale Motion and Bidding Procedures Order shall include the procedures for the assumption and assignment of the Assumed Contracts to the Buyers and New Operators on the terms set forth herein. By no later than June 21, 2024, the Debtors shall serve an initial notice on all counterparties to each Contract on the Available Contracts List specifically stating that the Debtors are or may be seeking the assumption and assignment of such Contracts, the Debtors’ calculation of the associated Cure Costs, and the deadline for objecting to the Cure Costs or any other aspect of the proposed assumption and assignment of their Contracts to Buyers, New Operators, or any other Successful Bidder (the “Initial Assumption and Assignment Notice”). The Debtors will not serve any such notice to a current resident or patient of any Facility without the Buyers’ prior approval of the form of such notice.

(d) Pursuant to the Bidding Procedures Order, the counterparties to the Contracts shall have an opportunity to file any objections to the assumption and/or assignment of any Contracts on the Available Contracts List. Upon any such objection, such Contract shall become a “Disputed Contract” and, unless the Disputed Contract is a Rejected Contract, the Debtors, with Buyers’ and New Operators’ consent to be provided or withheld in their sole discretion, shall either settle the objection of such counterparty or shall litigate such objection under such procedures as the Bankruptcy Court shall approve as part of the Bidding Procedures Order. The Debtors shall not settle a disputed Cure Cost for any amount with regard to any Contract that has been designated as an Assumed Contract pursuant to a Designation Notice without the express written consent of the Buyers or New Operators, as applicable. Upon a Final Order or settlement determining any Cure Costs regarding any Disputed Contract after the Closing or at any time prior to such Final Order or settlement, Buyers and New Operators shall have the option to (x) pay the Cure Cost with respect to such Disputed Contract and assume the Disputed Contract as an Assumed Contract or (y) designate the Disputed Contract as an Rejected Contract and not be responsible for the Cure Cost.

(e) At Closing, Buyers or New Operators, as applicable, shall pay all Cure Costs in connection with the assumption and assignment of the Assumed Contracts.

1.5 Good Faith Efforts. The Debtors agree to diligently prosecute the entry of the Bidding Procedures Order and the Sale Order. In the event the entry of the Bidding Procedures Order or the Sale Order shall be appealed, the Debtors shall use their best efforts to defend such appeal. The Debtors shall comply with all notice requirements (i) of the Bankruptcy Code and the

Federal Rules of Bankruptcy Procedure, or (ii) imposed by the Bidding Procedures Order or the Sale Order, in each case, in connection with any pleading, notice or motion to be filed in connection herewith.

1.6 Sale Free and Clear. The Debtors acknowledge and agree, and the Sale Order shall provide, that on the Closing Date and concurrently with the Closing, the Purchased Assets shall be transferred to Buyers and New Operators free and clear of all then existing or thereafter arising Claims and Encumbrances to the fullest extent permitted by Section 363(f) of the Bankruptcy Code (other than Permitted Encumbrances and Assumed Liabilities), including without, limitation, any amounts owed by any of the Debtors to (i) DHS or DOH for nursing facility assessments, or (ii) to DOL for violations of wage and hour laws or other applicable laws and regulations. The Debtors acknowledge and agree that this requirement is a precondition to Buyers' and New Operators' obligation to close the Transactions.

1.7 Definitions. For purposes of this Exhibit B and the Transaction Documents, the following terms shall have the meaning ascribed to them below:

"Alternative Transaction" means (a) the approval by the Bankruptcy Court of a sale or sales of all or any portion of the Purchased Assets to a Successful Bidder other than Buyers, or (b) the filing of a plan of reorganization that does not contemplate the sale of the Purchased Assets to Buyers in accordance with the terms hereof.

"Assumed Contracts" means any Contracts of Sellers or Operators which Buyers or New Operators designate in writing to be assumed and assigned to Buyers or New Operators, as applicable, as pursuant to section 365 of the Bankruptcy Code and the terms of the PSA, OTA, and Sale Order, including, without limitation, the Resident Agreements and Provider Agreements (each as defined in the OTA).

"Avoidance Actions" means causes of action arising under Bankruptcy Code sections 502, 510, 541, 544, 545, 547, 548, 549, 550, 551, or 553, or under related state or federal statutes and common law, including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to prosecute such causes of action.

"Bid Deadline" means 5:00 p.m. E.S.T. July 12, 2024, or such other date as is set by Order of the Bankruptcy Court.

"Bidding Procedures Order" means an Order of the Bankruptcy Court, the proposed form of which shall be included with the Sale Motion following approval by Sellers and Buyers, that contains at least the following: (i) the approval of the PSA and OTA as the stalking horse contract and the Buyers and New Operators as the stalking horse bidders, (ii) the approval of the Bidding Procedures governing the sale and solicitation process and the Auction, the deadlines and dates relating thereto, and the bid protections included therein (including, without limitation, the Termination Fee and the Expense Reimbursement), and (iii) setting a date for the Sale Hearing as soon as possible following the Auction, if there are other Qualifying Bidders, or following the end of the Bidding Solicitation Period, if there are no other Qualifying bidders, to confirm the Auction results, if applicable, and enter the Sale Order.

“Bidding Solicitation Period” means the time period running from the date of the filing of the Sale Motion until the Bid Deadline, or such other time period as is set by Order of the Bankruptcy Court.

“Claim” has the meaning given that term in Section 101(5) of the Bankruptcy Code and includes, inter alia, all rights, claims, causes of action, defenses, debts, demands, damages, offset rights, setoff rights, recoupment rights, obligations, and Liabilities of any kind, description, or nature under contract, at law or in equity, whether direct or indirect, known or unknown, contingent or matured, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and all rights, remedies, costs, or expenses with respect thereto.

“Contracts” shall mean all executory contracts, agreements, leases, commitments and arrangements (whether written or oral), including all service contracts, maintenance contracts and consulting agreements, and all of any Seller’s or Operator’s duties, obligations, covenants, promises, rights and privileges therein or thereunder to which any Seller or Operator or its respective predecessors or agents is a party and which relate to the Facilities (or any one of the Facilities) and the operations thereof.

“Cure Costs” shall mean all costs required to be paid pursuant to Section 365 of the Bankruptcy Code in connection with the assumption and assignment of the Assumed Contracts including the cost of obtaining consents in respect of the Assumed Contracts.

“Encumbrance” means any lien (including a “lien” as defined in Section 101(37) of the Bankruptcy Code), encumbrance, Claim, right, demand, charge, mortgage, deed of trust, lease, option, pledge, security interest or similar interest, title defect, hypothecation, easement, right of way, restrictive covenant, encroachment, right of first refusal, preemptive right, proxy, voting trust or agreement, transfer restriction under any shareholder agreement or similar agreement, judgment, conditional sale or other title retention agreement, or other imposition, imperfection or defect of title or restriction on transfer or use of any nature whatsoever.

“Expense Reimbursement” means all reasonable fees and expenses incurred by Buyers, including, without limitation, professional fees and out-of-pocket fees, costs and expenses of Buyers incurred in connection with the due diligence, preparation, negotiation, execution, delivery and performance of the Transaction Documents; provided the total Expense Reimbursement shall be capped at \$300,000.00. The obligations of the Debtors to pay the Expense Reimbursement (i) shall be entitled to super-priority administrative expense claim status under Sections 503 and 507 of the Bankruptcy Code (provided, however, except in the event of the closing of an Alternative Transaction, such claims shall not come ahead of the Carve Out as defined in the CIBC DIP Loan facility), (ii) shall not be subordinate to any other administrative expense claim against the Debtors, and (iii) shall survive the termination of any Transaction Documents.

“Final Order” means an Order that is unstayed and in effect and as to which (i) the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then

be pending, or (ii) if an appeal, writ of certiorari, reargument or rehearing thereof has been filed or sought, such Order shall have been affirmed by the highest court to which such Order was appealed, or certiorari shall have been denied or reargument or rehearing shall have been denied or resulted in no modification of such Order, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired.

“Governmental Authority” means any U.S. federal, state or local or any supranational, territorial or non-U.S. government, political subdivision, governmental, regulatory or administrative authority, instrumentality, agency, body or commission, self-regulatory organization or any court, tribunal, or judicial or arbitral (public or private) body.

“Liabilities” means any liability, debt, guarantee, claim, demand, expense, commitment, damages, assurances or obligation (whether direct or indirect, fixed, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due) of every kind and description, including all costs and expenses related thereto.

“Order” means any order, writ, judgment, injunction, temporary restraining order, decree, stipulation, determination, settlement or award entered by or with any Governmental Authority.

“OTA” means the Operations Transfer Agreement entered into by Operators, Manager, and New Operators dated May 17, 2024, as may be amended by the parties pursuant to the terms therein, and pursuant to which the Operators will transfer the operations of and certain assets related to the Facilities to the New Operators.

“PSA” means the Contract of Sale entered into by Sellers and Buyers dated May 17, 2024, as may be amended by the parties pursuant to the terms therein, pursuant to which Buyers will purchase from Sellers certain real and personal property on the terms more specifically set forth therein.

“Sale Motion” means the motion or motions of the Debtors, in form and substance approved by Sellers, Operators, Buyers, and New Operators seeking (i) approval and entry of the Bidding Procedures Order on an expedited basis, (ii) the scheduling of the Auction (if there are other qualifying bidders) and the Sale Hearing, (iii) the entry of the Sale Order following the Auction, if there are other qualifying bidders, or following the end of the Bidding Solicitation Period, if there are no other qualifying bidders, and (iv) any other relief necessary to consummate the Transactions.

“Sale Order” means an Order of the Bankruptcy Court, the proposed form of which shall be submitted to the Bankruptcy Court following approval by Sellers, Operators, Buyers, and New Operators, and that contains at least the following: (i) authorization and approval of (a) the PSA, the OTA and the other Transaction Documents, and the consummation of the Transactions on the terms and conditions set forth therein, and (b) the assumption and assignment of the Assumed Contracts to the Buyers or New Operators, as applicable, and (ii) findings of fact, conclusions of law and ordering provisions that (a) the consummation of the Transactions contemplated by the Transaction Documents, on the terms and conditions set forth therein are

legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, including, without limitation, sections 105(a), 363(b), 363(f), 363(m), 363(n), 365(b) and 365(f), and all of the applicable requirements of such sections have been complied with in respect of the Transactions, (b) pursuant to section 105(a) and 363(f) of the Bankruptcy Code, the sale of the Purchased Assets to Buyers, New Operators, or their designee(s) shall be free and clear of any Claims or Encumbrances other than the Permitted Encumbrances and Assumed Liabilities (as defined in the OTA), (c) Buyers, New Operators, and any designee(s) of Buyers or New Operators are purchasers of the Purchased Assets in “good faith” pursuant to section 363(m) of the Bankruptcy Code, (d) the Debtors, the Buyers, affiliate of Buyers, any designee of Buyers, the New Operators, any affiliates of New Operators, and any designee of New Operators, did not engage in any conduct which would allow any Transaction Documents or Transactions to be set aside pursuant to section 363(m) of the Bankruptcy Code, (e) none of the Debtors, the Buyers, any affiliate of Buyers, nor any designee of Buyers, or the New Operators, any affiliates of New Operators, nor any designee of New Operators, engaged in any conduct that would cause or permit the Transaction Documents or Transactions to be avoided or costs and damages to be imposed against Buyers, their affiliates, or designees under section 363(n) of the Bankruptcy Code; (f) none of the Buyers, any affiliate of Buyers, nor any designee of Buyers, or the New Operators, any affiliates of New Operators, nor any designee of New Operators are a successor to Sellers, Operators, or the bankruptcy estate(s) of Debtors by reason of any theory of law or equity, and none of the Buyers, any affiliate of Buyers, nor any designee of Buyers, or the New Operators, any affiliates of New Operators, nor any designee of New Operators shall assume or in any way be responsible for any liability of Sellers or the bankruptcy estate(s) of the Debtors, except as otherwise expressly provided in the Transaction Documents, (g) the form of notice of the Sale Motion and any hearing thereon was proper, adequate, and reasonable under the circumstances and no further notice to any party, including any creditors of the Sellers, Operators, or Debtors, is necessary for purposes of authorizing the free and clear sale of the Purchased Assets to Buyers and New Operators pursuant to the Bankruptcy Code or other applicable law, (h) the form of notice to counterparties of any Assumed Contracts was proper, adequate, and reasonable under the circumstances and no further notice to any such contract counterparty is necessary, (i) each of the counterparties to the Assumed Contracts was given adequate notice of the Sellers’ and Operators’ proposed assumption thereof and the terms of such assumption, and (j) the final amount of Cure Costs under the Bankruptcy Code and applicable law for each of the Assumed Contracts other than with respect to any Disputed Contract that may be resolved pursuant to the procedures set forth in the Transaction Documents or Bidding Procedures Order.

“Sale Order Hearing” means the hearing following the Auction, if there are other qualifying bidders, or following the end of the Bidding Solicitation Period, if there are no other qualifying bidders, seeking approval of the Successful Bidder and entry of the Sale Order.

“Termination Fee” means the amount of \$1,325,000.00 to be paid to Buyers upon the closing of an Alternative Transaction as a bid protection and in consideration of Buyers’ and New Operators’ willingness to enter into the PSA and OTA and serve as the stalking horse for the Debtors pursuant to the terms and conditions herein and the significant efforts expended by Buyers in connection with the possible acquisition of the Purchased Assets that will be marketed to other competing bidders despite the Agreement. The obligations of the Debtors to pay the Termination Fee (i) shall be entitled to super-priority administrative expense claim status under Sections 503

and 507 of the Bankruptcy Code, (ii) shall not be subordinate to any other administrative expense claim against the Debtors, and (iii) shall survive the termination of any Transaction Documents.

“Transactions” means the transactions contemplated by the PSA, OTA, and the other Transaction Documents.

“Transaction Documents” means the PSA, the OTA, the Bill of Sale, the Deeds, and any other agreements, instruments or documents required to be delivered at the Closing or pursuant to the PSA or OTA, in each case, including all exhibits and schedules thereto and all amendments thereto made in accordance with the respective terms thereof.

EXHIBIT C

INTENTIONALLY OMITTED

EXHIBIT 3.3(C)

BILL OF SALE

EXHIBIT 3.3(D)

BRING DOWN CERTIFICATE

This Certificate is delivered pursuant to the Contract of Sale (“Agreement”), dated as of _____, 2024, between Greenville Property Management LLC, Harmony Property Management, LLC, Irwin Property Management, LLC, Latrobe Property Management, LLC, New Castle Property Management, LLC, New Wilmington Property Management, LLC, Washington Property Management, LLC, [•], LLC and [•], LLC, each a Pennsylvania limited liability company (each, a “Buyer” and, collectively, the “Buyers”), and Maybrook-C Whitecliff Propco, LLC, Maybrook-C Overlook Propco, LLC, Maybrook-C Briarcliff Propco, LLC, Maybrook-C Silver Oaks Propco, LLC, Maybrook-C Kade Propco, LLC, Maybrook-C Evergreen Propco, LLC, Maybrook-C Latrobe Propco, LLC, 3876 Saxonburg Boulevard Propco, LLC, and 100 Tandem Village Road Propco, LLC each a Delaware limited liability company (each, a “Seller” and, collectively, the “Sellers”).

The undersigned, _____, does hereby certify that the undersigned is the [title] of [Buyers/Sellers] and is authorized to execute this Certificate, that the representations and warranties made by [Buyers/Sellers] in the Agreement are true and correct in all material respects as of [Closing Date]; and that the covenants to be performed by [Buyers/Sellers] pursuant to the Agreement have been performed and complied with in all material respects as of [Closing Date]. The [Buyers/Sellers] may rely upon this certificate.

{Remainder of Page Left Intentionally Blank}

SELLERS:

Maybrook-C Whitecliff Propco, LLC
Maybrook-C Overlook Propco, LLC
Maybrook-C Briarcliff Propco, LLC
Maybrook-C Silver Oaks Propco, LLC
Maybrook-C Kade Propco, LLC
Maybrook-C Evergreen Propco, LLC
Maybrook-C Latrobe Propco, LLC
3876 Saxonburg Boulevard Propco, LLC, and
100 Tandem Village Road Propco, LLC
each a Delaware limited liability company

By: _____
Name: Louis E. Robichaux, IV
Title: Chief Restructuring Officer

BUYERS:

Greenville Property Management LLC,
Harmony Property Management, LLC,
Irwin Property Management, LLC,
Latrobe Property Management, LLC,
New Castle Property Management, LLC,
New Wilmington Property Management, LLC,
Washington Property Management, LLC
Cheswick Property Management, LLC, and
North Strabane Property Management, LLC
each a Pennsylvania limited liability company

By: _____
Name: _____
Title: _____

SCHEDULE 4.7

LITIGATION

To be provided

SCHEDULE 4.15

SERVICE CONTRACTS

To be provided.

OPERATIONS TRANSFER AGREEMENT

by and among

Maybrook-C Whitecliff Opco, LLC, Maybrook-C Overlook Opco, LLC, Maybrook-C Briarcliff Opco, LLC, Maybrook-C Silver Oaks Opco, LLC, Maybrook-C Kade Opco, LLC, Maybrook-C Evergreen Opco, LLC, Maybrook-C Latrobe Opco, LLC, North Strabane Rehabilitation and Wellness Center, LLC, and Cheswick Rehabilitation and Wellness Center, LLC

and

Greenville Rehabilitation & Nursing LLC, New Wilmington Rehabilitation & Nursing LLC, Irwin Rehabilitation & Nursing LLC, New Castle Rehabilitation & Nursing LLC, Washington Rehabilitation & Nursing LLC, Harmony Rehabilitation & Nursing LLC, Latrobe Rehabilitation & Nursing LLC, Cheswick Rehabilitation & Nursing, LLC and North Strabane Rehabilitation & Nursing, LLC

and

CHMS Group, LLC

Dated as of: May 17, 2024

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OPERATIONS TRANSFER AGREEMENT

This **OPERATIONS TRANSFER AGREEMENT** together with all exhibits, schedules, and documents required herein (the “Agreement”), dated May 17, 2024 (the “Effective Date”) is by and between Greenville Rehabilitation & Nursing LLC, New Wilmington Rehabilitation & Nursing LLC, Irwin Rehabilitation & Nursing LLC, New Castle Rehabilitation & Nursing LLC, Washington Rehabilitation & Nursing LLC, Harmony Rehabilitation & Nursing LLC, Latrobe Rehabilitation & Nursing LLC, Cheswick Rehabilitation & Nursing, LLC and North Strabane Rehabilitation & Nursing, LLC, each a Pennsylvania limited liability company (each, a “New Operator” and, collectively, the “New Operators”), and Maybrook-C Whitecliff Opco, LLC, Maybrook-C Overlook Opco, LLC, Maybrook-C Briarcliff Opco, LLC, Maybrook-C Silver Oaks Opco, LLC, Maybrook-C Kade Opco, LLC, Maybrook-C Evergreen Opco, LLC, Maybrook-C Latrobe Opco, LLC, North Strabane Rehabilitation and Wellness Center, LLC, and Cheswick Rehabilitation and Wellness Center, LLC, each a Delaware limited liability company (each, an “Operator” and collectively, the “Operators”) and CHMS Group, LLC, a New York limited liability company (“Manager”).

WITNESSETH:

WHEREAS, Maybrook-C Whitecliff Propco, LLC, Maybrook-C Overlook Propco, LLC, Maybrook-C Briarcliff Propco, LLC, Maybrook-C Silver Oaks Propco, LLC, Maybrook-C Kade Propco, LLC, Maybrook-C Evergreen Propco, LLC, Maybrook-C Latrobe Propco, LLC, 3876 Saxonburg Boulevard Propco, LLC, and 100 Tandem Village Road Propco, LLC (each a “Seller” and, collectively, the “Sellers”) and Greenville Property Management LLC, New Wilmington Property Management, LLC, Irwin Property Management, LLC, New Castle Property Management, LLC, Washington Property Management, LLC, Harmony Property Management, LLC, Latrobe Property Management, LLC, Cheswick Property Management, LLC, and North Strabane Property Management, LLC (each, a “Buyer”, and, collectively, the “Buyers”) have entered into that certain Contract of Sale (the “PSA”) dated of even date herewith, pursuant to which Buyer will purchase from Seller the real property set forth opposite the name of such Seller on Exhibit A attached hereto (each a “Facility” and, collectively, the “Facilities”) located upon the applicable land set forth on Exhibit A attached hereto;

WHEREAS, each Operator currently has the sole rights to act as operator of the Facility set forth opposite the name of such Operator on Exhibit A attached hereto pursuant to an existing lease agreement between such Operator and the applicable Seller that owns such Facility (each, an “Existing Operating Lease” and, collectively, the “Existing Operating Leases”), and each Operator holds the licenses and provider agreements for the operation of the Facility that it leases;

WHEREAS, pursuant to certain agreements, both written and oral, between Manager and the Operators, Manager provides certain management services with respect to the Facilities;

WHEREAS, on or about May 17, 2024, each Seller and each Operator (in their capacity as chapter 11 debtors, each, a “Debtor” and, collectively, the “Debtors”), will file voluntary petitions (collectively, the “Chapter 11 Petitions”) for relief under Chapter 11 of the Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the

Western District of Pennsylvania (the “Bankruptcy Court”) commencing chapter 11 cases (each, a “Bankruptcy Case” and, collectively, the “Bankruptcy Cases”);

WHEREAS, the Sellers and Operators will continue to own and operate their respective Facilities and businesses as “*debtors-in-possession*” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code;

WHEREAS, subject to approval of the Bankruptcy Court and in accordance with the structure shown on Exhibit A hereto, Operators and New Operators are entering into this Agreement in order to provide for an orderly transition of the operations of the Facilities and the sale and transfer of certain assets related thereto, including without limitation, all supplies, equipment, vehicles and other personal property owned by Operators or Manager and located at or used in connection with the operation of the Facilities (the “Personal Property”) and certain contracts, licenses, and permits related to or necessary for the operation of the Facilities, in the manner and subject to the terms and conditions set forth in this Agreement and in accordance with Sections 105, 363 and 365 and other applicable provisions of the Bankruptcy Code;

WHEREAS, concurrently herewith and also subject to approval of the Bankruptcy Court, Sellers are entering into a contract of sale (the “PSA”) with Buyers in order to sell, convey, assign and transfer the Property (as defined in the PSA) to Buyers;

WHEREAS, New Operators desire to purchase the Personal Property from the Operators and Manager and the Operators and Manager desire to sell, convey, assign and transfer to New Operators the Personal Property, simultaneously with the closing of the transactions between Buyers and Seller described in the PSA, all in the manner and subject to the terms and conditions set forth in this Agreement, the PSA, and in accordance with Sections 105, 363 and 365 and other applicable provisions of the Bankruptcy Code;

WHEREAS, the Personal Property, along with any contracts, licenses, permits, or other assets being transferred to New Operators hereunder, along with the Property being transferred to Buyer under the PSA (collectively, the “Purchased Assets”) and any specified liabilities assumed hereunder or thereunder shall be purchased and assumed by the respective New Operators and Buyers pursuant to the Sale Order approving such sale, free and clear of all Claims and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities) as said terms are defined herein or the PSA, pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, and Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure, which order will include the authorization for the assumption by the respective Operators and assignment to the New Operators of the Assumed Contracts (as defined below) and the liabilities thereunder in accordance with Section 365 of the Bankruptcy Code, all in the manner and subject to the terms and conditions set forth in this Agreement and the Sale Order and in accordance with other applicable provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure and the local rules for the Bankruptcy Court (together, the “Bankruptcy Rules”);

WHEREAS, the managers of each of the Sellers and Operators have determined that it is advisable and in the best interests of each entity to enter into this Agreement and the PSA, respectively, and to consummate the transactions provided for herein and in the PSA, subject to entry of the Sale Order, and have approved the same;

WHEREAS, New Operators will be entering into leases of the Facilities and other related assets from Buyers, pursuant to lease agreements effective as of the Closing Date; and

NOW, THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Operators, Manager, and New Operators agree as follows:

1. BANKRUPTCY PROVISIONS. The parties hereto agree to the terms and conditions regarding the Debtors' filing of the Sale Motion (as defined herein) with the Bankruptcy Court to, among other things, seek (a) entry of the Bidding Procedures Order (as defined herein) (i) approving this Agreement and the PSA as part of the stalking horse purchase agreement, (ii) approving Buyers and New Operators as the stalking horse bidder pursuant to this Agreement and the PSA, and (iii) approving the Bidding Procedures (as defined herein), including the bid protections, that shall govern the Debtors' solicitation of competing bids for the Purchased Assets, and, (b) following an Auction (as defined herein) to be held after the Bidding Solicitation Period (as defined herein) expires should there be other Qualifying Bidders (as defined herein), the Debtors' pursuit of the Sale Order approving the Successful Bidder's (as defined herein) purchase agreement and operations transfer agreement, all in accordance with the provisions set forth on Exhibit B attached hereto (which Exhibit B also includes certain additional related defined terms used in this Agreement). To the extent of any inconsistencies in the Debtors' Sale Motion and the provisions set forth on Exhibit B attached hereto, the provisions in Exhibit B shall control, except as otherwise ordered by the Bankruptcy Court.

2. CLOSING; TERMINATION.

a. Subject to satisfaction of the closing pre-conditions set forth herein, the closing of the transactions contemplated herein (the "Closing") shall take place within fourteen (14) days after the Sale Order becomes a Final Order (as defined herein) (the "Scheduled Closing Date"); provided, however, that the Scheduled Closing Date occurs prior to the Outside Date (as defined in the PSA), provided further, however, that the parties may agree to extend the Outside Date and the Scheduled Closing Date by written agreement signed by all parties. The date the Closing actually occurs is referred to herein as the "Closing Date".

b. Subject to Section 4(c) below, New Operators shall use their best efforts to obtain, before the Scheduled Closing Date, all governmental or quasi-governmental approvals that are necessary or appropriate in order for New Operators to operate the respective Facility identified in Exhibit A under Pennsylvania law as a skilled nursing facility, continuing care retirement community, and/or personal care home, as applicable (collectively, the "Licenses"), issued by the Pennsylvania Insurance Department, the Pennsylvania Department of Health, and the Pennsylvania Department of Human Services or other applicable Governmental Authority (collectively and individually, the "Department"). Without limiting the foregoing, New Operators shall submit all filings required from New Operators by the Department in connection with the Licenses as soon as is reasonably practicable following the Effective Date. As provided herein, at the Closing, Operators will assign the Medicare provider agreements, insurance contracts and other payor program agreements, expressly excluding any Medicaid Provider Agreements (as defined herein) (collectively, the "Provider Agreements"), and all Permits (as defined herein) with respect to each Facility to the relevant New Operator to the extent legally assignable; *provided*,

however, notwithstanding anything to the contrary herein, no terms of the PSA, this OTA, the Sale Order, or any other Transaction Documents will require Buyers or New Operators to execute any application, agreement, or other document in favor of the Department or any other Governmental Authority that expressly or impliedly provides that Buyers or New Operators shall assume or have assumed any Claims, Encumbrances, or other liabilities of the Sellers or Operators except for Assumed Liabilities and Permitted Encumbrances.

c. Notwithstanding anything to the contrary contained herein, this Agreement shall terminate automatically if the PSA is terminated in accordance with Section 9.1 of the PSA, and the provisions of Section 9.2 of the PSA shall govern the termination of this Agreement and the rights and remedies of Sellers, Buyers, Operators, and New Operators arising from the termination of the PSA or this Agreement.

3. COOPERATION; INTERIM OPERATIONS OF THE FACILITY.

a. Operators and Manager agree to cooperate with New Operators, and New Operators agree to cooperate with Operators and Manager to effect an orderly transfer of the operation of each Facility. Upon reasonable prior notice to Operators and Manager, New Operators, Buyers, and their agents, employees and contractors shall have the right to enter the Facilities during reasonable business hours to conduct any necessary diligence, subject to Section 2.3 of the PSA. New Operators shall have the right to meet with and interview the Manager, Administrator, Director of Nursing and other employees of each Facility.

b. From the Effective Date until the Closing Date, Operators and Manager shall operate the Facilities in substantially the same manner as they have heretofore operated, use commercially reasonable efforts to preserve intact the business operations and relationships of each Facility with third parties and use commercially reasonable efforts to keep available the services of each Facility's employees, including but not limited to the Administrator, the Director of Nursing and the employee(s) responsible for public relations and marketing; provided, that the obligations of the Operators pursuant to this Section 3 shall be subject to any orders entered, or approvals or authorizations granted or required, by or under the Bankruptcy Court or the Bankruptcy Code (including in connection with the Bankruptcy Case), and the Debtors' obligations as debtors-in-possession to comply with any order of the Bankruptcy Court (including the Sale Order). Subject to the limitations in the preceding sentence, until the earlier of (i) the Closing Date, or (ii) the termination of this Agreement, Operators and Manager shall:

i. operate each Facility in the normal course of business and in compliance with all laws, ordinances, orders, rules, regulations and requirements of any Governmental Authority; *provided, however*, Operators shall not be required to make any payment to any Governmental Authority except as required under the Bankruptcy Code, any Order of the Bankruptcy Court, or as otherwise explicitly set forth herein;

ii. maintain each Facility's licensure status, Provider Agreements, and Medicaid Provider Agreements in material compliance with all applicable laws, rules and regulations;

iii. not sell, transfer or otherwise dispose of any of the Supplies (as hereinafter defined) or other Personal Property except in the ordinary course of business consistent with the prior practices of Operators and Manager, in which event Operators and Manager shall replace the same with similar property of equal or greater quality, value and usefulness;

iv. not enter into any contract, other than admission agreements or residency agreements, which, upon Closing, shall be assigned to the relevant New Operator for the Facility, nor modify, cancel, accept the surrender of or renew (except when any such acceptance of surrender or renewal is non-discretionary) any Assumed Contract (as hereinafter defined) except in the ordinary course of business consistent with the prior practices of the Operators and Manager for Contracts that are terminable upon 30 days' notice, without the New Operators' prior written consent;

v. not decrease the private pay rates of the residents at any Facility, except with the prior written consent of New Operators;

vi. maintain records in accordance with all applicable federal and state laws and in such manner so that all records will be prepared in a consistent manner and will be current, complete, accurate and true;

vii. not increase or promise to increase any wages or benefits of, or grant or promise to grant any bonuses to, any of the employees of any Facility without the prior written consent of New Operators except those reasonable bonuses and wage increases in the ordinary course of business consistent with the Operator's past practice;

viii. not take any action which will or would cause any of the representations or warranties in this Agreement to become untrue or be violated in any material respect;

ix. use reasonable commercial efforts to preserve the present residency and occupancy levels of each Facility and the goodwill with suppliers, residents and others having business relations with Manager, any Operator, or any Facility;

x. perform all of the Manager's and Operator's obligations in respect of the Facility they operate whether pursuant to any contracts, or other requirements; *provided, however*, Operators shall not be required to make any payments to creditors except as required under the Bankruptcy Code, any Order of the Bankruptcy Court, or as otherwise explicitly set forth herein;

xi. cooperate with the New Operators as reasonably necessary for the New Operators' receipt of licensure; and

xii. promptly inform New Operators in writing of any material event adversely affecting the ownership, use, occupancy, operation, management or maintenance of the Facilities, whether or not there is insurance to cover such event.

c. Operators shall use good faith efforts to enter into CCRC Resident Agreements (which include payment of an entrance fee) with at least four (4) new CCRC residents, two of

which are attributable to and under a CCRC Resident Agreement with the Greenville CCRC and two of which are attributable to and under a CCRC Resident Agreement with the New Castle CCRC. “Good faith efforts” shall include assigning a marketing person to work on such efforts at least one (1) day per week until the earlier of Closing or such time as this goal has been achieved, and upon request, Operators shall provide New Operators with reasonable evidence of Operators’ compliance with this obligation. Notwithstanding the above, Operators’ obligations under this Section 3(c) shall be deemed to have been satisfied if there are at least four (4) CCRC vacancies (2 each attributable to the New Castle and Greenville CCRCs) at Closing.

The obligations of the Operators pursuant to this Section 3 shall be subject to any orders entered, or approvals or authorizations granted or required, by or under the Bankruptcy Court or the Bankruptcy Code (including in connection with the Bankruptcy Case), and the Operators’ obligations as debtors-in-possession to comply with any order of the Bankruptcy Court (including the Sale Order).

4. CONDITIONS PRECEDENT.

a. New Operators’ obligations to consummate the transactions contemplated in this Agreement shall be subject to the following conditions precedent on and as of the Closing Date (provided the Closing Date occurs prior to the Outside Date, as defined in the PSA) to the reasonable satisfaction of New Operators or the waiver thereof by New Operators, which waiver shall be binding upon New Operators only to the extent made in writing and dated as of the Closing Date:

i. The Bankruptcy Court shall have entered the Sale Order approving the sale of the Purchased Assets to Buyers and New Operators free and clear of all Claims and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities), and such Sale Order shall be a Final Order;

ii. All the Buyers’ conditions to the closing of the PSA shall have been satisfied or waived and the closing of the PSA shall have occurred or shall be occurring simultaneously with the closing of the OTA;

iii. Each of the representations and warranties of Operators and Manager contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, as though made on and as of the Closing Date;

iv. Operators and Manager shall have performed or complied, in all material respects, with all agreements and covenants required by this Agreement to be performed or complied with by Operators and Manager on or prior to the Closing Date, including without limitation delivering to New Operators all deliverables required in this Section 4(a) and paying or causing to be paid any fines or penalties in connection with any Survey or Statement as provided in Section 7(f);

v. Operators and Manager shall deliver to New Operators on or before the Closing Date the following, each of which shall be in form and substance satisfactory to New Operators:

- A. Duly executed assignments by Operators (subject to Bankruptcy Court Approval) and Manager, in substantially the form annexed hereto as Exhibit C (the “General Assignment”), of all of Operators’ and Manager’s respective rights, titles and interests in, to and under:
 - i. the Patient Trust Funds and Property (as defined herein);
 - ii. the Assumed Contracts (as defined herein) to the extent legally assignable;
 - iii. all resident contracts or other agreements with current residents of the Facilities as of the Closing Date (the “Resident Agreements”), to the extent legally assignable;
 - iv. all licenses, permits, accreditations, and Medicare contracts, and other regulatory approvals, and all rights of Operators under any Provider Agreements or any third party payor programs, if any, issued by any Governmental Authority (expressly excluding any Medicaid provider/payor program agreements) or third party payor relating to the use, maintenance or operation of the Facilities running to, or in favor of, Operators, to the extent requested by New Operators and legally assignable (including all modifications thereto or renewals thereof, the “Permits”);
 - v. all telephone numbers and domain names used in connection with the Facilities;
 - vi. all intellectual property owned by Operators, including without limitation, trademarks and trade names; and
 - vii. all other Purchased Assets not specifically set forth above.
- B. Duly executed Bills of Sale, in substantially the form annexed hereto as Exhibit D;
- C. certificates of Manager, executed by a duly authorized representative of Manager: (1) to the effect that the representations and warranties of Manager set forth in this Agreement are true and complete on and as of the Closing Date and (2) certifying the resolutions authorizing the transactions contemplated hereby and appearing on said certificate shall be the true and correct signatures of all authorized persons who have executed this Agreement;
- D. certificates of Operators, executed by a duly authorized representative of Operators to the effect that the representations and warranties of Operators set forth in this Agreement are true and complete on and as of the Closing Date and appearing on said

certificate shall be the true and correct signatures of all authorized persons who have executed this Agreement;

- E. copies of all Permits;
- F. All Bills of Sale, titles, and related documents necessary to transfer title to New Operators of the following vehicles owned by the Operators (the “Vehicles”):

Year	Make	Model	Vin #
2020	Ford	Transit 350	1FDAX2C88LKB11669
2013	Ford	E250	1FTNS2EW9DDA30184
2016	Ford	F250	1FTBF2B67GEA23017
2013	Ford	E250	1FTNS2EW8DDA41614
2014	Dodge	Grand Caravan	2C4RDGBG9ER340758
1997	Ford	F250	1FTHF26H3VEB11677
2014	Ford	E250	1FTNS2EW9EDA90287
2013	Ford	E250	1FTNS2EWXDDA38990
2021	Ram	Promaster 2500	3C6LRVPG3ME508017
2017	Ford	Econoline	1FDEE3FS2HDC33654
2014	Ford	E350 Super Duty	1FDEE3FL5EDA34280

- G. The Indemnification Claims Escrow Agreement (as defined herein) duly executed by Buyers, Sellers, Operators, New Operators, and the Escrow Agent (as defined herein); and
- H. All other documents reasonably requested by New Operators to effectuate the Transactions contemplated herein.

vi. At or promptly following the Closing Date, Manager and Operators shall transfer to New Operators the Patient Trust Funds and Property in compliance with all governmental statutes, rules and regulations with respect to the transfer of such Patient Trust Funds and Property and in accordance with the provisions of Section 6 below;

vii. On the Closing Date, no Governmental Authority shall have enacted, issued, promulgated, or entered any statute, rule, regulation, executive order, judgment, decree, injunction, or other Order (whether temporary, preliminary, or permanent) which has the effect of making the Transactions contemplated by this Agreement illegal, or otherwise restrains consummation of the Transactions contemplated hereby.

viii. Since the date of execution of this Agreement, there shall have occurred no event, circumstance or other change in the Purchased Assets or the operations of the Facilities taken as a whole that, in the aggregate, has had or reasonably could be expected to have, a material adverse effect on the Purchased Assets or the operations of the Facilities taken as a whole. Without limiting the foregoing, as of the Closing Date, (1) there shall have occurred no event, circumstance or other change in the regulatory status and/or condition of any of the Facilities’ licenses, permits and/or certifications, the Medicare and

Medicaid rates of the Facilities, and/or the business operations, or financial conditions of the Purchased Assets that, alone or in the aggregate, is reasonably likely to result in a loss, suspension or revocation of any of the Facilities' licenses, material violations cited by any Governmental Authority with jurisdiction over the operations of the Facilities, decertification from the Medicaid or Medicare programs, or reduction in the number of licensed beds at the Facilities, (2) CMS shall not have issued a denial of payment, which remains outstanding, for new admissions or a denial of new admissions with respect to any Facility that is outstanding as of the Closing Date, (3) CMS shall not have made a finding of "immediate jeopardy" with respect to any Facility which remains in effect as of the Closing Date, and (4) there shall not then be imposed against any Facility any life safety violation which remains outstanding as of the Closing;

ix. The aggregate resident census at all the Facilities shall not have decreased by more than seven and one-half percent (7.5%) since the Effective Date. Each calculation shall be based on the seven (7) day average census before the relevant date (i.e., the Effective Date and the Closing Date;

x. New Operators shall have obtained all consents and all Permits that are not otherwise assigned under the General Assignment and Assumption that are necessary for each New Operator's legal operation of the relevant Facility as of the Closing Date in substantially the same manner as operated by the relevant Operator (other than the Licenses, which are subject to clause (xii) below, and Permits and certification that are expected after the Closing);

xi. New Operators shall have secured Medicaid provider numbers and Medicaid provider reimbursement agreements in their own names from the Department, or have obtained reasonable assurances that such provider numbers and agreement will be issued in due course following the Closing, without the necessity of executing any application, agreement, or other document in favor of the Department or any other Governmental Authority that expressly or impliedly provides that Buyers or New Operators shall assume or have assumed any Claims, Encumbrances, or other liabilities of the Sellers or Operators except for Assumed Liabilities or Permitted Encumbrances;

xii. Subject to Section 4(c) below, New Operators shall have received notice from the Pennsylvania Department of Health ("DOH") advising that, upon the consummation of the transactions contemplated under this Agreement, the DOH is prepared to issue the Licenses effective upon the Closing pending final receipt of evidence of the effectiveness of the Closing, and shall have received reasonable assurances that CHOW approval shall be issued post-Closing with a retroactive effective date of the Closing Date ("License Confirmation");

xiii. Operators shall have paid or cause to be paid (a) any liability, penalty or obligation that arises prior to the Closing Date under the Provider Agreements relating to the operation of the Facilities with respect to periods prior to the Closing Date and which are known of by any Operator following a good faith investigation prior to Closing ("Known Pre-Closing CMS Liabilities"), and (b) all fines and penalties, including without limitation any civil monetary penalties, arising from any survey, report, statement of

deficiencies, plan of correction, or audit issued by any Governmental Authority prior to the Closing Date (the “Pre-Closing Monetary Penalties”). For the avoidance of doubt, the Known Pre-Closing CMS Liabilities and Pre-Closing Monetary Penalties (x) expressly exclude any nursing home assessment fees owing by Sellers or Operators to the Department, (y) are not Assumed Liabilities or Permitted Encumbrances against the New Operators, Buyers, or the Purchased Assets, and (z) shall not be paid by Sellers or Operators from the Indemnification Escrow (but shall instead be paid at Closing from the proceeds of the Transactions or other funds of Sellers or Operators); and

xiv. Operators shall have paid or cause to be paid any liability, penalty or obligation that arises prior to the Closing Date under the Medicaid Provider Agreements (as defined herein) relating to the operation of the Facilities with respect to periods prior to the Closing Date and which are known of by any Operator following a good faith investigation prior to Closing (the “Known Pre-Closing Medicaid Liabilities”) in the event the Bankruptcy Court finds or rules that the Buyers and New Operators may not acquire the Purchased Assets free and clear of such liabilities under Section 363(f) of the Bankruptcy Code or other applicable law.

b. Operators’ and Manager’s obligations to consummate the transactions contemplated in this Agreement shall be subject to the following conditions precedent on and as of the Closing Date (provided the Closing Date occurs prior to the Outside Date, as defined in the PSA) to the reasonable satisfaction of Operators and Manager or the waiver thereof by Operators and Manager, which waiver shall be binding upon Operators and Manager only to the extent made in writing and dated as of the Closing Date:

i. The Bankruptcy Court shall have entered the Sale Order approving the sale of the Purchased Assets to Buyers and New Operators free and clear of all Claims and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities), and such Sale Order shall be a Final Order;

ii. All the Sellers’ conditions to the closing of the PSA shall have been satisfied or waived and the closing of the PSA shall have occurred or shall be occurring simultaneously with the closing of the OTA;

iii. Each of the representations and warranties of New Operators contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, as though made on and as of the Closing Date;

iv. New Operators shall have performed or complied, in all material respects, with all agreements and covenants required by this Agreement to be performed or complied with by New Operators on or prior to the Closing Date, including without limitation delivering to New Operators all deliverables required in this Section 4(b);

v. New Operators shall deliver to Operators on or before the Closing Date the following, each of which shall be in form and substance reasonably satisfactory to Operators: (1) a certificate of each New Operator, executed by a duly authorized manager of such New Operator, dated the Closing Date, to the effect that the representations and

warranties of the New Operator set forth in this Agreement are true and complete on and as of the Closing Date and (2) a certificate from each New Operator, executed by a duly authorized manager of such New Operator, certifying the resolutions authorizing the transactions contemplated hereby and appearing on said certificate shall be the true and correct signatures of all authorized persons who have executed this Agreement; and

vi. Subject to Section 4(c) below, New Operators shall have received the License Confirmation.

c. The parties acknowledge that obtaining the continuing care retirement community (“CCRC”) licenses from the Pennsylvania Insurance Department (“PID”) with respect to any Facility currently licensed as a CCRC, as well as obtaining the personal care home (“PCH”) license from the Pennsylvania Department of Human Services (“DHS”), may take an extended period of time. Accordingly, and notwithstanding anything to the contrary contained herein, a CCRC license and a PCH license issued in the relevant New Operators’ names or approval thereof shall not be a condition to Closing. If a CCRC license or a PCH license has not been issued in the relevant New Operators’ names by the Closing, the parties shall nevertheless proceed to the Closing and, notwithstanding anything to the contrary contained herein: (a) the relevant Operators and Manager shall convey to the relevant New Operator in accordance with the terms hereof all of the Purchased Assets other than such assets that the relevant Operators, as the licensed operators for the CCRC or PCH, would be required by law to retain while so licensed and while operating the CCRC or PCH (the “CCRC Retained Assets” or “PCH Retained Assets”, as applicable), and (b) the relevant Operators, Manager, and Buyers shall enter into an Interim Management Agreement and Lease for the CCRC and/or the PCH as applicable. As used herein, “Interim Management Agreement and Lease” means an agreement reasonably acceptable to the parties pursuant to which the relevant Buyers and New Operators shall lease to the Operators the Purchased Assets with respect to the CCRC (other than the CCRC Retained Assets) and/or the PCH (other than the PCH Retained Assets), and such Operators shall remain the licensee of the CCRC and/or the PCH and engage the relevant New Operators as interim managers to operate the CCRC and/or the PCH utilizing the related Purchased Assets and the CCRC Retained Assets or PCH Retained Assets until such time as New Operators receive the CCRC license and/or the PCH license.

5. CONVEYANCE OF PERSONAL PROPERTY.

a. On the Closing Date, Operators and Manager shall deliver to New Operators bills of sale (each, a “Bill of Sale”) for the Supplies, Vehicles and other Personal Property, substantially in the form annexed hereto as Exhibit D, to convey to the New Operators the Supplies, Vehicles and other Personal Property free and clear of all Claims and Encumbrances (other than Permitted Encumbrances and Assumed Liabilities).

b. Without limitation to any other provision of this Agreement, and in addition to any other description of the Personal Property, the Personal Property conveyed to New Operators shall include:

i. all Avoidance Actions against (a) any counterparty to any Assumed Contracts, (b) any current or former resident or patient of any Facility, or (c) any Retained Employees;

ii. all claims, lawsuits and rights of action, including but not limited to commercial tort claims as defined by section 9-102 of the Uniform Commercial Code, related to Assumed Contracts assigned to any Buyers or New Operators;

iii. all set-off rights to claims filed or asserted in the Bankruptcy Case to the extent necessary to defend against any Assumed Liabilities or Permitted Encumbrances;

iv. at the election of New Operators prior to Closing, any rights with respect to health care insurance policies for the benefit of Retained Employees that are designated as Assumed Contracts; and

v. all drawings, operating manuals, specifications, and assignable warranties, indemnities, bonds and guaranties issued in connection with the Personal Property, and all other intangible rights owned or held by Operators or Manager relating thereto.

c. Operators and Manager shall have no obligation to deliver the Supplies or other Personal Property to any location other than the Facility at which each item of Supplies and Personal Property is currently located, provided that Operators and Manager shall ensure that all Vehicles are delivered to New Operators, along with all keys and titles relating to the same, at the respective Facilities for which such Vehicles are used, and Operators and Manager shall cooperate with New Operators in having title to the Vehicles transferred to New Operators.

d. Notwithstanding anything to the contrary in this Agreement or the PSA, in no event shall the Operators, Manager, or Sellers be deemed to sell, transfer, assign or convey, and the Operators, Manager, and Sellers shall retain all of their respective rights, titles and interests to, in and under the following assets, properties, interests, and rights (collectively, the “Excluded Assets”):

i. all Rejected Contracts, as defined in Exhibit B;

ii. all Avoidance Actions other than any Avoidance Actions against (a) any counterparty to any Assumed Contracts, (b) any current or former resident or patient of the Facility, or (c) any Retained Employees;

iii. all cash and cash equivalents;

iv. all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums, and fees (including any such item relating to the payment of Taxes);

v. all claims, lawsuits and rights of action, including but not limited to commercial tort claims as defined by section 9-102 of the Uniform Commercial Code, except for any related to Assumed Contracts assigned to any Buyers or New Operators;

vi. all set-off rights to claims filed or asserted in the Bankruptcy Case; *provided, however*, New Operators shall be deemed to receive an assignment of any such set-off or recoupment rights to the extent necessary to defend against any Assumed Liabilities or Permitted Encumbrances;

vii. all insurance policies of Manager, Sellers, or Operators (other than any rights with respect to health care insurance policies for the benefit of employees if designated for assignment by New Operators), any prepaid insurance premiums and any rights or claims or proceeds arising from such policies;

viii. all accounts receivable of Manager, Operators, or Sellers;

ix. all limited liability organizational records, minute books, charter documents, record books, and stock transfer books pertaining to Manager or any Sellers or Operators, (ii) original Tax, accounting and financial records which pertain exclusively to the Excluded Assets, and (iii) such other files, books and records which pertain exclusively to the Excluded Assets or to the formation, existence, or capitalization of Manager or any Seller or Operator;

x. any payment received from any Governmental Authority related to any pandemic relief related to the periods before the Closing Date, payments made pursuant to the Coronavirus Aid, Relief and Economic Security Act, the Coronavirus Response and Consolidated Appropriations Act and the American Rescue Plan and any similar state or local legislation or program;

xi. the rights which accrue or will accrue to Manager, Sellers, or Operators under this Agreement and the Transaction Documents; and

xii. Employee Retention Tax Credit on qualified wages provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT), the Consolidated Appropriations Act, 2021 (CAA), and the American Rescue Plan Act (ARPA).

6. TRANSFER OF PATIENT TRUST FUNDS.

a. On the Closing Date or promptly thereafter, Operators and Manager shall provide to New Operators true, correct and complete accountings (properly reconciled) certified as being true, correct, and complete by Operators and Manager of any patient trust funds and an inventory of all residents' property held by Operators or Manager on the Closing Date for patients at the Facilities ("Patient Trust Funds and Property").

b. Operators and Manager hereby agree to transfer, or to cause to be transferred, to New Operators the Patient Trust Funds and Property on the Closing Date. Operators and Manager shall comply with all governmental statutes, rules and regulations with respect to the transfer of such Patient Trust Funds and Property. New Operators hereby agree that they will accept the Patient Trust Funds and Property in trust for the residents, in accordance with applicable statutory and regulatory requirements; provided, however, such transfers shall not relieve Operators or Manager of their custodial and fiduciary responsibilities for such funds and property to the beneficiaries thereof for the period prior to and on the Closing Date.

c. Operators and Manager will indemnify, defend and hold New Operators harmless from all liabilities, claims, demands and causes of action of any nature whatsoever, including reasonable attorneys' fees, in the event the amount of such funds, if any, transferred to New Operators did not represent the full amount of such funds delivered to Operators or Manager as custodian as of the Closing Date, or with respect to any Patient Trust Funds and Property delivered, or claimed to have been delivered, to an Operator or the Manager, but which were not delivered by Operators or Manager to New Operators, or for claims which arise from actions or omissions of Operators and/or Manager with respect to the Patient Trust Funds and Property prior to and on the Closing Date. This Section 6(c) shall survive Closing and any recovery by New Operators under this Section 6(c) shall be limited to the Indemnification Escrow as set forth in Section 16 herein.

7. REGULATORY APPROVALS; COST REPORTS; OVERPAYMENTS, CIVIL MONETARY PENALTIES.

a. Effective on the Closing Date, Operators and Manager shall sell, assign and convey to New Operators the Provider Agreements, to the extent legally assignable, in use at each Facility. Notwithstanding the foregoing, on the Closing Date, Operators and Manager shall have paid or cause to be paid the Known Pre-Closing CMS Liabilities and Pre-Closing Monetary Penalties and shall retain any and all rights and liabilities relating to the existing Provider Agreements relating to any and all periods preceding the Closing Date, and the Sale Order shall provide that the Purchased Assets are being sold free and clear of all such liabilities. Section 16 shall govern the New Operators' and Buyers' rights with respect to any Recoupment (as defined herein) that may be asserted following the Closing Date. Operators, Manager, and New Operators shall execute any and all documents necessary and will otherwise cooperate in connection with the assignment of the Provider Agreements. During the pendency of New Operators' CMS Form 855A, New Operators may bill Medicare under the relevant Operators' name and National Provider Identifier numbers ("NPI"), until each New Operator is issued a tie-in notice by CMS or the applicable fiscal intermediary acting on behalf of CMS. Notwithstanding the foregoing, New Operators shall be responsible for all rights and liabilities relating to the relevant existing NPI for the Facility operated by the relevant New Operator to the extent relating to any and all periods on or after the Closing Date. This Section 7 is intended to satisfy the requirements of Chapter Section 15.7.7.1.5 of the Medicare Program Integrity Manual.

b. New Operators shall also secure Medicaid provider numbers and Medicaid provider reimbursement agreements in their own names from the Department. Operators and Manager agree to cooperate with New Operators in the issuance of a new Medicaid provider agreement to each New Operator, including providing to New Operators or any Governmental Authority any information requested to effect the issuance to New Operators of new Medicaid provider numbers and Medicaid provider agreements. To the extent permitted by applicable law, New Operators may bill Medicaid under the relevant Operator's name for the relevant Facility and the relevant Operator's existing Medicaid provider number until each New Operator obtains a new Medicaid provider number and provider agreement in its own name. New Operators shall be responsible for all rights and liabilities relating to any existing Medicaid provider number relating to any and all periods on or after the Closing Date to the extent a New Operator is billing thereunder. Operators retain any and all rights and liabilities relating to the existing Medicaid provider numbers and Medicaid provider reimbursement agreements relating to the Facilities

(collectively, the “Medicaid Provider Agreements”) relating to any and all periods preceding the Closing Date. Section 16 herein shall govern the New Operators’ and Buyers’ rights with respect to any Recoupment (as defined herein) that may be asserted following the Closing Date. Notwithstanding anything to the contrary herein, no terms of the PSA, this OTA, the Sale Order, or any other Transaction Documents will require Buyers or New Operators to execute any application, agreement, or other document in favor of the Department or any other Governmental Authority that expressly or impliedly provides that Buyers or New Operators shall assume or have assumed any Claims, Encumbrances, or other liabilities of the Sellers or Operators except for Assumed Liabilities and Permitted Encumbrances.

c. Effective on the Closing Date, subject to applicable law, Operators and Manager shall, upon the request of New Operators and to the extent assignable, sell, assign and convey to New Operators all other third party payor agreements affecting each Facility. Notwithstanding the foregoing, the Operators retain any and all rights and liabilities relating to such third party payor agreements relating to any and all periods preceding the Closing Date, and the Sale Order shall provide that the Purchased Assets are being sold free and clear of all such liabilities. Operators, Manager, and New Operators shall execute any and all documents necessary and will otherwise cooperate in connection with the assignment of such third party payor agreement. New Operators may bill such third party payors under Operator’s name until it enters into a new agreement with such payors. New Operators shall be responsible for all rights and liabilities relating to any third party payor agreement assigned to it relating to any and all periods on or after the Closing Date. Section 16 herein shall govern the New Operators’ and Buyers’ rights with respect to any Recoupment (as defined in herein) that may be asserted following the Closing Date.

d. Operators or Manager shall prepare and file with the appropriate Medicare and Medicaid agencies their final cost reports in respect to operation of the Facilities as soon as practicable after the Closing Date, but in any event prior to the expiration of the period of time as may be required by law for the filing of each such final cost report under the applicable third party payor program, it being specifically understood and agreed that the intent and purpose of this provision is to ensure that the reimbursements paid to New Operators for the period beginning on the Closing Date is not delayed, reduced or offset in any manner as a result of Manager’s or any Operator’s failure to timely file such final cost reports.

e. Operators shall be and remain obligated for all amounts of any license fees/taxes or other amounts payable to any Governmental Authority with jurisdiction over the Facilities accrued through the Closing Date, including, but not limited, any state nursing home assessments fees owed to the Department, other than such taxes, assessments, or fees that are being contested in good faith or to be addressed in the Bankruptcy Cases. Operators and Manager shall provide to New Operators, on or before the Closing Date, evidence reasonably satisfactory to New Operators of the status of payment of all such fees, taxes, and nursing home assessment fees, and the Sale Order shall provide that the Purchased Assets are being sold free and clear of the same (except for Permitted Encumbrances and Assumed Liabilities).

f. Operators shall be liable and responsible for the correction of all violations cited by the Department or any Governmental Authority in any survey (“Survey”) prior to or on or after the Closing Date as detailed in the Statement of Deficiencies issued by any governmental agency (“Statement”), if any, accompanying said Survey, and all proposed or imposed remedies related

thereto. Operators shall be responsible for the payment of all fines and penalties imposed by any Governmental Authority arising in connection with any Survey or Statement occurring prior to the Closing Date or occurring thereafter to the extent related to the operations of any Facility prior to the Closing Date, and should Operators not satisfy such fines or penalties and New Operators must pay any such fines or penalties, then New Operators may recover the amount of any such payments from the Indemnification Escrow as provided in Section 16 herein. Manager and Operators shall assist, as appropriate, New Operators in establishing any plans of correction or other responses to be submitted by New Operators after the Closing Date for Surveys and Statements that relate to events or circumstances occurring prior to the Closing Date within the time allowed for such submissions. Except for fines and penalties that are the responsibility of Operators as set forth in this paragraph, New Operators shall be responsible for and bear all costs and expenses as a result of implementing such plans of correction or other submissions.

g. Operators and Manager shall deliver to New Operator copies of any Medicare and Medicaid cost reports for the Facility that have not been filed as of the Effective Date, for the New Operators' review, at least ten (10) days prior to filing of such reports, and provide New Operators with reasonable access to the underlying documentation for such reports.

h. Pennsylvania Nursing Facility Provider Assessment

i. New Operators shall not be responsible for any nursing home assessment fees (including interest and penalties, if applicable) due for a Facility to DHS for any period of time prior to the Closing Date ("Pre-Closing Date Assessment"), and the Sale Order shall expressly provide that the Purchased Assets are being sold free and clear of all Pre-Closing Date Assessments. Without limiting the foregoing, and for the avoidance of doubt, under no circumstance shall the Pre-Closing Date Assessments be a Permitted Encumbrance or Assumed Liability.

ii. New Operators shall only be responsible for nursing home assessments (including interest and penalties, if applicable) due for a Facility to DHS for any period of time on and after the Closing Date ("Post-Closing Date Assessment").

iii. Except as provided herein, each party shall be entitled to receive the "State Directed Payment" associated with claim submissions for services rendered by the applicable party and billed to the applicable CHC Managed Care Organization. For purposes of this Section 7, "State Directed Payment" (previously known as an "A4 Payment" or "Assessment Payment") means a payment made by the Medical Assistance Community HealthChoice plan to a nursing facility that is in addition to its per diem rate from the plan.

i. For the avoidance of doubt, this Section 7 shall survive Closing and nothing within this Section 7 shall be interpreted as requiring New Operators or Buyers to satisfy any Encumbrances or Claims against the Sellers or Operators, including, without limitation, any Pre-Closing Date Assessments with respect to the Facilities.

8. CONTRACTS; RESIDENT AGREEMENTS.

a. The assumption and assignment of the Assumed Contracts to the New Operators shall be governed by the terms of Exhibit B and the Bidding Procedures Order.

b. At Closing, (i) the Operators and Manager shall, pursuant to the Sale Order and to the extent assignable under Section 365 of the Bankruptcy Code, assume and assign to New Operators each of the Assumed Contracts (including, without limitation, the Provider Agreements and all existing Resident Agreements and any guarantees thereof with respect to the relevant Facility to be operated by the New Operator (excluding only the right to any payments for services provided by Operator in periods prior to the Closing Date)), and (ii) the New Operators shall pay promptly all Cure Costs (if any) in connection with such assumption and assignment (as agreed to among the various counterparties, New Operators and the Operators, or as determined by the Bankruptcy Court), and New Operators shall assume and perform and discharge the Assumed Liabilities (if any) under the Assumed Contracts pursuant to the General Assignment and the Sale Order, *provided, however, and for the avoidance of doubt*, (x) New Operators shall not assume or be liable for any liabilities or obligations under the Assumed Contracts arising on or before the Closing Date (other than Assumed Liabilities and Permitted Encumbrances), (y) nothing in this Section 8 or otherwise in this Agreement shall impose a liability on New Operators to satisfy any Known Pre-Closing CMS Liabilities or Pre-Closing Monetary Penalties (which shall be satisfied by Operators at or prior to Closing) or any other liabilities that are not Assumed Liabilities, and (z) to the extent New Operators must pay any refunds or return entrance fees or similar obligations under any CCRC related resident agreements, then New Operators may recover such amounts from the Indemnification Escrow as set forth in Section 16 herein.

c. For the avoidance of doubt, this Section 8 shall survive Closing.

9. NO ASSUMPTION OF LIABILITIES.

a. Other than (1) the Cure Costs to be paid by Buyers or New Operators as expressly provided herein, (2) any obligations arising after the Closing under any Assumed Contracts, (3) any unknown obligations that become known after the Closing under the Medicaid Provider Agreements unless the Bankruptcy Court enters a Final Order providing that Buyers and New Operators may acquire the Purchased Assets free and clear of such obligations under Section 363(f) of the Bankruptcy Code or other applicable law, (4) all of the Operators' obligations to employees included in the PTO Credit (as defined below), and (5) any other obligations specifically assumed by New Operators or Buyers in this Agreement or the PSA (collectively, the "Assumed Liabilities"),¹ New Operators and Buyers shall not assume and shall not be liable for any Claims or Encumbrances of or against the Operators, Sellers, Manager, or any of the Purchased Assets, including, but not limited to (collectively, the "Excluded Liabilities"): any (i) Claims or Encumbrances that accrue or arise prior to the Closing Date; (ii) liabilities or

¹ For the avoidance of doubt, nothing within this Agreement or the PSA shall be interpreted as providing that any New Operator or Buyer has assumed any liability that is not (a) directly related to the operations or assets of the relevant Facility that New Operator shall operate or Buyer shall own following Closing, or (b) expressly assumed pursuant to any assignment, bill of sale, deed, or other similar document at Closing.

obligations of the Sellers, Operators, or Manager to their creditors, shareholders, partners, members or owners, (iii) liabilities or obligations of the Sellers, Operators, or Manager with respect to any Contracts (other than with respect to the Assumed Contracts on and after the Closing Date), acts, events or transactions occurring prior to, on or after the Closing Date, (iv) liabilities or obligations of the Sellers, Operators, or Manager for any federal, state, county or local taxes applicable to or assessed against the Sellers, Operators or Manager or the assets or business of the Sellers, Operators, or Manager or the Purchased Assets, (v) any contingent liabilities or obligations of the Sellers, Operators or Manager, whether known or unknown by the Sellers, Operators, Manager, or New Operators, (vi) liabilities or obligations of the Sellers, Operators, or Manager relating to any of their respective employees, other than Retained Employees with respect to the period from and after the Closing Date, (vii) any entrance fee refund or reimbursement obligations other than any such obligations arising after the Closing under any Assumed Contract, including but not limited to life care contracts or contracts associated with the residents through the CCRC, or (viii) any other liabilities resulting from any act or failure to act by any Seller, Operator, or Manager before the Closing Date. For the avoidance of doubt, this paragraph shall not limit the terms of the Sale Order or the intent of the parties to have the sale and assignment to the Buyers and New Operators be free and clear of all liabilities of the Sellers, Operators, and Manager (other than Assumed Liabilities) to the fullest extent permitted by applicable law, including the Bankruptcy Code.

b. Operators shall not assume and shall not be liable for, any debts, liabilities or obligations of the New Operators including, but not limited to, any (i) expenses that accrue or arise on or after the Closing Date, (ii) liabilities or obligations of the New Operators to their creditors, shareholders, partners, members or owners, (iii) liabilities or obligations of the New Operators with respect to any Assumed Contracts accruing on and after the Closing Date, and any acts, events or transactions occurring on or after the Closing Date, (iv) liabilities or obligations of the New Operators for any federal, state, county or local taxes applicable to or assessed against the New Operators or the assets or businesses of the New Operators, (v) any contingent liabilities or obligations of the New Operators, whether known or unknown by the New Operators or Operators, or (vi) any other liabilities resulting from any act or failure to act by any New Operators on or after the Closing Date; *provided, for the avoidance of doubt*, nothing in this Section 9(b) shall be deemed to limit New Operators' or Buyers' rights to recover any amounts from the Indemnification Escrow as provided herein or in the PSA.

c. Except as specifically provided in this Agreement, (i) New Operators shall have no duty whatsoever to take any action or receive or make any payment or credit arising from or related to any services provided or costs arising from or related to any services provided or costs incurred in connection with the management and operation of the Facilities prior to the Closing Date, including, but not limited to, any matters relating to Contracts, cost reports, collections, audits, hearings, Surveys, Statements, or legal action arising therefrom, and (ii) Operators and Manager shall have no duty whatsoever to take any action or receive or make any payment or credit arising from or related to any services provided or costs arising from or related to any services provided or costs incurred in connection with the management and operation of the Facilities on or after the Closing Date, including, but not limited to, any matters relating to cost reports, collections, audits, hearings, or legal action arising therefrom.

d. Without limiting the foregoing, the parties intend that, to the fullest extent permitted by law (including under Section 363 of the Bankruptcy Code), upon the Closing, New Operators and Buyers shall not be deemed to: (i) be the successors of the Operators, Manager, or Sellers, (ii) have, de facto, or otherwise, merged with or into the Operators, Manager, or Sellers, (iii) be mere continuations or substantial continuations of the Operators, Manager, or Sellers or the business, enterprise(s), or operations of the Operators, Manager, or Sellers or (iv) be liable for any acts or omissions of the Operators, Manager, or Sellers in the conduct of their business or arising under or related to the Facilities or any other Purchased Assets other than the Assumed Liabilities. Without limiting the foregoing, the parties intend that New Operators and Buyers shall not be liable for any Claims or Encumbrance (other than Assumed Liabilities and Permitted Encumbrances) against Manager, Operators, Sellers, or any of the Manager's, Operators', or Sellers' predecessors or affiliates, and New Operators and Buyers shall have no successor or vicarious liability of any kind or character, whether known or unknown, as of the Closing Date, including, without limitation, any liabilities for nursing assessments owed by Manager, Operators, or Sellers to the Department, any liabilities owed by Manager, Operators, or Sellers to the Department of Labor, and any taxes of any kind whether now existing or hereafter arising, or whether fixed or contingent, with respect to the Facilities or other Purchased Assets, or any liabilities of Manager, Operators, or Sellers arising prior to the Closing Date. The parties agree that provisions substantially in the form of this Section 9, as well as any other provisions requested by New Operators or Buyers to ensure "free and clear" transfer of the Purchased Assets (other than Permitted Encumbrances and Assumed Liabilities), shall be reflected in the Sale Order.

e. Notwithstanding anything to the contrary herein or in the PSA, in the event that (i) New Operators or Buyers must engage legal counsel or incur any other costs or expenses to enforce the terms of the Sale Order against any third party asserting any type of Claim or Encumbrance against New Operators, Buyers, or the Purchased Assets that is not an Assumed Liability or Permitted Encumbrance, or (ii) a Governmental Authority determines pursuant to a Final Order that New Operators, Buyers, or the Purchased Assets are liable for any type of Claim or Encumbrance against New Operators, Buyers or the Purchased Assets that is not an Assumed Liability or Permitted Encumbrance, then then New Operators and Buyers may recover the amount of any losses, liabilities, or damages resulting from the same, including, without limitation, costs and fees for legal counsel and related expenses, from the Indemnification Escrow as provided in Section 16.

f. For the avoidance of doubt, this Section 9 shall survive Closing.

10. ACCOUNTS RECEIVABLE; ACCOUNTS PAYABLE.

a. Operators shall retain all right, title and interest in and to all unpaid accounts' receivable with respect to the operations of the Facilities that relate to all periods prior to the Closing Date (collectively, the "Current Operators Accounts Receivable"). The Current Operators Accounts Receivable shall be set forth in an estimated schedule provided by Operators to New Operators on the Closing Date and then updated sixty (60) days after the Closing Date. Operators, or their affiliates or assigns will have sole responsibility for pursuing collection of all Medicare, Medicaid and other reimbursement claims for services at the Facilities for periods before the Closing Date. Operators shall engage sufficient personnel to bill and collect Operators' accounts receivable using Operators' legacy billing system, which Operators shall maintain as

required to bill and collect their accounts receivable hereunder. New Operators shall allow Operators reasonable access to the Facilities to accomplish these tasks.

b. Payments received by Operators or New Operators after the Closing Date with respect to the Facilities from or on account of third party payors, such as the Medicare program, the Medicaid program, the Veteran's Administration, or managed care companies or health maintenance organizations, or residents and applicable guarantors shall be handled as follows:

i. if the accompanying remittance advice indicates, or if the parties otherwise agree, that the payments relate solely to services provided prior to the Closing Date, (A) in the event that such payments are received by New Operators, New Operators shall promptly remit such payments to Operators not later than ten (10) days after such payment is received by New Operators, and until so forwarded, New Operators shall hold such payments in trust for the benefit of Operators, and (B) in the event that such payments are received by Operators, Operators shall retain such payments;

ii. if the accompanying remittance advice indicates, or if the parties otherwise agree, that the payments relate solely to services provided from and after the Closing Date, (A) in the event that such payments are received by New Operators, New Operators shall retain the payments, and (B) in the event that such payments are received by Operators or Manager, Operators or Manager shall promptly remit such payments to New Operators not later than ten (10) days after such payment is received by Operators or Manager, and until so forwarded, Operators or Manager shall hold such payments in trust for the benefit of New Operators;

iii. if the accompanying remittance advice indicates, or if the parties otherwise agree, that the payments relate to services provided both prior to and after the Closing Date, (A) in the event that such payments are received by New Operators, New Operators shall promptly following receipt of such payment (but in any event, not later than ten (10) days after such payment is received by New Operators) forward to Operators the amount of such payment relating to services provided prior to the Closing Date, and until so forwarded, New Operators shall hold such payments in trust for the benefit of Operators, and (B) in the event that such payments are received by Operators or Manager, Operators or Manager shall promptly following receipt of such payment (but in any event, not later than ten (10) days after such payment is received by Operators or Manager) forward to New Operators the amount of such payment relating to services provided from and after the Closing Date and until so forwarded, Operators or Manager shall hold such payments in trust for the benefit of New Operators and such transfer shall include documented reasoning for the amount of the payment based upon the services rendered before or after the Closing Date; and

iv. if the accompanying remittance advice does not indicate the period to which a payment relates or if there is no accompanying remittance advice and if the parties cannot determine the period to which a payment relates after reasonable inquiry and diligence and the parties do not otherwise agree as to how to apply such payment, then, any such payments received during the sixty (60) days after the Closing Date (provided that such period shall be extended to ninety (90) days with respect to private pay patients) shall be

first applied against any Current Operators Accounts Receivable due from such payor, with the excess, if any to be applied against accounts receivable related to periods from and after the Closing Date and retained by New Operators or remitted to New Operators; and any such payments received following the first sixty (60) days after the Closing Date (provided that such period shall be extended to ninety (90) days with respect to private pay patients) shall be first applied against accounts receivable related to periods on and following the Closing Date and retained by New Operators or remitted to New Operators, with excess if any to be applied against any Current Operators Accounts Receivable for such payor, if any. Notwithstanding the foregoing, New Operators hereby acknowledge and agree that pre-Closing Date accounts receivable balances are the property of Operators and Operators reserve the right to continue to directly pursue the collection of such pre-Closing Date accounts receivable balances.

c. New Operators and Operators (or Manager on behalf of Operators) shall send copies of all Medicare and Medicaid remittance advices to the other party for purposes of recording and pursuing accounts receivable for the period of twelve (12) months following the Closing Date and thereafter as reasonably requested by any party. Any such remittances pursuant to Section 10(b) shall occur within ten (10) days from the date the party required to make such remittance receives payment thereof.

d. To the extent any party receives any payments for accounts receivable of any other party, the parties acknowledge that the party receiving the payment belonging to the other party shall hold the payment in trust, that no party shall have any right to offset with respect to such accounts receivable, and that the party erroneously receiving the payment shall have no right, title or interest whatsoever in the payment and shall remit the same to the other within ten (10) business days of receipt.

e. Nothing herein shall be deemed to limit in any way any party's rights and remedies to recover accounts receivable due and owing to it in respect of services rendered at the Facilities or under the terms of this Agreement.

f. If the parties mutually determine that any payment hereunder was misapplied by the parties, the party that erroneously received said payment shall remit the same to the other within ten (10) business days after said determination is made.

g. Until the earlier to occur of (i) the date that Operators receive payment of all Current Operators Accounts Receivable, or (ii) twelve (12) months after the Transfer Date, New Operators shall provide Operators with a monthly accounting setting forth all amounts received by New Operators during the preceding month with respect to the Current Operators Accounts Receivable. New Operators shall deliver such accounting to the following addresses: Louis E. Robichaux, IV, louis.robichaux@ankura.com, Matt Tyler, matthew.tyler@cibc.com; and Liz Boydston, lboydston@gutnicki.com.

h. All accounts payable for services provided or goods furnished for or at the Facilities prior to the Closing Date, notwithstanding whether such accounts payable were incurred in the name of Operators or Manager, shall remain the sole responsibility and obligation of Operators. All accounts payable for services provided or goods furnished for or at the Facilities

on or after the Closing Date, notwithstanding whether such accounts payable were incurred in the name of New Operators (except with respect to Rejected Contracts or Excluded Liabilities), shall be the sole responsibility and obligation of New Operators. To the extent accounts payable have accrued for a period that includes time both before and after the Closing Date, the parties hereto shall equitably apportion the responsibility for payment of the same. The parties hereto hereby agree to cooperate with each other and to notify the merchants, suppliers or other third parties with respect to which Operators or New Operators bear responsibility for accounts payable of the Facilities based on the foregoing clauses of this Section 10(h).

i. For the avoidance of doubt, this Section 10 shall survive Closing and should any Operators or Manager fail to timely remit any payment due to New Operators pursuant to this Section 10, then New Operators may recover such amount from the Indemnification Escrow as provided for in Section 16.

11. EMPLOYEES.

a. Operators and Manager shall terminate the employment of all employees providing services at the Facilities, a listing of which is attached hereto as Schedule 11(a) (such listing, to include the current base salaries of all such employees) (the “Current Employees”), effective as of the Closing Date. Operators and Manager shall be responsible for any “Continuation Coverage” (as that term is defined by COBRA Section 4980B of the tax code and Section 601, *et seq.* of ERISA) for any employees of Operators or Manager terminated at any time prior to or on the Closing Date who does not become a Retained Employee (as defined below). New Operators shall not be bound by or assume any employment contracts to which Operators or Manager may be a party. Except in the ordinary course of business consistent with past practice, Operators and Manager shall not make any material changes in the compensation or benefits of the employees at the Facilities prior to the Closing Date.

b. New Operators shall determine, in their sole discretion, which of the Current Employees, but not less than the amount needed to comply with the WARN Act, shall be offered employment with New Operators pursuant to employment terms acceptable to New Operator (those Current Employees who accept and report for work for New Operator after the Closing, the “Retained Employees”). New Operators shall comply with the WARN Act. Nothing in this paragraph, however, shall create any right in favor of any person not a party hereto, including without limitation, the Current Employees, or constitute an employment agreement or condition of employment for any employee of Operator or Manager or any affiliate of Operator or Manager who is a Current or Retained Employee. The Retained Employees would be hired as at-will employees with no guarantee of future employment.

c. Buyers shall be paid at Closing or receive a credit (the “PTO Credit”) against the Purchase Price (as defined in the PSA) in an amount equal to 90% of any and all vested and earned and unused paid time off, personal leave or vacation time, holiday pay, sick leave, together with any payroll taxes (collectively, the “Accrued Employee Vacation and Leave”), which shall be set forth on Schedule 11(c) attached hereto prior to Closing, subject to the following post-Closing adjustment. New Operator shall not be liable on account of any and all other liabilities and obligations with regard to any of the Current Employees (other than Retained Employees accruing on and after the Closing Date). In the event that New Operators discover after the Closing Date

that the Operators' actual Accrued Employee Vacation and Leave exceeded the PTO Credit at Closing, then New Operators may recover an amount equal to any such deficiencies from the Indemnification Escrow as provided in Section 16.

d. New Operators and Operators agree and acknowledge that the employees at the Facility provide valuable services that are crucial for the success of the Facilities, and New Operators' decision to serve as licensed operator of the Facilities is based upon the skills and qualifications of such employees. As such, during the period commencing the date hereof until the Closing, Operators and Manager shall not transfer any employee of the Facilities to any other healthcare facility or business operated by any Operator Party (defined below). Further, no person or entity that either directly or indirectly controls, or was under common control with or is or was otherwise affiliated with Operators or Manager (any of the foregoing, an "Operator Party") shall, during the twenty four (24) months following Closing, hire or solicit for employment any management level Retained Employee. The parties also agree that advertisements available to the general public, such as through website job postings and newspaper, Internet and trade journals shall not constitute solicitation for purposes of this Section 11(d).

e. For the avoidance of doubt, this Section 11 shall survive Closing.

12. EMPLOYMENT RECORDS. To the extent permitted by applicable law and authorized by the applicable employee, Operators and Manager shall deliver to New Operators, prior to the Closing Date, either the originals or full and complete copies of all employee records for all Retained Employees in their possession (including, without limitation, all employee employment applications, W-4's, I-9's and any disciplinary reports) (collectively, the "Employee Records"). Operators and Manager represent and warrant to New Operators that the Employee Records delivered to New Operators represent all employee records in the Operators' possession or control as of the Closing Date with regard to the Retained Employees.

13. ACCESS TO RECORDS.

a. On the Closing Date, Operators and Manager shall deliver to New Operators all of the records of the Facilities, including patient medical and financial records, provided, however, that nothing herein shall be construed as precluding Operators or Manager from removing from the Facilities on the Closing Date their respective corporate financial records which relate to operations at the Facilities or to their overall corporate operations.

b. Subsequent to the Closing Date, New Operators shall allow Operators and their agents and representatives to have reasonable access to (upon reasonable prior notice and during normal business hours), and to make copies of, the books and records and supporting material of the Facilities relating to the period prior to and including the Closing Date, at their own expense, to the extent reasonably necessary to enable Operators to investigate and defend malpractice, employee or other claims, to file or defend cost reports and tax returns or any other government agency actions or notices.

c. Operators shall, if allowed by applicable law and subject to the terms of such applicable law, be entitled to copy any records delivered to New Operators, for purposes of litigation involving a resident or employee to whom such record relates, as certified to New

Operator in writing prior to removal by an officer of or counsel for Operators in connection with such threatened or actual litigation.

d. New Operators agree to maintain such books, records and other material comprising records of the Facilities' operations prior to the Closing Date that have been received by New Operators from Operators or otherwise, including resident and patient records and records of resident and patient funds, to the extent required by law.

14. USE OF TELEPHONE NUMBER. New Operators may use the present telephone numbers of the Facilities. Any transfer of the telephone numbers used by the Facilities shall be at Operators' expense.

15. POLICY AND PROCEDURE MANUALS. Operators and Manager agree to leave their policy and procedure manuals at the Facilities and to transfer all of their right, title and interest in and to such policy and procedure manuals to New Operators.

16. INDEMNIFICATION.

a. At Closing, the sum of \$3,000,000.00 from the Purchase Price shall remain with the Escrow Agent (as defined in the PSA) for a period of up to twenty-four (24) months after the Closing (the "Indemnification Escrow") for purposes of reimbursing the Buyers and New Operators for any Recoupment (as defined herein) or any Indemnification Claims (as defined herein), which Indemnification Escrow shall be governed by the terms and conditions set forth in an Indemnity Claims Escrow Agreement to be executed on or before Closing by and among Buyers, Sellers, Operators, New Operators, and the Escrow Agent in substantially the same form as attached hereto as Exhibit E (the "Indemnity Claims Escrow Agreement").

b. Operators acknowledge and agree that (a) the Operators receive payments for services to residents from third parties pursuant to their respective Provider Agreements, NPIs, Medicaid Provider Agreements and other third party payor agreements, which third party payors have contract provisions and/or statutory rights that permit them to recoup, clawback or recapture payments previously made to the Operators if it is later determined that the third party payors have overpaid the Operators, and (b) the Operators are required to file final cost reports with all applicable state and federal agencies in accordance with applicable law, and there are penalties associated with the failure to do so. For purposes of this Agreement, the PSA and the Indemnification Claims Escrow Agreement, "Recoupment" shall mean such determination by Medicare, Medicaid, any fiscal intermediary, or any federal or state Governmental Authority that any amounts paid to Sellers or Operators by Medicare, Medicaid, any fiscal intermediary, or any Governmental Authority for any services provided at a Facility prior to the Closing (including, but not limited to, any amounts paid to Sellers or Operators under the Provider Agreements or Medicaid Provider Agreements) resulted in an overpayment, or other determination by Medicare, Medicaid, any fiscal intermediary, or any Governmental Authority that funds previously paid by Medicare, Medicaid, any fiscal intermediary, or any Governmental Authority to the Sellers or Operators must be repaid, which determination results in (i) an offset against amounts owed to Buyers or New Operators, or (ii) any penalty, sanction or repayment obligations being assessed against Buyers or New Operators.

c. For purposes of this Agreement, the PSA, and the Indemnification Claims Escrow Agreement, the term “Indemnification Claims” shall mean any claim, demand, cause of action, or loss which is expressly indemnified against by Sellers or Operators or otherwise recoverable from the Indemnification Escrow under this Agreement or the PSA, but excluding claims for Recoupment.

d. Any dispute as to whether a Recoupment or Indemnification Claim is recoverable from the Indemnification Escrow shall be resolved pursuant to the terms set forth in the Indemnification Claims Escrow Agreement and, if no resolution is reached, such dispute shall be resolved in the Bankruptcy Court.

e. This Section 16 and the Indemnification Claims Escrow Agreement shall be effective from and after the Closing but not following the termination of this Agreement. Each party hereby waives any provision of law to the extent that it would limit or restrict the agreement contained in this Section 16 or the Indemnification Claims Escrow Agreement.

f. Sellers’, Operators’, and Manager’s maximum liability under this Section 16 and Section 3.5 of the PSA shall not exceed the Indemnification Escrow and the Buyers’ and New Operators’ sole recourse as against Sellers and Operators shall be to the Indemnification Escrow pursuant to the terms herein and the Indemnification Claims Escrow Agreement.

17. REPRESENTATIONS AND WARRANTIES OF NEW OPERATORS. As an inducement to Operators to enter into this Agreement, New Operators covenant and make the following representations and warranties set forth below, which are true and correct as of the date hereof and which shall be true and correct on the Closing Date:

a. Organization and Authority. New Operators are a limited liability companies, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. As of the Closing Date, New Operators will have all necessary power and authority to enter into this Agreement and to execute all documents and instruments referred to herein or contemplated hereby and all necessary action has been taken to authorize the individual executing this Agreement to do so. This Agreement has been duly and validly executed and delivered by New Operators and, upon approval by the Bankruptcy Court, is enforceable against New Operators in accordance with its terms.

b. No Violations. Neither the execution and delivery of this Agreement, nor any agreement referred to or contemplated hereby, by New Operators will:

i. violate any provision of their respective Certificates of Formation or Operating Agreements; or

ii. be in conflict with or constitute a default or create a right of termination or cancellation under any agreement or commitment to which any New Operator is a party.

c. No Consent Required. Other than the Sale Order, no consent, order, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority is required in connection with the execution or delivery by New Operators of this Agreement, or the performance by New Operators of this Agreement, except (i) such consents,

certifications or licenses from the Department, CMS or any other Governmental Authority with jurisdiction over the Facilities as necessary to permit New Operators to operate the Facilities from and after the Closing Date, and (ii) if applicable, such other consents or licenses required to operate a skilled care nursing home, continuing care retirement community and/or personal care home, as applicable, in Pennsylvania.

d. Approvals. To the knowledge of New Operators, no fact, issue, concern or other matter, either past or present, exists that would materially adversely affect New Operators' ability to obtain the License Certification.

e. Accuracy of Representations and Warranties of New Operators. No representation or warranty by or on behalf of New Operators contained in this Agreement and no statement by or on behalf of New Operators in any certificate, list, exhibit, schedule or other instrument furnished or to be furnished to Operators by or on behalf of New Operators pursuant hereto contain any untrue statement of material fact, or omit or will omit to state any facts which are necessary in order to make the statements contained therein, in light of the circumstances under which they are made, not misleading.

18. REPRESENTATIONS AND WARRANTIES OF OPERATORS AND MANAGER.

As an inducement to New Operators to enter into this Agreement, Operators and Manager covenant and make the following representations and warranties:

a. Organization and Authority. Operators and Manager are limited liability companies, duly organized, validly existing under the laws of their respective jurisdiction of organization. Operators and Manager are qualified to do business in the Commonwealth of Pennsylvania. Upon approval by the Bankruptcy Court, Operators and Manager have all necessary power and authority to enter into this Agreement and to execute all documents and instruments referred to herein or contemplated hereby and all necessary action has been taken to authorize the individual executing this Agreement to do so. This Agreement has been duly and validly executed and delivered by Operators and Manager and, upon approval of the Bankruptcy Court, is enforceable against Operators and Manager in accordance with its terms.

b. No Violations. To Operators' and Manager's knowledge, neither the execution and delivery of this Agreement, nor any agreement referred to or contemplated hereby, by Operators or Manager will:

i. violate any provision of their respective Certificates of Formation or Operating Agreements;

ii. be in conflict with or constitute a default or create a right of termination or cancellation under any agreement or commitment to which any Operators or Manager are a party or which pertain to the Facilities; or

iii. result in the creation or imposition of any security interest, lien, or other encumbrance upon any of the assets of Operators or Sellers.

c. No Consent Required. Other than the Sale Order, no consent, order, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory

authority is required in connection with the execution or delivery by Operators or Manager of this Agreement, or the performance by Operators or Manager of this Agreement, except (i) such consents, certifications or licenses from the Department, CMS or any other governmental agency with jurisdiction over the Facilities as necessary to permit New Operators to operate the Facilities from and after the Closing Date; and (ii) if applicable, such other consents or licenses required to operate a skilled care nursing home, continuing care retirement community and/or personal care home, as applicable, in Pennsylvania.

d. Litigation. Except as set forth on Schedule 18(d), there are no pending, nor, to Operators' or Manager's knowledge, threatened claims, lawsuits, governmental actions or other proceedings, including without limitation, any desk audit or full audit described below, involving the Operators, the Manager, the Facilities or the operation thereof before any court, agency or other judicial, administrative or other governmental body or arbitrator.

e. Overpayments. Except as set forth on Schedule 18(e), there are no pending, nor, to Operators' or Manager's knowledge, threatened claims, demands or other notices of or action alleging the overpayment of Medicaid, Medicare or other governmental or quasi-governmental reimbursements or demanding the return of such alleged overpayments by any third party payor, nor are Operators or Manager aware of any grounds for such a claim or demand.

f. Audits. Operators and Manager agree to fully cooperate with New Operators in connection with any desk audit or full audit by CMS, the Department or other applicable Governmental Authority in connection with the desk audit or full audit of any Medicaid or Medicare cost reports filed by Operators or Manager, including but not limited to providing New Operators with any and all necessary documentation, supporting schedules and personnel in their possession in order to properly support the dollar figures and classifications/characterizations contained in Operators' cost reports so that New Operators' Medicaid or Medicare reimbursements are maximized.

g. Status of Licensure and Certification. Each of the Operators currently hold long-term care nursing facility licenses, continuing care retirement community licenses and/or personal care home licenses, as applicable, issued by DOH, PID or DHS, as applicable, for the number of beds set forth on Exhibit A hereto. All said licenses are and shall through the Closing Date be unrestricted, unconditional, in good standing and in full force and effect and subject to no waivers or limitations. There are at each Facility a number of beds equal to the maximum bed capacity as permitted under such Facility's licenses. There are no pending actions or claims or to Operators' or Manager's knowledge, any threatened actions or Claims, which, if adversely determined, could materially and adversely affect such licenses. Operators and Manager have not received any written notice from the Department, CMS or any other Governmental Authority requiring the correction of any condition with respect to such license or any Medicare or Medicaid certification which has not been the subject of a plan of correction for which compliance has been affected or will be corrected in the ordinary course of the state's survey process and Operators and Manager have no reason to believe that the good standing of any such license or certification is in jeopardy. Operators and Manager represent that the Facilities which are taxed at the CCRC rate under the Nursing Home Provider Assessment program satisfy and are in compliance with the conditions required to qualify for taxation under the CCRC rate. Operators and Manager have not received any written notice from the Department, or any other Governmental Authority or quasi-

governmental organization of any life safety code or similar violations, nor do Operators or Manager have any reason to believe that any condition exists at the Property or Facilities that would violate any life safety codes or any similar regulations. The Facilities and Property are, and shall on the Closing Date be, certified for participation in the Medicaid and Medicare reimbursement programs and such certification is in full force and effect and in good standing and subject to no restrictions or limitations. There are no pending actions or claims or, to the best of Operators' and Manager's knowledge, any threatened actions or claims, which, if adversely determined, could materially and adversely affect such certifications. Operators and Manager shall promptly comply with any violation notices concerning the Facilities received after the date hereof and before the Closing Date to the extent that any such notice requires compliance activities. In addition to, and not in any manner limiting the generality of, except as set forth in Schedule 18(g), Operators and Manager have not received any of the following with respect to the Facilities which remain unresolved:

- i. A notice of violations with a scope and severity level of "F" or higher;
- ii. A notice of termination of any of the licenses issued by the Department to operate any of the Facilities as a skilled nursing facility, continuing care retirement community and/or personal care home, as applicable;
- iii. A notice of termination of any certification issued by the Department or CMS of any of the Facilities to participate in the Medicare and/or Medicaid reimbursement programs;
- iv. A notice that any Facility is not in substantial compliance with the requirements for participation in the Medicare and/or Medicaid reimbursement programs;
- v. A notice of a material Life Safety Code deficiency cited by CMS, the Department, or state or local building, fire safety or health authorities that have not been corrected as of the date hereof; and
- vi. A notice of imposition of civil monetary penalties or other intermediate sanctions in accordance with 42 CFR § 488.430 *et seq.*

h. Cost Reports; Audits. Operators or Manager have filed, or will file, within the appropriate reporting period and with the appropriate authority, all cost reports required to be filed pursuant to Titles XVIII and XIX of the Social Security Act prior to the date hereof with respect to the Facilities. All such reports have been or will be prepared in all material respects in accordance with all applicable laws, rules and regulations. Operators have been audited by the Medicaid program for all fiscal periods described in Schedule 18(h) and the status of the pending Medicare and Medicaid audits are described in said Schedule 18(h).

- i. Compliance with applicable laws. Except as set forth in Schedule 18(g):

- i. To their knowledge, Operators and Manager are in compliance (without waivers) and as of the Closing Date will be in compliance (without waivers), in all material respects, with all applicable municipal, county, state and federal laws, regulations, ordinances, standards and orders, including without limitation, all health, building, fire and

zoning ordinances and life safety codes and the Americans with Disabilities Act, as the same may be amended; provided, that Operators and Manager make no representation as to the physical condition of the Real Property (as defined in the PSA).

ii. To Operators' and Manager's knowledge, the Facilities and Property have been and are presently used and operated in compliance in all material respects with, and in no material way violate any applicable statute, law, regulation, rule, licensing requirement, ordinance, order or permit of any kind whatsoever affecting the Facilities and Property or any part thereof, including without limitation, any laws governing skilled nursing facilities, continuing care retirement community and/or personal care home, Environmental Laws, and any rules or regulations promulgated thereunder, as well as any thereof relating to wages, hours, hiring, promotions, retirement, working conditions, nondiscrimination, health, safety, pensions and employee benefits; provided, that Operators makes no representation as to the physical condition of the Real Property except as it relates to compliance with applicable laws.

iii. To Operators' and Manager's knowledge, all billing practices of Operators and Manager to all third party payors, including the Medicare and Medicaid programs and private insurance companies, have been in compliance in all material respects with all applicable laws, regulations and policies of such third party payors and the Medicaid and Medicare programs.

j. Life Care Contracts. To Operators' and Manager's knowledge, other than as set forth on Schedule 18(j), the Facilities and Operators are not parties to any life care contract with respect to any resident of the Facilities.

k. Personal Property and Residents. Unless specifically permitted pursuant to the terms of this Agreement, Operators and Manager shall not remove any items of personal property from the Facilities (unless replaced with property of equal or similar value) nor shall they transfer residents from the Facilities to a skilled care nursing home facility, continuing care retirement community, personal care home, or similar facility owned or operated by an entity which is owned in whole or in part, directly or indirectly, by the principals of Manager, Sellers, and/or Operators. To Operators' and Manager's knowledge, the information set forth in the admission agreements and patient rolls pertaining to residents of the Facilities are true and correct in all material respects as of the respective dates of such admission agreements and patient rolls, and there are no patient care agreements with respect to any resident of the Facilities which differ materially from the standard forms used at the Facilities.

l. Personal Needs Allowance. To their knowledge, Operators and Manager are currently in material compliance with all state and federal regulations relating to maintaining and accounting for the personal needs allowance ("PNA") for residents who request the establishment of a PNA account. Except as set forth in Schedule 18(l), Operators and Manager have no knowledge of and have not received any notice from any Governmental Authority citing or alleging any violation by Operators or the Facilities of any state or federal PNA regulations.

m. Furniture. Sellers, Operators, or Manager own all beds and furnishings at the Facilities that will be sold to New Operators or Buyers pursuant to this OTA and the PSA, except for those items set forth on Schedule 18(m).

n. Supplies. The Supplies have been purchased by Operators or Manager and are owned by Operators or Manager and shall be transferred pursuant to the Sale Order to New Operators free and clear of Claims and Encumbrances of all other parties. Such supplies and linens are sufficient in quantity for the proper conduct and operation of the Facilities as skilled care nursing home facilities, continuing care retirement communities and/or personal care homes, as applicable, for at least that number of residents residing at the Facilities as of the Closing Date in substantial compliance with all applicable laws, including, without limitation, the minimum standards of the Department or any other governmental agency and in an amount sufficient to last not less than five (5) days.

o. Operators' Accrued Employee Vacation and Leave. Schedule 11(c) is a complete and accurate list of Operators' Accrued Employee Vacation and Leave, and except as provided in Schedule 11(c), as of the Closing Date, Operators and Manager have no outstanding obligations with respect to vacation and holiday pay to any of the Retained Employees.

p. Labor Unions. Except as set forth in Schedule 18(p), Operators and Manager are not parties to any collective bargaining agreement with any labor union or similar organization, nor do Operators or Manager know of any such organization which represents or claims to represent any of Operators' or Manager's employees or intends to organize any of Operators' or Manager's employees.

q. Multi-Employer Plans. Except as provided in Schedule 18(q), Operators and Manager do not, and are not required to, contribute (and have not ever contributed or been required to contribute) to any multi-employer plan, as defined in Section 3(37) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") with respect to the Current Employees.

r. Employee Benefit Plans. Except as provided in Schedule 18(r):

i. Operators and Manager do not maintain or contribute to any non-qualified deferred compensation or retirement plans, contracts or arrangements;

ii. Operators and Manager do not maintain or contribute to any qualified defined contribution plans (as defined in Section 3(34) of ERISA, or Section 414(i) of the Internal Revenue Code of 1986, as amended (the "Code"));

iii. Operators and Manager do not maintain or contribute to any qualified defined benefit plans (as defined in Section 3(35) of ERISA or Section 414(j) of the Code);

iv. Operators and Manager do not maintain or contribute to any employee welfare benefit plans (as defined in Section 3(1) of ERISA); and

v. Operators and Manager have not entered into, nor have Operators or Manager established or maintained, any change-in-control or severance agreements or plans.

s. Environmental Condition. To Operators' and Manager's knowledge, Operators and Manager have not generated, stored or disposed of any Hazardous Substances on the Facilities or the Property, except in such quantities that is customary in the operation of a skilled care facility, continuing care retirement community and/or personal care home, as applicable, and in all events in compliance in all material respects with all Environmental Laws.

t. Status of Residents. To Operators' and Manager's knowledge, all of the residents at the Facilities have full legal status as citizens of the United States of America.

u. Taxes. Except as set forth in Schedule 18(u), to Operator's and Manager's knowledge, Operators have timely filed all tax returns and reports required by law to have been filed by them and have paid all taxes and governmental charges due and payable with respect to such returns, other than such taxes being contested in good faith or such taxes that will be addressed in the Bankruptcy Cases.

v. Insurability. To their knowledge, Operators and Manager have not received any written notice or request from any insurance company or underwriters setting forth any defects in the Property or Facilities which might affect the insurability thereof, requesting the performance of any work or alteration of the Property or Facilities or setting forth any defect or inadequacy in Operators' or Manager's operation of the Property or Facilities which would materially and adversely affect the ability of New Operators to insure the Property or Facilities following Closing.

w. Financial Statements. Operators or Manager will provide profit and loss statements for the annual periods ending December 31, 2022 and December 31, 2023 (such unaudited financial statements being herein called "Operator Financial Statements"). To the knowledge of Operators and Manager, the Operator Financial Statements are materially true, complete and accurate, have been based upon the information contained in the books and records of Operators or Manager and present fairly the assets, liabilities and financial condition of Operators as at the respective dates thereof and the results of its operations for the periods ended at the respective dates thereof.

x. Vehicles. Operators own and have good and marketable title to the Vehicles which will be sold and conveyed to New Operators as part of the Purchased Assets, and the Vehicles are not subject to any lien, security interest, lease, or other Encumbrance.

All references in this Agreement to "Operators' knowledge", "the knowledge of Operators", "Manager's knowledge", "the knowledge of Manager", or words of similar import shall refer only to the actual knowledge of Michael Neufeld ("Designated Representative"), without independent investigation or inquiry. Operators and Manager represent and warrant that the Designated Representative is the director of finance of Manager, and that the Designated Representative is regularly involved in the asset management of the Facilities and the day to day

affairs of the Operators. There shall be no personal liability on the part of the Designated Representative arising out of any representations or warranties made herein.

The representations and warranties contained in this Section 18 shall be true and complete on the Effective Date and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date. Additionally, the representations and warranties contained in this Section 18 shall not be deemed to have merged with the Deeds or other Transaction Documents, and will survive Closing for a period commencing on the Closing Date and ending on the date that is nine (9) months following the Closing Date (the “Survival Period”). In the event that New Operators discover during the Survival Period that Operators or Manager were in breach of any material representation or warranty contained in this Section 18 as of the Closing Date (except for any breach disclosed a Bring Down Certificate (as defined in the PSA)), New Operators shall be entitled to reimbursement from the Indemnification Escrow in accordance with Section 16 for any and all losses, liabilities, damages, costs and expenses (including reasonable attorneys’ fees and disbursements) incurred by New Operators arising out of, resulting from, relating to, or in any manner connected with such breach.

19. NO JOINT VENTURE. Nothing contained herein shall be construed as forming a joint venture or partnership between the parties hereto with respect to the subject matter hereof. The parties hereto do not intend that any third party shall have any rights under this Agreement.

20. EXHIBITS AND SCHEDULES. If any exhibits or schedules are not attached hereto, the parties hereto agree to attach such exhibits and schedules as soon as reasonably practicable but in any event prior to ten (10) days before the Bid Deadline. The parties hereto agree that the party charged with providing an exhibit or schedule to this Agreement shall, to the extent necessary after delivery thereof, amend or supplement all exhibits and schedules in order for the same to be current, true and correct as of the Closing Date. The inclusion of all supplements to the exhibits and schedules pursuant to this Section shall be subject to New Operators approving, in their reasonable judgment, all such exhibits and schedules within seven (7) days of submission thereof to New Operators.

21. EVENTS OF DEFAULT; REMEDIES. Except as to those specific notices and cure periods, if any, particularly set forth elsewhere herein, the breach by any party (“Defaulting Party”) hereto of any term, provision, condition, promise, covenant, agreement, representation, warranty, guaranty, indemnity, duty or obligation if not cured within the earlier of (a) fifteen (15) days of said Defaulting Party’s receipt or refusal of written notice of the same from the other party (“Non-Defaulting Party”); provided that if a non-monetary breach is not reasonably capable of being cured within said fifteen (15) day period but the Defaulting Party notifies the Non-Defaulting Party in writing of its efforts to cure and thereafter diligently pursues the same, the cure period shall be extended to thirty (30) days from initial receipt of the written default notice, or (b) the Outside Date, shall automatically and without further notice hereunder be an immediate event of default (“Event of Default”) entitling the Non-Defaulting Party to exercise any and all remedies available to it hereunder, in the PSA (including but not limited to Article 9 of the PSA) or in law or equity. Notwithstanding anything to the contrary set forth in this Agreement, in no event shall Sellers, Operators, or Manager be permitted to bring an action for specific performance against Buyers or New Operators in connection with this Agreement. Operators and Manager acknowledge and agree that Article 9 of the PSA limits the liability of the Buyers and New Operators to the Deposit

pursuant to the terms set forth therein, and Sellers, Operators, and Manager shall not be entitled to any other monetary damages from Buyers or New Operators on account of any Buyer's or New Operator's breach of the PSA or OTA. Nothing in this Section modifies or impairs the rights of Sellers, Buyers, Operators, or New Operators to terminate this Agreement or the PSA and their rights and remedies upon termination as provided for in Article 9 of the PSA.

22. CHOICE OF LAW. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED, THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA SHALL GOVERN, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF (EXCEPT FOR ANY LAWS OF THAT STATE WHICH WOULD RENDER SUCH CHOICE OF LAWS INEFFECTIVE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

23. JURISDICTION, WAIVER OF JURY TRIAL. THE BANKRUPTCY COURT WILL HAVE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN OR AMONG THE PARTIES, WHETHER AT LAW OR IN EQUITY, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY AGREEMENT CONTEMPLATED HEREBY; PROVIDED, HOWEVER, THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTE, THE COURTS OF THE COMMONWEALTH OF PENNSYLVANIA AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN PENNSYLVANIA WILL HAVE SOLE JURISDICTION OVER ANY AND ALL DISPUTES BETWEEN OR AMONG THE PARTIES, WHETHER AT LAW OR IN EQUITY, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY AGREEMENT CONTEMPLATED HEREBY.

EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

24. ATTORNEYS' FEES IN THE EVENT OF DISPUTE. In the event any dispute between the parties hereto that results in arbitration or litigation (including any enforcement action of an arbitration award or any action to compel arbitration or change venue), the prevailing party shall be reimbursed for all reasonable costs, including, but not limited to, reasonable attorneys' fees.

25. DEFINITIONS. For purposes of this Agreement, the following terms shall have the following meanings (all terms used in this Agreement which are not defined in this paragraph shall have the meanings set forth elsewhere in this Agreement, and any capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the PSA):

a. "CMS" shall mean the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

b. "Contracts" shall mean all executory contracts, agreements, leases, commitments and arrangements (whether written or oral), including all service contracts, maintenance contracts

and consulting agreements, and all of Operators' duties, obligations, covenants, promises, rights and privileges therein or thereunder to which the Operators or their predecessors or agents is a party and which relate to the Facilities and the operations thereof.

- c. "Environmental Laws" shall have the meaning provided in the PSA.
- d. "Hazardous Substances" shall have the meaning provided in the PSA.
- e. "OIG" shall mean the United States Department of Health and Human Services, Office of Inspector General.
- f. "Supplies" shall mean the food, central supplies, linens and housekeeping supplies and other consumable and non-consumable inventory present at the Facilities as of the Closing Date and any other property of Operators or Manager used in connection with the operation of the Facilities.

26. COVID-19 PAYMENTS.

a. New Operators acknowledge that Operators or their affiliates have received, and may continue to receive after the Closing Date: (1) funds made available to Operators pursuant to the Coronavirus Aid, Relief and Economic Security Act ("CARES Act Payments"), (2) advanced payments from CMS pursuant to the CMS Accelerated and Advance Payment Program related to COVID-19 ("Medicare Advance Payments"), and/or (3) certain other stimulus funds related to COVID-19 which are not CARES Act Payments or Medicare Advance Payments ("Other COVID-19 Funds"). Operators or their affiliates shall be entitled to retain any CARES Act Payments received prior to the Closing Date. To the extent that additional CARES Act Payments are received by Operators after the Closing Date, and such payments are required to be used for costs and expenses related to the Facilities for the period on or following the Closing Date, Operators shall return all such CARES Act Payments to CMS pursuant to the guidance and procedures set forth by CMS for return of such CARES Act Payments. Following the return of such CARES Act Payments, Operators and Manager shall reasonably cooperate with New Operators in their applications to CMS for reissuance of such CARES Act Payments to New Operators. For the avoidance of doubt, in no event shall Operators, Manager, or their Affiliates be obligated to transfer any CARES Act Payments to New Operators or their Affiliates. Neither Operators, Manager, nor their Affiliates shall have any obligation to transfer to New Operators or their Affiliates any Medicare Advance Payments received by Operators or Manager, whether received on or after the Closing Date, and will return any such Medicare Advance Payments to CMS to the extent, and within the applicable timeframe, required by any applicable legal requirements. With respect to any Other COVID-19 Funds received by Operators or Manager, Operators or Manager shall reasonably cooperate with New Operators in good faith to address such Other COVID-19 Funds in accordance with applicable legal requirements. To the extent that any CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds, which relate to the period prior to the Closing Date or are received under Operators' provider numbers or tax identification numbers, are received by New Operators after the Closing Date, to the extent permitted by applicable legal requirements, New Operators shall remit any such funds received by New Operators to Operators in the same manner as Operators' accounts receivable under Section 10 hereof. To the extent that New Operators are prohibited from remitting such funds to

Operators pursuant to applicable legal requirements, New Operators shall reasonably cooperate with Operators in good faith to address such funds in accordance with applicable legal requirements, including, without limitation, returning such funds to the applicable governmental authority if required by applicable legal requirements and reasonably cooperating with Operators in applying for or otherwise requesting the applicable governmental authority to reissue such funds to Operators. Nothing in this Agreement shall be construed to prohibit New Operators from applying for and receiving any CARES Act Payments, Medicare Advance Payments or Other COVID-19 Funds with respect to their operation of the Facility from and after the Closing Date.

b. In the event that Operators have received any advance on their Medicare, Medicaid, or other third-party payor receivables (“Advances”) at any time prior to the Closing Date that have not been repaid prior to Closing and shall be required to be repaid after the Closing Date (i.e. excluding CARES Act Payments), Operators shall pay to New Operators at Closing a credit (or Buyers shall receive a credit under the PSA) equal to 100% of all such Advances for dates of service beginning on and after the Closing Date (the “Advance Credit”).

c. Notwithstanding anything in this Agreement to the contrary, in the event that Operators or Manager receive any grant payments, stimulus payments, retroactive rate adjustments, and any and all other payments and support paid with respect to the Facilities in relation to COVID-19 relief efforts following the date of this Agreement but prior to Closing (“COVID Payments”), such amounts will be utilized by Operators or Manager only in accordance with the laws governing such COVID Payments. In the event that all such COVID Payments have not been expended by Operators or Manager on COVID-19-related expenses prior to the Closing Date, then prior to returning any such COVID Payments to the applicable Governmental Authority, if required by applicable law, Operators and Manager shall cooperate in good faith with New Operators to take whatever steps are reasonably necessary to ensure that the Facilities receive the benefits of such COVID Payments on and after the Closing Date in a manner consistent with applicable law (which may include transferring the COVID Payments to New Operators if allowed under applicable law, acquiring additional personal protective equipment to be used by New Operators after the Closing allowed under applicable law, acquiring additional personal protective equipment to be used by New Operators on and after the Closing, or otherwise working with New Operators to ensure that it is able to receive the benefit of the COVID Payments in a manner consistent with applicable law and to benefit the interest of the Facilities and their residents). Without intending to limit the foregoing, Operators and Manager shall ensure that each Facility will have on hand a reasonable stock of personal protective equipment for such Facility, in any event not less than five (5) days’ worth based on such Facility’s then current usage rate, all of which shall transfer to New Operators at Closing.).

d. The parties shall comply with all applicable laws related to the COVID Payments, PPP loans, and Advances described herein. The parties will reasonably cooperate with any information requests related to COVID Payments, PPP loans, and Advances in order to comply with regulatory and reporting requirements.

e. The obligations on this Section 26 shall survive the Closing.

27. GENERAL PROVISIONS.

a. Each party hereto agrees to use commercially reasonable efforts to cause the conditions to its obligations and to the other party's obligations herein set forth to be satisfied at or prior to the Closing Date. Each of the parties hereto agrees to execute and deliver any further agreements, documents or instruments necessary to effectuate this Agreement and the transactions referred to herein or contemplated hereby or reasonably requested by the other party to perfect or evidence their rights hereunder, subject to approval by the Bankruptcy Court. Each party shall promptly notify the other party of any information delivered to or obtained by such party which would prevent the consummation of the Transactions contemplated hereby, or which would indicate a breach of the representations or warranties of any other party hereto.

b. All notices to be given by either party to this Agreement to the other party hereto shall be in writing, and shall be: (i) given in person; (ii) deposited in the United States mail, certified or registered, postage prepaid, return receipt requested; (iii) sent by national overnight courier service, priority next business day service; or (iv) sent by facsimile or e-mail as follows:

Notices to New Operator: Attn: Daniel Morris
Email: Dan@Kadimahealth.com

With a copy to: Koss & Schonfeld, LLP
160 Broadway, 8th Floor
New York, NY 10038
Attn: Allen Koss Esq.
Email: avk@kandsllp.com
Phone: (212) 796-8915
Fax: (212) 401-4757

T. Parker Griffin
Bradley
1819 Fifth Ave. N.
Birmingham, AL 35203
pgriffin@bradley.com

Notices to Operator: Attn: Louis E. Robichaux, IV
Email: louis.robichaux@ankura.com

With a copy to: Glenn B. Rose
Bass, Berry & Sims, PLC
150 Third Ave. S, Suite 2800
Nashville, TN 37201

and a copy to: Michael J. Roeschenthaler
Whiteford
11 Stanwix Street, Suite 1400
Pittsburgh, PA 15222

Notices to Manager: 1800 Rockaway, Suite 200
Hewlett, NY 11557
Attn: Michael Neufeld

With a copy to: _____

Any such notice personally delivered shall be deemed delivered when actually received; any such notice deposited in the United States mail, registered or certified, return receipt requested, with all postage prepaid, shall be deemed to have been given on the earlier of the date received or the date when delivery is first refused; any notice deposited with an overnight courier service for delivery shall be deemed delivered on the next business day following such deposit; and any such notice delivered via facsimile or e-mail shall be deemed delivered upon the notifying party's receipt of facsimile or email confirmation. Any party to whom notices are to be sent pursuant to this Agreement may from time to time change its address for further communications thereunder by giving notice in the manner prescribed herein to all other parties hereto.

c. Except with respect to the Expense Reimbursement and as otherwise specifically provided in this Agreement, Exhibit B, and the PSA, each party hereto shall bear its own legal, accounting and other expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transaction contemplated hereby, whether or not the transaction is consummated.

d. This Agreement, together with all exhibits and schedules attached hereto and any other agreements referred to herein (including the PSA), constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and preliminary agreements.

e. This Agreement may not be modified or amended except in writing signed by the parties hereto and approved by the Bankruptcy Court; *provided, however*, Buyers and New Operators may designate an affiliate or affiliates, including newly formed affiliates, to take title to any property or contracts at Closing.

f. No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition of this Agreement. No failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

g. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto.

h. Captions of paragraphs are for convenience only and are not part of this Agreement and do not affect, change or modify the paragraphs they precede.

i. All understandings and agreements heretofore and between the parties are merged in this Agreement and all exhibits and schedules attached hereto and any other agreements referred to herein, which alone fully and completely expresses their agreement.

j. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed an original, and all of such counterparts shall together constitute one and the same agreement.

k. The recitals set forth at the beginning of this Agreement constitute an integral part of this Agreement and are hereby incorporated by reference herein and made a part hereof as if fully set forth herein.

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

m. All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require, or “any” shall mean “any and all”; “or” shall mean “and/or” and “including” shall mean “including without limitation”.

n. If any term or provision of this Agreement shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Agreement shall not be affected thereby, but each term and provision shall be valid and be enforced to the fullest extent permitted by law, and

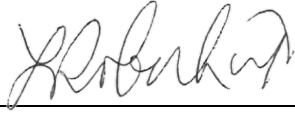
o. The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any of the parties hereto.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed
as of the day and year first above written.

OPERATORS:

Maybrook-C Whitecliff Opco, LLC
Maybrook-C Overlook Opco, LLC
Maybrook-C Briarcliff Opco, LLC
Maybrook-C Silver Oaks Opco, LLC
Maybrook-C Kade Opco, LLC
Maybrook-C Evergreen Opco, LLC
Maybrook-C Latrobe Opco, LLC,
North Strabane Rehabilitation and Wellness Center,
LLC
Cheswick Rehabilitation and Wellness Center, LLC
each a Delaware limited liability company

By: 
Name: Louis E. Robichaux, IV
Title: Chief Restructuring Officer

NEW OPERATORS:

Greenville Rehabilitation & Nursing LLC
New Wilmington Rehabilitation & Nursing LLC
Irwin Rehabilitation & Nursing LLC
New Castle Rehabilitation & Nursing LLC
Washington Rehabilitation & Nursing LLC
Harmony Rehabilitation & Nursing LLC
Latrobe Rehabilitation & Nursing LLC
Cheswick Rehabilitation & Nursing, LLC
North Strabane Rehabilitation & Nursing, LLC
each a Pennsylvania limited liability company

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed
as of the day and year first above written.

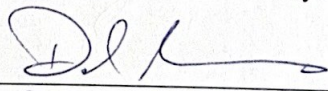
OPERATORS:

Maybrook-C Whitecliff Opco, LLC
Maybrook-C Overlook Opco, LLC
Maybrook-C Briarcliff Opco, LLC
Maybrook-C Silver Oaks Opco, LLC
Maybrook-C Kade Opco, LLC
Maybrook-C Evergreen Opco, LLC
Maybrook-C Latrobe Opco, LLC,
North Strabane Rehabilitation and Wellness Center,
LLC
Cheswick Rehabilitation and Wellness Center, LLC
each a Delaware limited liability company

By: _____
Name: Louis E. Robichaux, IV
Title: Chief Restructuring Officer

NEW OPERATORS:

Greenville Rehabilitation & Nursing LLC
New Wilmington Rehabilitation & Nursing LLC
Irwin Rehabilitation & Nursing LLC
New Castle Rehabilitation & Nursing LLC
Washington Rehabilitation & Nursing LLC
Harmony Rehabilitation & Nursing LLC
Latrobe Rehabilitation & Nursing LLC
Cheswick Rehabilitation & Nursing, LLC
North Strabane Rehabilitation & Nursing, LLC
each a Pennsylvania limited liability company

By:  _____
Name: DANIEL MORRIS
Title: PRINCIPAL

MANAGER:

CHMS Group, LLC, a New York limited liability
company

By:_____

Name:

Title:

Exhibit A

Facility Name	Type of Facility	Common Address	Legal Description*	Seller	Operator	Buyer	New Operator
The Grove at Greenville (the “ <u>Greenville Facility</u> ”)	Duly licensed 154 bed skilled nursing facility	110 Fredonia Road, Greenville, PA 16125	See Exhibit A-1	Maybrook-C Whitecliff Propco, LLC	Maybrook-C Whitecliff Opco, LLC	Greenville Property Management LLC	Greenville Rehabilitation & Nursing LLC
The Grove at New Wilmington (the “ <u>Wilmington Facility</u> ”)	Duly licensed 115 bed skilled nursing facility	520 New Castle Street, New Wilmington, PA 16142	See Exhibit A-2	Maybrook-C Overlook Propco, LLC	Maybrook-C Overlook Opco, LLC	New Wilmington Property Management, LLC	New Wilmington Rehabilitation & Nursing LLC
The Grove at North Huntingdon (the “ <u>Huntingdon Facility</u> ”)	Duly licensed 120 bed skilled nursing facility	249 Maus Drive, North Huntingdon, PA 15642	See Exhibit A-3	Maybrook-C Briarcliff Propco, LLC	Maybrook-C Briarcliff Opco, LLC	Irwin Property Management, LLC	Irwin Rehabilitation & Nursing LLC
The Grove at New Castle (the “ <u>New Castle Facility</u> ”)	Duly licensed 62 bed skilled nursing facility	715 Harbor Street, New Castle, PA 16101	See Exhibit A-4	Maybrook-C Silver Oaks Propco, LLC	Maybrook-C Silver Oaks Opco, LLC	New Castle Property Management, LLC	New Castle Rehabilitation & Nursing LLC
The Grove at Washington (the “ <u>Washington Facility</u> ”)	Duly licensed 74 bed skilled nursing facility	1198 W. Wylie Avenue, Washington, PA 15301	See Exhibit A-5	Maybrook-C Kade Propco, LLC	Maybrook-C Kade Opco, LLC	Washington Property Management, LLC	Washington Rehabilitation & Nursing LLC

Facility Name	Type of Facility	Common Address	Legal Description	Seller	Operator	Buyer	New Operator
The Grove at Harmony (the “ <u>Harmony Facility</u> ”)	Duly licensed 115 bed skilled nursing facility	191 Evergreen Mill Road, Harmony, PA 16037	See Exhibit A- 6	Maybrook-C Evergreen Propco, LLC	Maybrook-C Evergreen Opco, LLC	Harmony Property Management, LLC	Harmony Rehabilitation & Nursing LLC
The Grove at Latrobe (the “ <u>Latrobe Facility</u> ”)	Duly licensed 107 bed skilled nursing facility	576 Rogers Drive, Latrobe, PA 15650	See Exhibit A-7	Maybrook-C Latrobe Propco, LLC	Maybrook-C Latrobe Opco, LLC	Latrobe Property Management, LLC	Latrobe Rehabilitation & Nursing LLC
Cheswick Rehab & Wellness (the “ <u>Cheswick Facility</u> ”)	Duly licensed 121 bed skilled nursing facility	3876 Saxonburg Blvd., Cheswick, PA 15024	See Exhibit A-8	3876 Saxonburg Boulevard Propco, LLC	Cheswick Rehabilitation and Wellness Center, LLC	Cheswick Property Management, LLC	Cheswick Rehabilitation & Nursing, LLC
North Strabane Rehab & Wellness (the “ <u>Canonsburg Facility</u> ”)	Duly licensed 62 bed skilled nursing facility	100 Tandem Village Road, Canonsburg, PA 15317	See Exhibit A-9	100 Tandem Village Road Propco, LLC	North Strabane Rehabilitation and Wellness Center, LLC	North Strabane Property Management, LLC	North Strabane Rehabilitation & Nursing, LLC

* See PSA for full Legal Descriptions.

EXHIBIT B
TERMS OF THE SALE MOTION AND SALE ORDER; BIDDING PROCEDURES

1.1 Sale Motion. By no later than May 24, 2024, the Debtors shall file with the Bankruptcy Court the Sale Motion, which shall include, among other things, a proposed form of the Bidding Procedures Order. The Debtors shall promptly serve true and correct copies of the Sale Motion and all related pleadings, or notice thereof in form satisfactory to Buyers, to all creditors of the Debtors and other parties in interest in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules for the United States Bankruptcy Court for the Western District of Pennsylvania and any other applicable order of the Bankruptcy Court. The Debtors shall also promptly serve the Sale Motion to any other party designated in writing by Buyers in their sole discretion. The Debtors and their bankruptcy estates shall be responsible for all costs of service of the Sale Motion and any other motions or notices related to the Sale Motion, Bidding Procedures, or Transactions.

1.2 Bidding Procedures and Auction. Buyers and New Operators acknowledge that Debtors are seeking to find another party that would be willing to pay more for the Purchased Assets. In connection with this effort, the parties acknowledge that the Debtors will request the Bankruptcy Court, in the Sale Motion, to approve certain procedures related to this effort, including the procedures for soliciting competing bids for the Purchased Assets and selling the Purchased Assets at a sale auction (the "Auction") should there be other Qualifying Bidders, and certain bidding protections to Buyers as consideration for serving as the stalking horse. In that regard, the Debtors shall take such actions as are reasonably necessary to obtain (on an expedited basis following the filing of the Sale Motion and by no later than June 7, 2024) the Bidding Procedures Order from the Bankruptcy Court approving, among other things, payment of the Expense Reimbursement and Termination Fee and procedures for the marketing, competitive bidding, auction, and sale of the Purchased Assets that include, without limitation, the following (collectively, and as more fully set forth in the Bidding Procedures Order, the "Bidding Procedures"):

- a. Minimum Initial Topping Bid: \$54,875,000.00;
- b. Minimum Bid Increments Thereafter: \$250,000.00;
- c. Other bidders to provide to Debtors, among other things, a blackline comparison of the PSA and OTA, a \$1,350,000.00 purchase price deposit, and satisfactory proof of financing prior to the expiration of the Bid Deadline in order to qualify as a bidder for the Auction (such other bidders meeting such qualifying criteria shall be referred to herein as "Qualifying Bidders"). For the avoidance of doubt, and provided that the PSA and other Transaction Documents have not been terminated prior to the Bid Deadline, Buyers' purchase offer pursuant to the PSA and OTA and the other Transaction Documents shall constitute a qualifying bid.
- d. Qualifying Bidders will have a due diligence period that expires at the conclusion of the Bidding Solicitation Period;

- e. If there are other Qualifying Bidders, an Auction to be held by no later than July 17, 2024 (unless such different date is established by the Bankruptcy Court in the Bidding Procedures Order), at which the Debtors will select the winning bidder (the “Successful Bidder”);
- f. Buyers shall be entitled to credit bid the amount of the Termination Fee and Expense Reimbursement towards any subsequent bid at the Auction;
- g. If there are no other Qualifying Bidders as of the Bid Deadline, then Buyers shall be deemed the Successful Bidder. Buyers may be required to serve as the Backup Bidder upon the Debtors’ selection of another party or parties as the Successful Bidder(s); and
- h. No extension of the Bidding Solicitation Period, the Bid Deadline, or date of the Auction unless ordered by the Bankruptcy Court or approved by Buyers in writing. Without limiting the foregoing, Debtors shall not file any motion or otherwise seek to change, modify or amend the Transaction Documents, the Bidding Procedures Order, or the Sale Order without prior written approval of the Buyers.

1.3 Sale Order Hearing and Sale Order. Within three (3) days following the Auction, if there are other Qualifying Bidders, Debtors shall file with the Bankruptcy Court the results of the bidding solicitation process and the Auction, along with the purchase agreement of the Successful Bidder and all documents to be filed on behalf of the Debtors with the Bankruptcy Court for approval of the sale to the Successful Bidder and entry of the Sale Order. If there are no additional Qualifying Bidders as of the Bid Deadline, Debtors shall file a notice with the Bankruptcy Court within three (3) days of the Bid Deadline that the Buyers were the Successful Bidder and seeking the Bankruptcy Court’s entry of the Sale Order approving the PSA, OTA, and other Transaction Documents. Debtors shall take such actions as are reasonably necessary to obtain the Bankruptcy Court’s entry of the Sale Order by no later than August 7, 2024. Buyers and New Operators agree that they will promptly take such actions as are reasonably requested by the Debtors to assist in obtaining Bankruptcy Court approval of the Sale Order, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for purposes, among others, of (a) demonstrating that Buyers and New Operators are a “good faith” purchaser under Section 363(m) of the Bankruptcy Code, and (b) establishing adequate assurance of future performance within the meaning of Section 365 of the Bankruptcy Code.

1.4 Contracts.

(a) Sellers and Operators shall provide to Buyers and New Operators a list of Contracts relating to the operations and leasing of the Facilities (the “Available Contracts List”). Sellers and Operators will use best efforts to ensure that the Available Contracts List contains all Contracts which the Buyer may seek to assume. At any time prior to the Sale Hearing, the Buyers and New Operators, in their sole and absolute discretion, and subject to their right to subsequently amend their designations until the Closing, may deliver one or more written notices

to the Sellers and Operators (each such notice, a “Designation Notice”), pursuant to which Buyers and New Operators shall designate in writing any Available Contracts that Buyers or New Operators wish to assume at Closing. Any Available Contracts so designated shall be deemed the Assumed Contracts.

(b) Any Contracts that Buyers or New Operators do not indicate they desire to assume and continue shall be deemed rejected by Buyers and New Operators (the “Rejected Contracts”), and Sellers and Operators may reject and terminate such Rejected Contracts pursuant to the Bankruptcy Code. Any Contract not expressly designated by Buyers or New Operators as an Assumed Contract pursuant to a Designation Notice, including any Contract discovered after the Closing, shall be deemed a Rejected Contract.

(c) The Sale Motion and Bidding Procedures Order shall include the procedures for the assumption and assignment of the Assumed Contracts to the Buyers and New Operators on the terms set forth herein. By no later than June 21, 2024, the Debtors shall serve an initial notice on all counterparties to each Contract on the Available Contracts List specifically stating that the Debtors are or may be seeking the assumption and assignment of such Contracts, the Debtors’ calculation of the associated Cure Costs, and the deadline for objecting to the Cure Costs or any other aspect of the proposed assumption and assignment of their Contracts to Buyers, New Operators, or any other Successful Bidder (the “Initial Assumption and Assignment Notice”). The Debtors will not serve any such notice to a current resident or patient of any Facility without the Buyers’ prior approval of the form of such notice.

(d) Pursuant to the Bidding Procedures Order, the counterparties to the Contracts shall have an opportunity to file any objections to the assumption and/or assignment of any Contracts on the Available Contracts List. Upon any such objection, such Contract shall become a “Disputed Contract” and, unless the Disputed Contract is a Rejected Contract, the Debtors, with Buyers’ and New Operators’ consent to be provided or withheld in their sole discretion, shall either settle the objection of such counterparty or shall litigate such objection under such procedures as the Bankruptcy Court shall approve as part of the Bidding Procedures Order. The Debtors shall not settle a disputed Cure Cost for any amount with regard to any Contract that has been designated as an Assumed Contract pursuant to a Designation Notice without the express written consent of the Buyers or New Operators, as applicable. Upon a Final Order or settlement determining any Cure Costs regarding any Disputed Contract after the Closing or at any time prior to such Final Order or settlement, Buyers and New Operators shall have the option to (x) pay the Cure Cost with respect to such Disputed Contract and assume the Disputed Contract as an Assumed Contract or (y) designate the Disputed Contract as an Rejected Contract and not be responsible for the Cure Cost.

(e) At Closing, Buyers or New Operators, as applicable, shall pay all Cure Costs in connection with the assumption and assignment of the Assumed Contracts.

1.5 Good Faith Efforts. The Debtors agree to diligently prosecute the entry of the Bidding Procedures Order and the Sale Order. In the event the entry of the Bidding Procedures Order or the Sale Order shall be appealed, the Debtors shall use their best efforts to defend such appeal. The Debtors shall comply with all notice requirements (i) of the Bankruptcy Code and the

Federal Rules of Bankruptcy Procedure, or (ii) imposed by the Bidding Procedures Order or the Sale Order, in each case, in connection with any pleading, notice or motion to be filed in connection herewith.

1.6 Sale Free and Clear. The Debtors acknowledge and agree, and the Sale Order shall provide, that on the Closing Date and concurrently with the Closing, the Purchased Assets shall be transferred to Buyers and New Operators free and clear of all then existing or thereafter arising Claims and Encumbrances to the fullest extent permitted by Section 363(f) of the Bankruptcy Code (other than Permitted Encumbrances and Assumed Liabilities), including without, limitation, any amounts owed by any of the Debtors to (i) DHS or DOH for nursing facility assessments, or (ii) to DOL for violations of wage and hour laws or other applicable laws and regulations. The Debtors acknowledge and agree that this requirement is a precondition to Buyers' and New Operators' obligation to close the Transactions.

1.7 Definitions. For purposes of this Exhibit B and the Transaction Documents, the following terms shall have the meaning ascribed to them below:

"Alternative Transaction" means (a) the approval by the Bankruptcy Court of a sale or sales of all or any portion of the Purchased Assets to a Successful Bidder other than Buyers, or (b) the filing of a plan of reorganization that does not contemplate the sale of the Purchased Assets to Buyers in accordance with the terms hereof.

"Assumed Contracts" means any Contracts of Sellers or Operators which Buyers or New Operators designate in writing to be assumed and assigned to Buyers or New Operators, as applicable, as pursuant to section 365 of the Bankruptcy Code and the terms of the PSA, OTA, and Sale Order, including, without limitation, the Resident Agreements and Provider Agreements (each as defined in the OTA).

"Avoidance Actions" means causes of action arising under Bankruptcy Code sections 502, 510, 541, 544, 545, 547, 548, 549, 550, 551, or 553, or under related state or federal statutes and common law, including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to prosecute such causes of action.

"Bid Deadline" means 5:00 p.m. E.S.T. July 12, 2024, or such other date as is set by Order of the Bankruptcy Court.

"Bidding Procedures Order" means an Order of the Bankruptcy Court, the proposed form of which shall be included with the Sale Motion following approval by Sellers and Buyers, that contains at least the following: (i) the approval of the PSA and OTA as the stalking horse contract and the Buyers and New Operators as the stalking horse bidders, (ii) the approval of the Bidding Procedures governing the sale and solicitation process and the Auction, the deadlines and dates relating thereto, and the bid protections included therein (including, without limitation, the Termination Fee and the Expense Reimbursement), and (iii) setting a date for the Sale Hearing as soon as possible following the Auction, if there are other Qualifying Bidders, or following the end of the Bidding Solicitation Period, if there are no other Qualifying bidders, to confirm the Auction results, if applicable, and enter the Sale Order.

“Bidding Solicitation Period” means the time period running from the date of the filing of the Sale Motion until the Bid Deadline, or such other time period as is set by Order of the Bankruptcy Court.

“Claim” has the meaning given that term in Section 101(5) of the Bankruptcy Code and includes, inter alia, all rights, claims, causes of action, defenses, debts, demands, damages, offset rights, setoff rights, recoupment rights, obligations, and Liabilities of any kind, description, or nature under contract, at law or in equity, whether direct or indirect, known or unknown, contingent or matured, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and all rights, remedies, costs, or expenses with respect thereto.

“Contracts” shall mean all executory contracts, agreements, leases, commitments and arrangements (whether written or oral), including all service contracts, maintenance contracts and consulting agreements, and all of any Seller’s or Operator’s duties, obligations, covenants, promises, rights and privileges therein or thereunder to which any Seller or Operator or its respective predecessors or agents is a party and which relate to the Facilities (or any one of the Facilities) and the operations thereof.

“Cure Costs” shall mean all costs required to be paid pursuant to Section 365 of the Bankruptcy Code in connection with the assumption and assignment of the Assumed Contracts including the cost of obtaining consents in respect of the Assumed Contracts.

“Encumbrance” means any lien (including a “lien” as defined in Section 101(37) of the Bankruptcy Code), encumbrance, Claim, right, demand, charge, mortgage, deed of trust, lease, option, pledge, security interest or similar interest, title defect, hypothecation, easement, right of way, restrictive covenant, encroachment, right of first refusal, preemptive right, proxy, voting trust or agreement, transfer restriction under any shareholder agreement or similar agreement, judgment, conditional sale or other title retention agreement, or other imposition, imperfection or defect of title or restriction on transfer or use of any nature whatsoever.

“Expense Reimbursement” means all reasonable fees and expenses incurred by Buyers, including, without limitation, professional fees and out-of-pocket fees, costs and expenses of Buyers incurred in connection with the due diligence, preparation, negotiation, execution, delivery and performance of the Transaction Documents; provided the total Expense Reimbursement shall be capped at \$300,000.00. The obligations of the Debtors to pay the Expense Reimbursement (i) shall be entitled to super-priority administrative expense claim status under Sections 503 and 507 of the Bankruptcy Code (provided, however, except in the event of the closing of an Alternative Transaction, such claims shall not come ahead of the Carve Out as defined in the CIBC DIP Loan facility), (ii) shall not be subordinate to any other administrative expense claim against the Debtors, and (iii) shall survive the termination of any Transaction Documents.

“Final Order” means an Order that is unstayed and in effect and as to which (i) the time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then

be pending, or (ii) if an appeal, writ of certiorari, reargument or rehearing thereof has been filed or sought, such Order shall have been affirmed by the highest court to which such Order was appealed, or certiorari shall have been denied or reargument or rehearing shall have been denied or resulted in no modification of such Order, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired.

“Governmental Authority” means any U.S. federal, state or local or any supranational, territorial or non-U.S. government, political subdivision, governmental, regulatory or administrative authority, instrumentality, agency, body or commission, self-regulatory organization or any court, tribunal, or judicial or arbitral (public or private) body.

“Liabilities” means any liability, debt, guarantee, claim, demand, expense, commitment, damages, assurances or obligation (whether direct or indirect, fixed, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due) of every kind and description, including all costs and expenses related thereto.

“Order” means any order, writ, judgment, injunction, temporary restraining order, decree, stipulation, determination, settlement or award entered by or with any Governmental Authority.

“OTA” means the Operations Transfer Agreement entered into by Operators, Manager, and New Operators dated May 17, 2024, as may be amended by the parties pursuant to the terms therein, and pursuant to which the Operators will transfer the operations of and certain assets related to the Facilities to the New Operators.

“PSA” means the Contract of Sale entered into by Sellers and Buyers dated May 17, 2024, as may be amended by the parties pursuant to the terms therein, pursuant to which Buyers will purchase from Sellers certain real and personal property on the terms more specifically set forth therein.

“Sale Motion” means the motion or motions of the Debtors, in form and substance approved by Sellers, Operators, Buyers, and New Operators seeking (i) approval and entry of the Bidding Procedures Order on an expedited basis, (ii) the scheduling of the Auction (if there are other qualifying bidders) and the Sale Hearing, (iii) the entry of the Sale Order following the Auction, if there are other qualifying bidders, or following the end of the Bidding Solicitation Period, if there are no other qualifying bidders, and (iv) any other relief necessary to consummate the Transactions.

“Sale Order” means an Order of the Bankruptcy Court, the proposed form of which shall be submitted to the Bankruptcy Court following approval by Sellers, Operators, Buyers, and New Operators, and that that contains at least the following: (i) authorization and approval of (a) the PSA, the OTA and the other Transaction Documents, and the consummation of the Transactions on the terms and conditions set forth therein, and (b) the assumption and assignment of the Assumed Contracts to the Buyers or New Operators, as applicable, and (ii) findings of fact, conclusions of law and ordering provisions that (a) the consummation of the Transactions contemplated by the Transaction Documents, on the terms and conditions set forth therein are

legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, including, without limitation, sections 105(a), 363(b), 363(f), 363(m), 363(n), 365(b) and 365(f), and all of the applicable requirements of such sections have been complied with in respect of the Transactions, (b) pursuant to section 105(a) and 363(f) of the Bankruptcy Code, the sale of the Purchased Assets to Buyers, New Operators, or their designee(s) shall be free and clear of any Claims or Encumbrances other than the Permitted Encumbrances and Assumed Liabilities (as defined in the OTA), (c) Buyers, New Operators, and any designee(s) of Buyers or New Operators are purchasers of the Purchased Assets in “good faith” pursuant to section 363(m) of the Bankruptcy Code, (d) the Debtors, the Buyers, affiliate of Buyers, any designee of Buyers, the New Operators, any affiliates of New Operators, and any designee of New Operators, did not engage in any conduct which would allow any Transaction Documents or Transactions to be set aside pursuant to section 363(m) of the Bankruptcy Code, (e) none of the Debtors, the Buyers, any affiliate of Buyers, nor any designee of Buyers, or the New Operators, any affiliates of New Operators, nor any designee of New Operators, engaged in any conduct that would cause or permit the Transaction Documents or Transactions to be avoided or costs and damages to be imposed against Buyers, their affiliates, or designees under section 363(n) of the Bankruptcy Code; (f) none of the Buyers, any affiliate of Buyers, nor any designee of Buyers, or the New Operators, any affiliates of New Operators, nor any designee of New Operators are a successor to Sellers, Operators, or the bankruptcy estate(s) of Debtors by reason of any theory of law or equity, and none of the Buyers, any affiliate of Buyers, nor any designee of Buyers, or the New Operators, any affiliates of New Operators, nor any designee of New Operators shall assume or in any way be responsible for any liability of Sellers or the bankruptcy estate(s) of the Debtors, except as otherwise expressly provided in the Transaction Documents, (g) the form of notice of the Sale Motion and any hearing thereon was proper, adequate, and reasonable under the circumstances and no further notice to any party, including any creditors of the Sellers, Operators, or Debtors, is necessary for purposes of authorizing the free and clear sale of the Purchased Assets to Buyers and New Operators pursuant to the Bankruptcy Code or other applicable law, (h) the form of notice to counterparties of any Assumed Contracts was proper, adequate, and reasonable under the circumstances and no further notice to any such contract counterparty is necessary, (i) each of the counterparties to the Assumed Contracts was given adequate notice of the Sellers’ and Operators’ proposed assumption thereof and the terms of such assumption, and (j) the final amount of Cure Costs under the Bankruptcy Code and applicable law for each of the Assumed Contracts other than with respect to any Disputed Contract that may be resolved pursuant to the procedures set forth in the Transaction Documents or Bidding Procedures Order.

“Sale Order Hearing” means the hearing following the Auction, if there are other qualifying bidders, or following the end of the Bidding Solicitation Period, if there are no other qualifying bidders, seeking approval of the Successful Bidder and entry of the Sale Order.

“Termination Fee” means the amount of \$1,325,000.00 to be paid to Buyers upon the closing of an Alternative Transaction as a bid protection and in consideration of Buyers’ and New Operators’ willingness to enter into the PSA and OTA and serve as the stalking horse for the Debtors pursuant to the terms and conditions herein and the significant efforts expended by Buyers in connection with the possible acquisition of the Purchased Assets that will be marketed to other competing bidders despite the Agreement. The obligations of the Debtors to pay the Termination Fee (i) shall be entitled to super-priority administrative expense claim status under Sections 503

and 507 of the Bankruptcy Code, (ii) shall not be subordinate to any other administrative expense claim against the Debtors, and (iii) shall survive the termination of any Transaction Documents.

“Transactions” means the transactions contemplated by the PSA, OTA, and the other Transaction Documents.

“Transaction Documents” means the PSA, the OTA, the Bill of Sale, the Deeds, and any other agreements, instruments or documents required to be delivered at the Closing or pursuant to the PSA or OTA, in each case, including all exhibits and schedules thereto and all amendments thereto made in accordance with the respective terms thereof.

Exhibit C

FORM OF GENERAL ASSIGNMENT AND ASSUMPTION

THIS ASSIGNMENT AND ASSUMPTION, is made as of the ____ day of _____, 2024, by [_____] (“Assignors”), to [____], a [_____] (“Assignee”).

WITNESSETH:

WHEREAS, by Operations Transfer Agreement (the “OTA”), dated as of _____, 2024, by and among Assignor and Assignee, Assignor agreed to sell to Assignee certain personal property and such other assets, as more fully described in the OTA (the “Purchased Assets”) (capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the OTA); and

WHEREAS, the OTA provides, inter alia, that Assignor shall assign to Assignee, the Permits, the Patient Trust Funds and Property, the Assumed Contracts, and such other items applicable to the Purchased Assets, as more fully provided in the OTA; and

WHEREAS, the OTA provides, inter alia, that Assignee shall assume and agree to pay, perform and discharge when due any and all liabilities and obligations under the Permits, Patient Trust Funds and Property, and the Assumed Contracts arising on or after the Closing Date;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. **Transfer of Permits**. Assignor hereby assigns, sets over and transfers to Assignee all of Assignor’s right, title and interest in, to and under the Permits.
2. **Transfer of Patient Trust Funds and Property**. Assignor hereby assigns, sets over and transfers to Assignee, all of Assignor’s right, title and interest in, to and under the Patient Trust Funds and Property.
3. **Contracts and Resident Agreements**. Assignor hereby assigns, sets over and transfers to Assignee, all of Assignor’s right, title and interest in, to the Assumed Contracts, including all Resident Agreements.
4. **Assumption**. Assignee hereby accepts the foregoing assignments set forth in Sections 1, 2 and 3 hereof; provided, that said assignment and assumption shall in all respects be subject to the terms of the OTA, PSA, and Sale Order with regard to the rights and obligations of each of the parties hereto with respect to the items assigned hereunder, and in the event that any term of this Assignment shall contradict the OTA, the OTA shall control.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Assignor has duly executed this Assignment as of the day
and year first above written.

ASSIGNOR

[•]

By:_____

Name:_____

Its:_____

ASSIGNEE

[•]

By:_____

Name:_____

Its:_____

EXHIBIT D

FORM OF BILL OF SALE

[_____] , a _____ (“Operator”), in consideration of Ten and No/100 Dollars (\$10.00), receipt of which is hereby acknowledged, does hereby sell, assign, transfer and set over to [_____] , a _____ (“New Operator”), all of its right, title and interest in and to the following described personal property, to-wit:

All of the “Supplies”, “Vehicles” and other “Personal Property”, as defined in that certain Operations Transfer Agreement (“OTA”), dated as of _____, 2024, by and among Operator and New Operator.

New Operator hereby accepts the foregoing assignment and transfer set forth herein; provided, that said assignment shall in all respects be subject to the terms of the OTA, PSA, and Sale Order (as those terms are defined in the OTA) with regard to the rights and obligations of each of the parties hereto with respect to the items assigned and transferred hereunder, and in the event that any term of this Bill of Sale shall contradict the OTA, the OTA shall control.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Operator has caused this Bill of Sale to be signed and sealed
in its name by its _____ thereunto duly authorized this ____ day of _____, 2024.

OPERATOR:

[•]

By:_____

Name:_____

Its:_____

Accepted by:

NEW OPERATOR:

[•]

By:_____

Name:_____

Its:_____

EXHIBIT E

INDEMNITY CLAIMS ESCROW AGREEMENT

This Indemnity Claims Escrow Agreement (this “**Agreement**”) is made and entered into this ____ day of ____, 2024, by and among: Maybrook-C Whitecliff Propco, LLC, Maybrook-C Overlook Propco, LLC, Maybrook-C Briarcliff Propco, LLC, Maybrook-C Silver Oaks Propco, LLC, Maybrook-C Kade Propco, LLC, Maybrook-C Evergreen Propco, LLC, Maybrook-C Latrobe Propco, LLC, 3876 Saxonburg Boulevard Propco, LLC, and 100 Tandem Village Road Propco, LLC (each a “**Seller**” and, collectively, the “**Sellers**”); Greenville Property Management LLC, New Wilmington Property Management, LLC, Irwin Property Management, LLC, New Castle Property Management, LLC, Washington Property Management, LLC, Harmony Property Management, LLC, Latrobe Property Management, LLC, Cheswick Property Management, LLC, and North Strabane Property Management, LLC (each, a “**Buyer**”, and, collectively, the “**Buyers**”); Maybrook-C Whitecliff Opco, LLC, Maybrook-C Overlook Opco, LLC, Maybrook-C Briarcliff Opco, LLC, Maybrook-C Silver Oaks Opco, LLC, Maybrook-C Kade Opco, LLC, Maybrook-C Evergreen Opco, LLC, Maybrook-C Latrobe Opco, LLC, North Strabane Rehabilitation and Wellness Center, LLC, and Cheswick Rehabilitation and Wellness Center, LLC, each a Delaware limited liability company (each, an “**Operator**” and collectively, the “**Operators**”); Greenville Rehabilitation & Nursing LLC, New Wilmington Rehabilitation & Nursing LLC, Irwin Rehabilitation & Nursing LLC, New Castle Rehabilitation & Nursing LLC, Washington Rehabilitation & Nursing LLC, Harmony Rehabilitation & Nursing LLC, Latrobe Rehabilitation & Nursing LLC, Cheswick Rehabilitation & Nursing, LLC and North Strabane Rehabilitation & Nursing, LLC, each a Pennsylvania limited liability company (each, a “**New Operator**” and, collectively, the “**New Operators**”); **CIBC Bank USA**, an Illinois banking corporation (“**CIBC**”); and **OMNI Agent Solutions, Inc.**, a Delaware corporation, acting as the escrow agent as provided herein (“**Escrow Agent**”).

RECITALS

A. On ____, 2024 (the “**Petition Date**”), each Seller and Operator filed a voluntary petition for relief under Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* in the Western District of Pennsylvania (the “**Bankruptcy Court**”). The bankruptcy cases of the Sellers, Operators, and certain of their affiliates (collectively, the “**Bankruptcy Cases**”) are being jointly administered under Case No. 24-____ (____).

B. On ____, 2024, the Bankruptcy Court entered Docket No. ____, its [*insert name of Sale Order*] (the “**Sale Order**”), approving the Transactions contemplated by the Contract of Sale (the “**PSA**”) and Operations Transfer Agreement (the “**OTA**”) as more particularly set forth therein and in the Sale Order. Unless otherwise defined herein, all capitalized terms shall have the meanings provided in the Sale Order, PSA, or OTA, as applicable.

C. Pursuant to the Sale Order, PSA, and OTA, Buyers and New Operators are acquiring the Purchased Assets from the Sellers and Operators, which consists of substantially all of the real and personal property assets of Sellers and Operators that comprise nine senior living communities more particularly described in the PSA and OTA (each a “**Facility**” and, collectively, the “**Facilities**”).

D. CIBC asserts a first priority lien against the Facilities and all other Purchased Assets and, pursuant to the Sale Order, such lien shall attach to the proceeds of the Transactions at Closing,

including any residual Escrow Funds (as defined herein) that are not distributed to Buyers or New Operators as provided herein.

E. Sellers, Buyers, Operators, New Operators, CIBC, and Escrow Agent are entering into this Agreement to establish the Indemnification Escrow, and to govern the parties' respective rights to the Escrow Funds held therein, as required by the PSA and OTA.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. **Deposit of Escrow Funds.** At Closing of the Transactions, Operators and Sellers shall deposit by wire transfer of immediately available funds the total amount of **THREE MILLION DOLLARS (\$3,000,000)** (the "**Escrow Funds**") with Escrow Agent. Immediately upon its receipt of the Escrow Funds, Escrow Agent shall deposit the Escrow Funds into a separate interest-bearing deposit account at a bank of its choosing (the "**Bank**"). All interest earned thereon shall be deemed earned by (and taxable to) an Operator, to be designated by the Operators, who shall provide Escrow Agent with a W9 and any other form required by Escrow Agent related to the account. The Escrow Funds shall be held in escrow by Escrow Agent in accordance with the terms of this Agreement and Section 16 of the OTA. Any claims against the Escrow Funds asserted hereunder shall be made subject to and in accordance with the terms and conditions of this Agreement, the PSA, and the OTA.

2. **Release of Escrow Funds.**

(a) Prior to the expiration of the Claim Period (as defined herein), each New Operator and Buyer shall have the right to deliver one or more written notices (each an "**Escrow Claim Notice**") to Escrow Agent setting forth the following matters: (i) that New Operator or Buyer has an Escrow Claim (as defined below) against the Escrow Funds in accordance with the terms of the PSA or OTA; (ii) a description, in reasonable detail, of the nature of the Escrow Claim, including applicable Support Documentation; (iii) New Operator's or Buyer's good faith reasonable estimate of the portion of the Escrow Funds which it believes it is entitled to withdraw from the Escrow Funds in connection with such Escrow Claim (each an "**Estimate**"); and (iv) to whom the payment of the requested Escrow Funds should be made and the wiring instructions of such party. Escrow Agent shall have no obligation whatsoever to review, analyze or interpret any Support Documentation accompanying any Escrow Claim Notice. Subject to the terms and conditions of this Agreement, in no event shall any Escrow Claim be limited to the amount of such Estimate, and the parties acknowledge that New Operators and Buyers are permitted to provide multiple Escrow Claim Notices with respect to the same Escrow Claim (in the form of updates of such Escrow Claim) or different Escrow Claims during the Claim Period. Upon Escrow Agent's receipt of an Escrow Claim Notice, Escrow Agent shall promptly (and in no event later than two (2) business days following receipt) deliver a full and complete copy of such Escrow Claim Notice to Sellers, Operators, and CIBC (collectively and individually, the "**Response Parties**").¹ As used in this Agreement, (x) an "**Escrow Claim**" shall mean any claim by a Buyer or New Operator that it is entitled to payment or reimbursement arising from a Recoupment (as defined in the OTA) or Indemnification Claims (as defined in the OTA); and (y) "**Support Documentation**" shall mean

¹ To the extent that Operators, Sellers, or their respective bankruptcy estates no longer exist, CIBC shall be the only Response Party.

such reasonable documents and other writings then in the possession or control of the Buyer or New Operator relating to the applicable Escrow Claim. The Escrow Funds shall not be divided or allocated between Escrow Claims under the PSA or the OTA, and the entire balance of the Escrow Funds at any time shall be available to be disbursed for any Escrow Claim pursuant to the provisions of this Agreement, the PSA, and the OTA. If any of the Response Parties become aware or have knowledge of any demand or claim that may be an Escrow Claim, such Response Party shall provide notice of such potential Escrow Claim to the Buyers and Operators within ten (10) Business Days and the parties will reserve all rights with respect to any such potential Escrow Claim unless otherwise resolved pursuant to the procedures set forth herein.

(b) The Response Parties shall have ten (10) Business Days after the date on which Escrow Agent shall have delivered a copy of an Escrow Claim Notice the (“**Claim Response Deadline**”) to provide a written notice (a “**Claim Response Notice**”) to Escrow Agent and the applicable Buyer or New Operator claimant that the payment requested in the applicable Escrow Claim Notice is in dispute. Response Parties shall not dispute the payment of all or any portion of any Claim from the Escrow Funds except in good faith.

(i) **No Claim Response Notice.** If none of the Response Parties provide a Claim Response Notice by the Claim Response Deadline, then such lack of response shall constitute an irrevocable joint order of all parties to the Escrow Agent to (x) pay over to the applicable New Operator or Buyer from the Escrow Funds the portion thereof equal to the Estimate set forth in the applicable Escrow Claim Notice (it being understood that if the applicable Escrow Claim Notice is an update of a previous Escrow Claim Notice, Escrow Agent shall not pay over any portion of the Estimate that has been previously paid over under a previously submitted Escrow Claim Notice); and (y) retain the remaining balance of the Escrow Funds in escrow subject to the provisions of this Agreement. Escrow Agent shall make each payment required under this Section 2(b)(i) with respect to the applicable Escrow Claim not later than 2:00 p.m. Eastern time on the first (1st) Business Day following the expiration of the Claim Response Deadline, all without need of any further demand, consent, authorization or agreement by any of the parties hereto.

(ii) **Claim Response Notice and Payment of Undisputed Portion.** If any Response Party provides a Claim Response Notice on or before the Claim Response Deadline, and the Escrow Agent has waited until the conclusion of the Claim Response Deadline to collect any other Claim Response Notices with respect to the applicable Escrow Claim Notice, then such Claim Response Notice(s) shall constitute an irrevocable joint order of all parties to Escrow Agent to (x) pay over to the applicable New Operator or Buyer from the Escrow Funds the UNDISPUTED portion of the Estimate, if any, set forth in the applicable Escrow Claim Notice (it being understood that if the applicable Escrow Claim Notice is an update of a previous Escrow Claim Notice, Escrow Agent shall not pay over any portion of the Estimate that has been previously paid over under a previously submitted Escrow Claim Notice); (y) to retain in escrow the DISPUTED portion of the Estimate (each a “**Disputed Claim Portion**”); and (z) to retain the remaining balance of the Escrow Funds in escrow subject to the provisions of this Agreement. Escrow Agent shall make each payment required under this Section 2(b)(ii)(x) with respect to the applicable Escrow Claim not later than 2:00 p.m. Eastern time on the first (1st) Business Day following the expiration of the Claim Response Deadline, all without need of any further demand, consent, authorization or agreement by any of the parties hereto.

(iii) **Claim Response Notice and Resolution of Disputed Claim Portion.** Any Disputed Claim Portion of any Estimate shall be retained in escrow by Escrow Agent until the earlier of either (x) the date of settlement of the Disputed Claim Portion of the Estimate by

mutual written agreement of the applicable New Operator or Buyer and the Response Party(ies) that submitted a Claim Response Notice, in which event Escrow Agent will deliver the applicable Escrow Funds in accordance with such mutual written instructions, or (y) a final, non-appealable order of the Bankruptcy Court with respect to such dispute, in which event Escrow Agent will deliver the Disputed Claim Portion of such Escrow Funds in accordance with the terms of said judgment. In connection with any attempted settlement of any Disputed Claim Portion pursuant to the foregoing clause (x), the relevant parties to such dispute shall negotiate in good faith and use best efforts to settle the dispute within ten (10) days, and in furtherance thereof, shall provide such additional or updated documentation related to the applicable Escrow Claim as reasonably requested by the other party(ies).

(c) Upon the date which is twelve (12) months after the Closing Date, the Escrow Funds shall be reduced by the amount by which such funds exceed the sum of (i) \$1,500,000.00, (ii) the amount of any Escrow Claim for which the Claim Response Deadline has not passed, and (iii) the amount of any Disputed Claim Portion that has not yet been resolved pursuant to Section 2(b)(iii), which amount shall be released to the Sellers' bankruptcy estates or if Sellers cease to exist or if Sellers' bankruptcy estates cease to exist, the funds shall be released to CIBC. Upon the date which is twenty-four (24) months after the Closing Date (the "**Claim Period**"), the then-remaining balance of the Escrow Funds, less the sum of (x) the amount of any Escrow Claim for which the Claim Response Deadline has not passed, and (y) the amount of any Disputed Claim Portion that has not yet been resolved pursuant to Section 2(b)(iii), which amount shall be released to the Sellers' bankruptcy estates or if Sellers cease to exist or if Sellers' bankruptcy estates cease to exist, the funds shall be released to CIBC. For purposes of this Section 2(c), if the Disputed Claim Portion is unclear on its face, then the parties shall agree to withhold 125% of a reasonably agreed to monetary amount that would settle the Disputed Claim Portion. Prior to making any distribution under this Section 2(c), the Escrow Agent shall give all parties notice of the proposed distribution and the parties will have ten (10) business days to advise the Escrow Agent and other parties of any dispute with respect to a proposed distribution. Any such dispute regarding a proposed distribution shall be resolved pursuant to the procedures set forth in Sections 2(b)(ii) and (iii).

3. Payments by Escrow Agent; No Replenishment. Each payment made by Escrow Agent hereunder shall be made via wire transfer based upon wire transfer instructions provided to Escrow Agent by the recipient of the applicable portion of the Escrowed Funds. Notwithstanding anything to the contrary herein, none of the Operators, Sellers, or any of their respective affiliates shall have any obligation to replenish the Escrow Funds if such funds are exhausted by Escrow Claims paid by Escrow Agent pursuant to the terms of this Agreement.

4. Rights and Responsibilities of Escrow Agent.

(a) The initial fees, costs and expenses of Escrow Agent in connection with administering the Escrow Funds under this Agreement are seventeen thousand five hundred dollars (\$17,500), are calculated based on an estimate of twenty-four (24) draw requests over twenty-four months, and shall be borne equally by Operators and New Operators and shall be payable by Operators and New Operators on the Closing Date. Escrow Agent shall be entitled to rely upon, and, except in the case of its gross negligence, bad faith, or willful misconduct, shall be fully protected from all liability, loss, cost, damage or expense in acting or omitting to act pursuant to, any instruction, order, judgment, certification, affidavit, demand, notice, opinion, instrument or other writing delivered to it hereunder without being required to determine the authenticity of such document, the correctness of any fact stated therein, the propriety of the service thereof or the capacity, or the identity or authority of any party purporting to sign or deliver such document. Any additional fees

fees, costs and expenses of Escrow Agent incurred or any fees assessed by the Bank shall be deducted from the Escrow Funds.

(b) The duties of Escrow Agent are only as herein specifically provided, and are purely ministerial in nature. Escrow Agent shall neither be responsible for or under, nor chargeable with knowledge of, the terms and conditions of any other agreement, instrument or document in connection herewith, including, without limitation, any terms or conditions set forth in any PSA or OTA, and shall be required to act in respect of the Escrow Funds only as expressly provided in this Agreement. For the avoidance of doubt, the Escrow Funds shall not be invested by the Escrow Agent and shall be maintained solely in an interest-bearing deposit account.

(c) Escrow Agent is acting as an escrowee only with respect to the Escrow Funds. If any dispute arises as to whether Escrow Agent is obligated to deliver the Escrow Funds or as to whom the Escrow Funds are to be delivered or the amount thereof, Escrow Agent shall not be required to make any delivery, but in such event Escrow Agent may (i) hold the Escrow Funds until receipt by Escrow Agent of instructions in writing, signed by all parties which have, or claim to have, an interest in the Escrow Funds, directing the disposition of the Escrow Funds, (ii) hold the Escrow Funds until receipt of a certified copy of a final judgment of a court of competent jurisdiction providing for the disposition of the Escrow Funds, or (iii) institute an interpleader action in, and deposit the Escrow Funds in the registry of, a court of competent jurisdiction; provided, however, that notwithstanding the foregoing, Escrow Agent may, but shall not be required to, institute legal proceedings of any kind. In the event that the Escrow Agent files an action of interpleader naming the parties hereto in, and places the Escrow Funds in the registry of, a court of competent jurisdiction, the Escrow Agent shall be released and relieved from any and all further obligation and liability hereunder or in connection herewith. Operators, Sellers, Buyers, and New Operators, jointly and severally, shall indemnify, defend and hold harmless Escrow Agent from and against any loss, cost, liability or other expense in connection with its service as Escrow Agent hereunder, except to the extent arising from the gross negligence, bad faith, or intentional misconduct of Escrow Agent.

(d) Operators, Sellers, Buyers, and New Operators reserve the right, at any time and from time to time, to substitute a new escrow agent in place of Escrow Agent pursuant to a writing executed by all parties which shall contain instructions to Escrow Agent regarding disbursement or transfer of the Escrow Funds, or the then-remaining portion thereof, to the new escrow agent.

5. **Notices.** Any notice, consent or other communication permitted or required by this Agreement shall be in writing, and shall be given to each party, at the address set forth below, in the following manner: (a) personal delivery, (b) reputable overnight delivery service with proof of delivery, or (c) email delivery (provided that if delivery is made by email, such notice, consent or other communication shall also be concurrently transmitted by one of the methods described in the foregoing clauses (a) and (b)). Each such notice shall be deemed to have been given upon receipt or refusal to accept delivery. Unless and until changed as provided below, the addresses for notices given pursuant to this Agreement shall be as follows:

If to Buyers or New Operators: Attn: Daniel Morris
Email: Dan@Kadimahealth.com

With a copy to: Koss & Schonfeld, LLP
160 Broadway, 8th Floor
New York, NY 10038
Attn: Allen Koss Esq.
Email: avk@kandsllp.com

and a copy to: Bradley Arant Boult Cummings LLP
1819 Fifth Ave. N.
Birmingham, AL 35203
Attn: T. Parker Griffin
Email: pgriffin@bradley.com

If to Sellers or Operators: Louis E. Robichaux, IV
Email: Louis.Robichaux@ankura.com

with a copy to: Glenn B. Rose
Bass, Berry & Sims, PLC
150 Third Ave. South, Suite 2800
Nashville, TN 37205
grose@bassberry.com

and a copy to: Daniel Schimizzi
Whiteford Law
11 Stanwix Street, Suite 1400
Pittsburgh, PA 15222
dschimizzi@whitefordlaw.com

If to CIBC: Matt Tyler
CIBC Bank USA
120 S. LaSalle Street
Chicago, IL 60603
matthew.tyler@cibc.com

with a copy to: Liz Boydston, Stacy Flanigan, Max Schlan
Gutnicki LLP
4711 Golf Road, Suite 200
Skokie, IL 60076
lboydston@gutnicki.com, mschlan@gutnicki.com;
sflanigan@gutnicki.com

If to Escrow Agent: Brian Osborne & Sejal Kelly
Omni Agent Solutions, Inc.
5955 De Soto Avenue, Suite 100
Woodland Hills, CA 91367
Email: Treasury@omniagnt.com;
skelly@omniagnt.com; bosborne@omniagnt.com

To the extent that Operators, Sellers, or their respective bankruptcy estates no longer exist, any and all notices or funds required to be sent to Operators or Sellers shall be sent to CIBC Bank USA c/o Matthew Tyler, matthew.tyler@cibc.com with copy to Gutnicki LLP, lboydston@gutnicki.com and mschlan@gutnicki.com.

Each party shall have the right to designate a different individual, address email address for notices under this Agreement by giving a notice in writing to the other party in the manner provided above at least five (5) Business Days prior to the effective date of the change.

6. Effectiveness of Agreement. The parties acknowledge that the terms and conditions of this Agreement are expressly conditioned upon the occurrence of the Closing Date under the PSA and OTA.

7. Miscellaneous.

(a) The parties further agree and acknowledge that the terms of this Agreement are contractual, and are not merely a recital.

(b) Any Buyer or New Operator may, without the prior written consent of Seller or Operators, assign their rights under this Agreement to the purchaser of any Facility and its related assets. Subject to the foregoing, this Agreement shall be binding upon, and inure to the benefit of, each party and their heirs, successors, affiliates, subsidiaries, parents, officers, shareholders, directors, managers, members, partners, assigns, agents, servants, employees and attorneys.

(c) This Agreement, and the written agreements referenced herein, contain the full and complete agreement of the parties hereto, and all prior negotiations and agreements pertaining to the subject matter hereof are merged into this Agreement. Each party hereto expressly disclaims reliance upon any facts, promises, undertakings or representations made by any other party, or its/his agents or attorneys, prior to the execution of this Agreement. The parties further acknowledge that they may hereafter discover facts different from or in addition to those which they now know or believe to be true with respect to the claims released herein, and each agrees that in such event, this Agreement shall nevertheless be and remain effective in all respects, notwithstanding such different or additional facts, or the discovery thereof.

(d) The terms and conditions of this Agreement, constitute a contemporaneous, single, integrated transaction and are not several, such that a determination that one or more of such provisions is not enforceable shall render this Agreement null and void, thereby returning the parties to the status quo in effect immediately prior to this Agreement.

(e) This Agreement may not be modified, amended or waived except in a writing signed by all parties hereto. The waiver by one party of any breach of this Agreement by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

(f) The parties to this Agreement have had the benefit of counsel of their choice and have been afforded an opportunity to review this Agreement with their chosen counsel. To that end, the parties hereto have been represented by attorneys in negotiating and drafting this Agreement and the parties hereto have influenced the language of this Agreement. Therefore, this Agreement shall not be construed against any party to this Agreement by reason of drafting or authorship.

(g) This Agreement, and the rights and obligations of the parties hereto, shall be governed, construed, interpreted and enforced in accordance with the domestic substantive laws of the Commonwealth of Pennsylvania without giving effect to any choice or conflicts of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction. The parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with this Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court. The parties hereby consent to the jurisdiction of such court and waive their right to challenge any proceeding involving or relating to this Agreement on the basis of lack of jurisdiction over the person or forum non conveniens.

(h) Each party hereto shall bear its own costs, out-of-pocket expenses, and attorneys' fees incurred in the negotiations and execution of this Agreement. In the event of any litigation to enforce or interpret this Agreement, including litigation with respect to any Disputed Claim Portion, the substantially prevailing party in such litigation shall be awarded its legal fees and expenses incurred in such action from the substantially non-prevailing party. If any Buyer or New Operator is the substantially prevailing party in any such litigation, it shall be entitled to recover its legal fees and expenses from the Escrow Funds.

(i) Each party represents and warrants that the person signing on behalf of such party is fully authorized and legally competent to execute this Agreement as the legal, valid and binding act and deed of such party, and is a duly authorized representative of such party.

(j) Captions of sections or paragraphs are for convenience only and are not part of this Agreement and do not affect, change or modify the sections or paragraphs they precede.

(k) All nouns and pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the person or persons, firm or firms, corporation or corporations, entity or entities or any other thing or things may require, or "any" shall mean "any and all"; "or" shall mean "and/or" and "including" shall mean "including without limitation".

(l) No waiver of any term, provision or condition of this Agreement, in any one or more instances, shall be deemed to be or be construed as a further or continuing waiver of any such term, provision or condition of this Agreement. Except as expressly set forth herein, no failure to act shall be construed as a waiver of any term, provision, condition or rights granted hereunder.

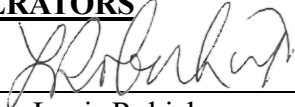
(m) This Agreement may be executed in one or more counterparts, any one of which shall be considered an original of this Agreement, but all of which shall be considered one and the same instrument. Electronic, pdf and scanned signatures and signature pages may be attached to an original of this document and shall be deemed to be originals and a part thereof.

(n) All parties agree to cooperate fully, execute any and all supplementary documents and take all additional actions which may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

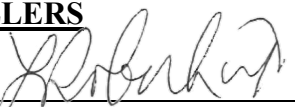
[Remainder of page intentionally blank; signature pages follow.]

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

OPERATORS

By: 
Name: Louis Robichaux
Title: Chief Restructuring Officer

SELLERS

By: 
Name: Louis Robichaux
Title: Chief Restructuring Officer

BUYERS

By: _____
Name: Daniel Morris
Title: President

NEW OPERATORS

By: _____
Name: Daniel Morris
Title: President

CIBC BANK USA:

By: _____
Name: Matthew Tyler
Title: Managing Director

ESCROW AGENT:

By: _____
Name: Brian Osborne
Title: CEO & President

[End of signatures pages.]

SCHEDULE 8(a)

CONTRACTS; RESIDENT AGREEMENTS

SCHEDULE 8(b)

ASSUMED CONTRACTS

SCHEDULE 11(a)

CURRENT EMPLOYEES

SCHEDULE 11(c)

ACCRUED EMPLOYEE VACATION AND LEAVE

SCHEDULE 18(d)

LITIGATION

SCHEDULE 18(e)

OVERPAYMENTS

SCHEDULE 18(g)

COMPLIANCE

SCHEDULE 18(h)
COST REPORTS; AUDITS

SCHEDULE 18(j)

LIFE CARE CONTRACTS

SCHEDULE 18(l)

PNA

SCHEDULE 18(m)

FURNITURE

SCHEDULE 18(p)

LABOR UNIONS

SCHEDULE 18(q)

MULTI-EMPLOYER PLANS

SCHEDULE 18(r)

EMPLOYEE BENEFIT PLANS

SCHEDULE 18(u)

TAXES