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DEC 23 2015

CHANGE OF OWNERSHIP

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

Part I: Purchasing Organization Information

Name of Organization:

1818 Enterprise ^{SL} Investors L.L.C.

Facility Name:
(ADPH Licensure name)

*Governing authority for license is Atlas Senior Living LLC
Kelley Place SCALF (16 beds) C.O.N for 18 other
beds D.B.A

SHPDA ID Number:

Address (PO Box #):

109 Chaney St

City, State, Zip, County:

Enterprise, AL 36331, Coffee

Number/Type Licensed Beds:

34 / SCALF (16 operational; 18 under development)

Owner(s): Wyman Hamilton; Scott Goldberg; Jeffrey Bayer; Billy Orzel

Operator(s): Atlas Senior Living; Wyman Hamilton

Madison Heights
16 will be put into use.

Part II: Selling Organization Information

Name of Organization:

Twenty/Twenty LLC

Address (PO Box #):

103 Dime Drive

City, State, Zip, County:

Enterprise, AL 36331, Coffee

Number/Type Licensed Beds:

34 SCALF (16 operational; 18 under development)

Owner(s): Twenty/Twenty LLC

Operator(s): Atlas Senior Living, LLC; Wyman Hamilton

Part III: Value of Consideration

Monetary Value of Purchase:

\$780,000 No./Type Beds: 34 ~~SCALF~~ SCALF

Terms of Purchase:

Purchasing all assets of company
(add more pages as necessary to describe the sale)

Part IV: List of Certificate of Need Authority

Number of Beds: 34 (16 operational; 18 under development)

Types of Institutional Health Services:

SCALF

List Service Area by County for Home Health Agencies:

On an Attached Sheet Please Address the Following:

- *1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.
- *2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).
- *3.) Whether the proposal will include the addition of any new beds.
- *4.) Whether the proposal will involve the conversion of beds.
- *5.) Whether the assets and stock (if any) will be acquired.

Part V: Certification of Information

I certify that I agree to provide the information necessary (financial, utilization of services and beds, etc.) so the new owner can have the necessary information to complete reports as necessary for the entire fiscal year. The purchaser has agreed to these terms.

Seller(s) Signature(s):
 Owner(s): Twenty/Twenty LLC [Signature]
 Operator(s): Atlas Senior Living [Signature]
 Title/Date: Principal 11/20/15

I certify that I will be responsible for retaining records as necessary to complete reports required for the entire fiscal year, and agree to these terms. I have enclosed a check in the amount of \$2,500 made payable to 'Alabama State Health Planning and Development Agency' to cover the cost of the change of ownership.

YES NO The above Purchaser and Seller have agreed to these purchase terms.

Purchaser Signature: [Signature]
 Title/Date: Principal 11/20/15

* projected close date 11/1/2016



Change of ownership form: State Health Planning and Development agency

Atlas Senior Living is currently the governing authority and management company for Twenty/Twenty LLC and Atlas Senior Living will also be the governing authority and management company for the purchasing organization so the transition will be seamless. Atlas will continue to manage the existing 16 bed SCALF for the new owners and will also develop and operate the new SCALF beds that was just approved by SHPDA. Atlas put together the CON and timeline for Twenty/Twenty LLC and will continue on with the new owners to develop the new community as approved. Atlas will be the majority shareholder of the purchasing organization and is buying all of the assets of Twenty/Twenty LLC.

See attached details from the CON about the new SCALF beds that will be developed.



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

100 NORTH UNION STREET, SUITE 870
MONTGOMERY, ALABAMA 36104

November 5, 2015

Wyman Hamilton, Administrator
2222 Arlington Avenue
Birmingham, AL 35205

RE: AL2015-032, CON 2730-SCALF
Twenty/Twenty, LLC

Dear Mr. Hamilton:

Reference is made to your application for review under Title 22, Chapter 21, Article 9, Code of Alabama, 1975 and the *Alabama Certificate of Need Program Rules and Regulations*.

Rule 410-1-8-.07 of the *Alabama Certificate of Need Program Rules and Regulations* provides within fifteen (15) days after the public hearing is concluded, the Certificate of Need Review Board (CONRB) shall issue a final order respecting the award of a Certificate of Need. Enclosed is the final order of the Certificate of Need Review Board for the above referenced project along with the Certificate of Need Number 2730-SCALF. The enclosed Certificate of Need is not transferable and will expire on November 4, 2016. The obligation for capital expenditure on this project should be incurred prior to the expiration date.

When valid contracts are signed for the project, please notify this Agency and enclose a copy. Please be aware that the *Rules and Regulations* address situations such as project modifications after issuance of the CON, cost overruns, failure to incur the obligation, and failure to commence construction, as well as other stipulations. You must abide by the *Rules and Regulations* and inform the Agency prior to undertaking any of the above conditions.

You are requested to provide the Agency with a progress report every six months until completion of this project. Upon completion, you should also submit a final report detailing total expenses broken down by major categories for this project.

Sincerely,

Alva M. Lambert
Executive Director

AML: dat

cc: Ray Sherer, Alabama Department of Public Health

MAILING ADDRESS: P.O. BOX 303025, MONTGOMERY, ALABAMA 36130-3025
PHONE: (334) 242-4103 FAX: (334) 242-4113

Ruling of the Certificate of Need Review Board
AL2015-032
Twenty/Twenty, LLC d/b/a Kelley Place
Enterprise, Alabama

FACTS:

1. Twenty/Twenty, LLC is seeking to construct and operate a new eighteen (18)-bed specialty care assisted living facility ("SCALF") adjacent to Kelley Place I, a sixteen (16)-bed SCALF in Enterprise, Coffee County, Alabama.
2. Total costs associated with this project are projected to be \$1,356,720.00, which includes the cost of construction (\$893,720.00), equipment (\$55,000.00) and first year annual operating costs (\$408,000.00).
3. This project will be funded with a twenty (20) year bank loan in the amount of \$708,720.00 at an anticipated interest rate of 4.75%, \$398,000.00 in new earnings and revenues, \$70,000.00 in cash on hand and \$180,000.00 in owner capital.
4. The primary service area for this project is Coffee County, Alabama. The applicant also states the secondary service area includes Covington, Dale and Geneva counties.
5. The *2014-2017 Alabama State Health Plan* addresses Limited Care Facilities – Specialty Care Assisted Living Facilities in ALA. ADMIN. CODE r. 410-2-4-.04 (2014).

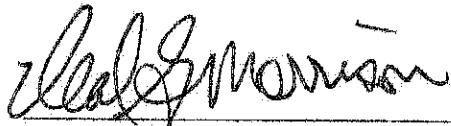
Planning Policy 4 provides that no beds will be added in any county where that county's projected ratio exceeds 4 beds per 1,000 persons age 65 and older. Based on the August 12, 2014 Statistical Update to the *Alabama State Health Plan*, there is a projected need for nineteen (19) SCALF beds in Coffee County.

6. According to the Center for Business and Economic Research at the University of Alabama ("CBER"), Coffee County has an estimated population of 53,269 in the year 2015. By 2018, CBER estimates Coffee County's population will be 55,232, for an overall increase of 3.69%. In the year 2015, Coffee County has an estimated population age 65 and older of 8,284, and is projected to have an estimated 8,917 persons age 65 and older by the year 2018, for an increase of 7.64%.
7. There were no letters received in support of or opposition to the proposed project.
8. Upon consideration of the totality of the evidence presented, the Board concludes that the proposal is financially feasible. Further, the Board concludes that the applicant is an "appropriate applicant," as defined by the applicable regulations.
9. The Board concludes that the applicant has demonstrated a substantially unmet community need for the proposal.

Based on the foregoing factual findings and representations, the evidence of record, and pursuant to ALA. CODE § 22-21-266 (1975 as amended), the Certificate of Need Review Board finds the following:

- (1) that the application is consistent with the current *State Health Plan*;
- (2) that there are no less costly, more efficient, or more appropriate alternatives to such inpatient services available and the development of such alternatives has been studied and found not practicable;
- (3) that similar services to those proposed are being used in an appropriate and efficient manner;
- (4) that in the case of new construction, alternatives have been considered and implemented to the extent possible; and
- (5) that patients will experience serious problems in obtaining inpatient care of the type proposed in the absence of the proposed additional SCALF beds.

Accordingly, based on the foregoing, separately and severally, and upon the totality of the evidence presented, by vote of the Certificate of Need Review Board on October 21, 2015, Project Number AL2015-032 is hereby **APPROVED**.



Neal G. Morrison, Chairman
Certificate of Need Review Board


November 5, 2015

Date

ALABAMA
STATE HEALTH PLANNING & DEVELOPMENT AGENCY
CERTIFICATE OF NEED
FOR HEALTH CARE SERVICES

| I. IDENTIFICATION | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------|
| 1. Certificate of Need 2730-SCALF | 2. Date Issued: November 5, 2015 | 3. Termination Date: November 4, 2016 |
| 4. Project Number: AL2015-032 | 5. Name of Facility: Kelley Place | |
| 6. Service Area: Coffee County | 7. Location of Facility: 103 Dixie Drive Enterprise, AL 36331-1283 | |
| 8. Type of Facility: SCALF | 9. Number of Beds: See Item 11 | 10. Estimated Cost: \$1,356,720.00 |
| 11. Services to be provided: The applicant is seeking to establish and operate a new eighteen (18) bed specialty care assisted living facility (SCALF) adjacent to Kelley Place I in Coffee County. | | |

| II. CERTIFICATE OF NEED |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>In accordance with Section 22-21-260 through 22-21-279, <u>Code of Alabama</u>, 1975, the Certificate of Need Review Board finds as follows:</p> <ol style="list-style-type: none">1. There is a need for the project.2. There are in force in the State of Alabama reasonable minimum standards of licensure and methods of operation for hospitals and health facilities.3. The prescribed standards of licensure and operation will be applied and enforced with respect to the applicant, hospital or other health facility. |

| III. ISSUANCE OF CERTIFICATE OF NEED |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>This Certificate of Need is issued to Twenty/Twenty, LLC d/b/a Kelley Place only, for a period not to exceed 12 months from the date of issuance. This Certificate of Need is not transferable and any action on the part of the Applicant to transfer this Certificate of Need will render the Certificate of Need null and void.</p> <p style="text-align: right;"> Alva M. Lambert, Executive Director</p> |

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STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made as of the ^{2nd} day of ~~December~~, 2015 (the "Effective Date"), by and among 1818 ENTERPRISESL INVESTORS, LLC, a Delaware limited liability company (the "Purchaser"), TWENTY/TWENTY, LLC DBA KELLEY PLACE, an Alabama limited liability company (the "Seller") and Forrest Warren ("Principal") (Purchaser, Seller and Principal are collectively referred to herein as the "Parties").

WITNESSETH:

WHEREAS, Seller owns a sixteen (16) bed memory care community known as Kelley Place located at 109 Chaney Drive, Enterprise, Alabama 36630 (the "Facility");

WHEREAS, Seller and Purchaser are parties to a Management Agreement dated December [], 2014 (the "Management Agreement"), pursuant to which Purchaser provides management services for the Facility on behalf of Seller;

WHEREAS, an application has been submitted to the Alabama State Health Planning and Development Agency ("SHPDA") on behalf of the Facility for the issuance of a Certificate of Need for sixteen (16) additional assisted living facility beds at or near the Facility (the "Additional CON");

WHEREAS, upon issuance of the Additional CON, Seller and Purchaser have agreed to cause the Management Agreement to be terminated and desire that Seller shall sell to Purchaser substantially all of the assets used in the operation of the Facility on the terms and conditions herein set forth;

WHEREAS, Principal is a member of the Seller and is entering into this Agreement as a material inducement to Purchaser to acquire the Facility and consummate the transactions contemplated by this Agreement; and

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually covenant and agree as follows:

1. PURCHASE AND SALE OF ASSETS

1.1 Purchase and Sale. Subject to the terms and conditions contained herein and except as otherwise provided in Section 1.2, the Seller agrees to sell, transfer, convey and assign to Purchaser, and Purchaser agrees to purchase and acquire from the Seller, on the Closing Date (herein defined) all of the Seller's right, title and interest in and to all of the following assets and properties of the Seller which are used in the conduct and operation of the Facility (all of such assets and properties (excluding the Excluded Assets) being referred to collectively as the "Business Assets").

(a) All of Seller's right, title and interest in and to real property described in Schedule 1.1(a), and all structures, improvements, buildings, leasehold improvements, and fixtures situated upon the said real property, together with all rights, ways and easements appurtenant thereto (the "**Real Property**");

(b) All of Seller's right, title and interest in the tangible personal property used in connection with the operation of the Facility of every kind and nature ("**Personal Property**"), including, without limitation, all furniture, fixtures, equipment, machinery and computer equipment, including without limitation, the Personal Property listed on Schedule 1.1(b);

(c) Those supplies, drugs, food, janitorial and office supplies, maintenance and shop supplies and other disposables, which are used in connection with the operation of the Facility and which exist as of the Closing Date (collectively "**Supplies**");

(d) All of Seller's right, title and interest in and to the intangible property (collectively the "**Intangible Property**") of every kind and nature which exists as of the Closing Date and which is directly related to the ownership and operation of the Facility, including, without limitation, the following:

(i) the Certificate(s) of Need issued to Seller by the SHPDA, including the Additional CON, and to the extent transferable, all licenses, permits, certificates, franchises, registrations and other indicia of authority relating to the operation of the Facility as presently conducted by Seller (collectively the "**Licenses and Permits**"), which Licenses and Permits are listed on Schedule 1.1(d)(i);

(ii) all rights in the name "Kelley Place" or any derivatives thereof and any related logos;

(iii) the goodwill of the Facility; and

(iv) to the extent assignable, all warranties, guaranties and covenants not-to-compete with respect to the Business Assets.

(e) The following documents, books, records, forms and files relating to the Business Assets as the same pertain directly to the operation of the Facility after the Closing Date (subject to Seller's right to access such documents, books, records, forms and files contained in Section 10.2 hereof):

(i) original Resident Records (as such term is defined in Section 10.2 hereof);

(ii) original employment and personnel records relating to Retained Employees (as defined in Section 6.8(c) hereof);

(iii) original policies and procedures manuals specific to the operations of the Facility and patient care, but excluding those policies and procedures related

primarily to corporate level functions such as purchasing, accounting, human resources, HIPAA and compliance; and

(iv) to the extent Seller possesses same or to the extent under Seller's control, all materials, documents and information relating to the Real Property, the Personal Property, all environmental studies, reports and information on property use and operational material, plans and specifications, contracts, site plans, plats, surveys, zoning material, correspondence, governmental material, information and notices, and, to the extent available, all title information (including but not limited to all covenants, conditions, restrictions, leases, licenses, occupancy agreements, easements, servitudes and other items of record).

(f) Seller's rights pursuant to the leases of personal property to which Seller is a party that are listed on Schedule 4.8(b) (the "Personal Property Leases") accruing on or after the Closing, and the oral and written contracts listed on Schedule 4.10 which are currently in effect with respect to the patient care at the Facility and maintenance and/or operation of the Facility (the "Contracts") accruing on or after the Closing. The Personal Property Leases and Contracts shall include all prepayments for goods and services to be provided after the Effective Date.

1.2 Excluded Assets. Notwithstanding anything in this Agreement to the contrary, the Business Assets shall not include (collectively, the "Excluded Assets"):

- (a) the cash and accounts receivable of Seller;
- (b) any of the assets and properties described on Seller's Schedule 1.2 and rights under any contracts and leases not listed on Schedule 4.8 and Schedule 4.10.
- (c) the rights of Seller under this Agreement;
- (d) all contracts of insurance of Seller and any claim or right of Seller thereunder, except as may be provided by this Agreement;
- (e) rights and claims of Seller against third parties or that may be asserted as a defense, cross claim or counterclaim in any action, suit or proceeding that may be brought against Seller and that relate to any liability or obligation of Seller retained by Seller pursuant to this Agreement;
- (f) the original tax returns and the original Business Records (as defined in Section 10.2(a) hereof) of Seller; provided, however, that Seller shall make available such Business Records to Purchaser as provided herein;
- (g) Seller's policies and procedures related to primarily corporate functions such as purchasing, accounting, human resources, HIPAA and compliance; and
- (h) all refunds, repayments or reimbursements paid with respect to any cost reports filed with any governmental or commercial payor for any periods through the Closing

Date and any other refunds, repayments or reimbursements owed to Seller for any period through the Closing Date.

2. Purchase Price; Terms of Payment

2.1 Purchase Price, Allocation of Purchase Price. The purchase price for the Business Assets (the "**Purchase Price**") shall be Seven Hundred Eighty Thousand and no/100 Dollars (\$780,000.00). The Purchase Price shall be allocated among the Business Assets in conformity with Section 1060(b) of the Internal Revenue Code of 1986, as amended (the "**IRC**") and the regulations promulgated thereunder as reflected on Schedule 2.1. Purchaser and Seller agree to cooperate in filing all information required by Section 1060(b) of the IRC and regulations thereunder and to take no position on or with respect to any income tax return, report or filing (including without limitation, amendments thereto) inconsistent with such allocation.

2.2 Management Fee Deferral. As additional consideration for the transaction contemplated herein, Purchaser agrees that, commencing August 1, 2015 and continuing for a period ending upon the earlier of (i) November 1, 2015 or (ii) the earlier termination of this Agreement, Purchaser shall defer the Five Thousand and No/100 Dollar (\$5,000.00) per month Management Fee due from Seller to Purchaser pursuant to Section 3.1 of the Management Agreement (the actual amount ultimately deferred being the "**Management Fee Deferral**"). The Management Fee Deferral shall be paid by Seller to Purchaser on the Closing Date. In the event this Agreement is terminated as a result of the denial of the Facility's application for the Additional CON, the Management Fee Deferral shall be forfeited by the Purchaser, and Seller shall not be obligated to pay such amount to Purchaser under the Management Agreement or otherwise. The Management Fee shall be reinstated upon the earlier of such termination or November 1, 2015. In the event this Agreement is terminated for any other reason, upon such termination, the Management Fee Deferral shall be immediately due and owing by Seller to Purchaser. In all cases, whether or not this Agreement has been terminated, the Management Fee payments under the Management Agreement shall resume November 1, 2015.

2.3 Payment of the Purchase Price. The Purchase Price shall be payable to Seller as follows:

(a) Purchaser shall deliver to Seller good funds in an amount equal to the Purchase Price after giving effect to the the prorations and adjustments set forth in Section 2.5 hereof.

2.4 Assumption of Certain Liabilities. Purchaser agrees to assume, as of the Closing Date, and to pay or perform in accordance with their terms, the following obligations of Seller (collectively, the "**Assumed Liabilities**"); Purchaser shall assume all obligations under the Contracts and Personal Property Leases first arising after the Closing Date (but specifically excluding any obligation or liability arising from any default or non-performance by Seller prior to the Closing Date).

Notwithstanding the foregoing provisions, Seller shall retain and not assign and the Purchaser shall not assume and shall not be liable for any other liability or obligation of Seller other than the Assumed Liabilities.

2.5 Proration. There shall be prorated or credited, as applicable, between Purchaser and Seller as of the close of business on the Closing Date the following accrued or prepaid items relating to the Facility:

(a) **Ad Valorem Taxes.** All ad valorem or similar taxes on the Real Property and Business Assets shall be prorated at the Closing Date based upon the number of days elapsed from the beginning of such taxable period through the Closing Date and Purchaser shall receive a credit against the Purchase Price in an amount equal to such accrued and unpaid taxes for which Seller is responsible. Purchaser shall assume responsibility for payment of all such taxes after Closing.

(b) **Utilities, Rent and Accounts.** The proration for accounts payable, rents, and utilities will be in accordance with the following:

(i) **Accounts Payable.** All invoices for the purchase of inventory and supplies for use at the Facility that are dated before the Closing Date, shall be paid by Seller. All invoices for the purchase of inventories and supplies for use at the Facility that are dated on or after the Closing Date, shall be paid by Purchaser.

(ii) **Revenues and Accounts Receivable.** Seller is entitled to all revenues and trade accounts receivable accruing prior to the close of business at the Closing Date. Purchaser is entitled to all revenues and trade accounts receivable relating to the Facility accruing after the Closing Date. All funds paid on an account will be allocated to the oldest outstanding receivables, unless the account debtor specifically identifies the period of time for which a payment made by such debtor shall apply, in which case the payment will be applied to the receivable so indicated.

(iii) **Utilities and Services.** All invoices that are for utilities and services provided to the Facility for periods prior to the Closing Date shall be paid by Seller. Purchaser shall have the utilities transferred into its name as of the Closing Date, and shall be responsible for all charges, fees and/or deposits in connection therewith.

(iv) **Rent.** All rent on the Personal Property Leases that becomes due and payable on or after the Closing Date, shall be paid by the Purchaser. On the Closing Date, Purchaser shall reimburse Seller for their pro rata share of any rent that Seller has paid with respect to the Personal Property Leases through the Closing Date, and that is attributable to the use of leased property on or after said date.

(v) **Prepaid Expenses.** On the Closing Date, Purchaser shall reimburse Seller for expenses paid prior to the Closing Date for services to be provided under the Contracts after the Closing Date. Seller shall reimburse Purchaser for all expenses paid by Purchaser after the Closing Date for services provided under the Contracts prior to the Closing Date.

Seller and Purchaser shall cooperate with each other prior to and after the Closing Date in sharing information necessary to effect the prorations and allocations of revenues and expenses contemplated hereby. Such information shall include, without limitation, an aging schedule of accounts payable; an aging schedule of accounts receivable; and such other information as may

be reasonably requested to allocate revenues and expenses between Seller and Purchaser as herein contemplated. Such information shall be provided as of the close of the fiscal month immediately preceding the Closing Date and as of the close of each fiscal month thereafter until all such prorations have been completed or such information is no longer necessary.

(c) **Salaries and Compensation.** The proration for salaries and hourly compensation of the Retained Employees shall be effected as follows:

(i) **Hourly Employees.** Seller shall provide for payment of compensation and all required withholdings for the Retained Employees compensated on an hourly basis through 11:59 P.M. on the date immediately preceding the Closing Date. Purchaser shall be responsible for payment of compensation to such Retained Employees thereafter.

(ii) **Salaried Employees.** Seller shall be responsible for payment of its pro rata share of the salaries and required withholdings of Retained Employees for its first payroll period ending after the Closing Date, with such pro rata share to be determined by using a fraction in which the numerator is the number of days in the payroll period from the first day of the payroll period up to the Closing Date, and the denominator is the total number of days in the payroll period. Purchaser shall be responsible for payment of its pro rata share of the salaries and required withholding of Retained Employees for its first payroll period ending after the Closing Date, with such pro rata share to be determined by using a fraction in which the numerator is the number of days in the payroll period from the Closing Date, through and including the last day of the payroll period and the denominator is the number of days in the payroll period.

Seller and Purchaser shall each prepare payroll checks for delivery to the Retained Employees on the payment date for the first payroll period ending after the Closing Date, so that such Retained Employees will receive a check from Purchaser and a check from Seller in a sum equal to the total compensation due and payable for said payroll period. Seller and Purchaser shall each be responsible for the payment of all amounts required to be withheld from the compensation for which they are responsible and for the filing of all reports and tax returns with respect to such compensation.

(d) **Accrued Liability for Holidays and Vacation.** On the Closing Date, Purchaser shall provide a schedule of accrued sick leave and vacation time as of Closing Date with respect to the Retained Employees (as defined in Section 6.8 hereof). Purchaser shall provide the Retained Employees credit for the accrued time for vacation and sick leave in accordance with Purchaser's policies and practices as provided in Section 6.8(c) hereof.

3. **Closing; Items to be Delivered at Closing.**

3.1 **Closing Date.** Unless otherwise agreed in writing by the parties hereto, the consummation of the transactions contemplated by this Agreement (the "**Closing**") shall take place at a mutually agreeable time and place on or before January 1, 2016 (the "**Closing Date**"). Should the transactions contemplated by this Agreement not close on or before such date, the Parties' rights, duties and obligations under and pursuant to this Agreement shall be governed by

Section 9 of this Agreement. The transactions contemplated by this Agreement shall be effective at midnight on the date immediately preceding the Closing Date.

3.2 Items to be Delivered by Seller at the Closing. At or before the Closing, Seller shall execute and/or deliver or cause to be delivered to Purchaser the following:

(a) Evidence satisfactory to Purchaser of the issuance of the Additional CON by SHPDA, together with all documentation and correspondence related thereto;

(b) A general warranty deed pursuant to which Seller conveys fee simple title in the Real Property to Purchaser free and clear of all liens, claims and encumbrances made, created or suffered by Seller or those claiming by, through or under Seller, except for Permitted Exceptions (as defined in Section 6.2 hereof);

(c) A Termination of Management Agreement executed by Seller terminating the Management Agreement as of the Closing Date;

(d) An Assignment and Bill of Sale executed by Seller conveying the Personal Property, Supplies, and Intangible Property to Purchaser subject only to the representations and warranties herein set forth and free and clear of all liens, claims and encumbrances except for Permitted Exceptions;

(e) Appropriate Assignment and Assumption Agreements between Purchaser, or its designee, and Seller, as applicable, in forms reasonably satisfactory to Purchaser with respect to the Personal Property Leases and Contracts;

(f) A favorable certificate of existence of Seller issued by the Secretary of State of Alabama and a favorable certificate of good standing issued by the Alabama Department of Revenue;

(g) UCC-3 Termination Statements for any and all financing statements filed with respect to the Business Assets or an unconditional undertaking to release the same;

(h) A certificate of a duly authorized officer of Seller certifying to Purchaser, in his or her capacity as an officer, in all material respects the accuracy of the Representations and Warranties set forth in Section 4 hereof and compliance with Seller's covenants set forth in this Agreement;

(i) A certificate of the secretary or authorized representative of Seller certifying to Purchaser: (a) the incumbency of the officers of Seller from the date of this Agreement to the Closing Date and bearing the authentic signatures of officers who shall execute this Agreement and any additional documents contemplated by this Agreement; (b) as to the resolutions of the governing body of Seller authorizing the transfer of the Business Assets by Seller to Purchaser and the execution, delivery and performance of this Agreement by Seller; (c) that such resolutions have not been amended or rescinded and remain in full force and effect; and (d) as to the Certificate of Formation and Operating Agreement of Seller;

(j) A policy of title insurance (the "Title Policy"), or an unconditional undertaking to issue the same, issued by a title insurance company licensed in the State of Alabama (the "Title Company") and dated as of the Closing Date, insuring Purchaser's interest in the Real Property as required under Section 6.2 hereof, and evidencing Purchaser's fee simple interest in the Facility free and clear of all liens, claims and encumbrances, except for Permitted Exceptions (as defined in Section 6.2);

(k) Non-competition agreements of Seller and Principal in substantially the form of Exhibit A attached hereto; provided if any member of Seller will be a member of Purchaser, the agreement by such member of Seller will permit such person to be a member of Purchaser;

(l) Payment to Purchaser of the Management Fee Deferral; and

(m) Such other bills of sale, instruments of title, certificates, consents, endorsements, assignments, assumptions and other documents or instruments in a form reasonably satisfactory to Purchaser and its counsel, as may be reasonably requested by Purchaser in order to transfer the Business Assets of Seller to Purchaser, and to carry out the transactions contemplated by this Agreement and to comply with the terms hereof; provided such additional documents will not cause unreasonable efforts or expense to Seller.

3.3 Items to be Delivered by Purchaser at Closing. At or before the Closing, Purchaser shall execute and/or deliver or cause to be delivered to Seller the following:

(a) Payment of the funds required to be delivered in payment of the Purchase Price as herein provided;

(b) Appropriate Assignment and Assumption Agreements between Purchaser or its designee and Seller, as applicable, in forms reasonably satisfactory to Seller with respect to Personal Property Leases and the Contracts;

(c) A certificate of the secretary or authorized representative of Purchaser certifying to Seller in all material respects the accuracy of the Representations and Warranties set forth in Section 5 hereof and compliance with Purchaser's covenants set forth in this Agreement;

(d) A certificate of the secretary or authorized representative of Purchaser certifying to Seller (a) the incumbency of the officers of Purchaser from the date of this Agreement to the Closing Date and bearing the authentic signatures of such officers who shall execute this Agreement and any additional documents contemplated by this Agreement; (b) as to the authority of the officers of Purchaser to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and (c) as to the Certificate of Formation and Operating Agreement of Purchaser;

(e) A favorable certificate of existence of Purchaser issued by the Secretary of State of Alabama, and a favorable certificate of good standing issued by the Alabama Department of Revenue; and

(f) Such other instruments, certificates, consents or other documents as may be reasonably satisfactory to Seller and their counsel to carry out the transactions contemplated by this Agreement and to comply with the terms hereof; provided such additional documents will not cause unreasonable efforts or expense to Purchaser.

3.4 Closing Costs. Seller shall be responsible for the cost of title examination and premiums for the title insurance policy (to be delivered pursuant to Section 3.2(j) hereof). Purchaser shall be responsible for the cost of the Survey, environmental reports and inspection contemplated by Section 6.2 hereof and all recording or transfer fees and expenses, including any deed transfer or mortgage indebtedness tax. Seller shall be responsible for all fees, expenses and other costs associated with any licenses or permits or transfer thereof to Purchaser. Each of Purchaser and Seller shall be responsible for all other costs that any of them may incur in connection with the negotiation of this Agreement and the completion of the transactions contemplated hereby as contemplated by Section 12.11 hereof. Other than with respect to Seller's attorneys' fees and other third party advisor fees (all of which shall be the responsibility of Seller), the obligations of Seller pursuant to this Section 3.4 shall not exceed \$4,000.

4. REPRESENTATIONS AND WARRANTIES OF SELLER AND PRINCIPAL

Seller and Principal, jointly and severally, represent and warrant to Purchaser, which representations and warranties shall be true and correct on the date hereof and through and including the Closing Date, as follows:

4.1 Organization and Ownership.

(a) Seller is a limited liability company duly formed and validly existing under the laws of Alabama. Seller has full power and authority to own, lease and operate its properties and assets as presently owned, leased and operated and to carry on its business as it is now being conducted. Seller is duly qualified to transact business in each jurisdiction in which the failure to so qualify would adversely affect its businesses.

4.2 Authority; Validity; No Breach.

(a) Each of Seller and Principal has the full right, power, legal capacity and authority to execute, deliver and carry out the terms of this Agreement and all documents and agreements necessary to give effect to the provisions of this Agreement and to consummate the transactions contemplated hereby. All internal governance and other actions required to be taken by Seller to authorize the execution, delivery and performance of this Agreement, all documents executed by Seller which are necessary to give effect to this Agreement, and all transactions contemplated hereby have been duly and properly taken or obtained or will be duly and properly taken or obtained by Seller prior to the Closing Date. No other internal governance or other corporate action on the part of Seller is necessary to authorize the execution, delivery and performance of this Agreement, all documents necessary to give effect to this Agreement, and all transactions contemplated hereby.

(b) This Agreement is, and the documents to be delivered at the Closing will be, the lawful, valid and legally binding obligation of Seller and Principal, each enforceable in

accordance with its terms. Except as set forth in Schedule 4.2(b) attached hereto, and assuming Purchaser's receipt of all licenses, certifications, accreditations and other regulatory approvals necessary to own and operate the Facility, the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not, with or without the giving of notice and/or the passage of time:

(i) violate or conflict with the Certificate of Formation or Operating Agreement of Seller or any other internal governance documents of Seller or any provision of law, statute, rule or regulation to which Seller or Principal is subject;

(ii) violate or conflict with any judgment, order, writ or decree of any court applicable to Seller or Principal;

(iii) result in the breach or termination of any provision of, or create rights of acceleration or constitute a default under, the terms of any material indenture, mortgage, deed of trust, contract, agreement or other instrument to which Seller or Principal is a party or by which Seller or Principal is bound or result in the creation or imposition of any lien, charge or encumbrance upon any of the Business Assets.

4.3 Extent of Assets. The Business Assets include, without limitation, all of the real and personal property, intangible property, rights and other assets of every kind and nature whatsoever owned, leased or used by Seller in connection with the operation of the Facility prior to the Closing Date, excluding the Excluded Assets, and are sufficient for the operation of the Facility following the Closing on a basis consistent with Seller's past operations. During the six (6) months prior to the date hereof, except as set forth on Schedule 4.3, Seller has not removed from the Facility any material item of tangible personal property used in the conduct of the Facility other than in the ordinary course of business.

4.4 Consents and Approvals. Except for the issuance of the Additional CON by SHPDA and assuming Purchaser's receipt of all licenses, permits, certifications, accreditations, and other regulatory approvals necessary to own and operate the Facility, no consent, approval, permit, waiver, authorization or other action of or by any nongovernmental person or entity, and no consent, approval, permit, waiver, authorization or other action of or by any court or governmental person or entity, is required in connection with the transfer of the Business Assets to Purchaser and the execution, delivery or performance of this Agreement by the Seller.

4.5 Financial Statements. Prior to the date hereof, Seller has delivered to Purchaser copies of (a) an unaudited balance sheet of Seller as of December 31, 2014 and statements of income and cash flow for the year then ended and (b) an unaudited balance sheet as of September 30, 2015 and statements of income and cash flow for the period then ended (the "**Seller Financial Statements**"). The Seller Financial Statements present fairly and accurately in all material respects the financial condition of the Facility and the results of operation of the Facility at the dates and for the periods indicated. The Seller Financial Statements have been prepared by Seller in the ordinary course of business consistent with past practice. To the Knowledge of Seller, the Seller has no liabilities other than those reflected in its balance sheet at December 31, 2014, other than those incurred in the ordinary course of its business. Purchaser

understands that, except as expressly set forth in this Section 4.5, Seller is not making any representation or warranty with respect to the Seller Financial Statements.

4.6 Absence of Adverse Changes. Except as set forth in Schedule 4.6 attached hereto, since December 31, 2014, there has not been any material adverse change, nor any circumstance, event, occurrence, contingency or condition that might reasonably be expected to result in a material adverse change, whether or not in the ordinary course of business and whether or not covered by insurance, in the working capital, financial condition, assets, liabilities, business or operations of Seller taken as a whole or with respect to the Facility and the Business Assets, excluding matters generally impacting the assisted living industry.

4.7 Real Property.

(a) Seller currently holds a valid fee simple interest in the Real Property, free and clear of all liens, claims, mortgages, and encumbrances of any kind whatsoever, other than the Permitted Exceptions.

(b) With respect to the Real Property, Seller represents that there are no purchase contracts, options or other agreements of any kind whereby any person or entity as of the date hereof, has acquired or will have any basis to assert any right, title or interest in, or right to the possession, use, enjoyment or proceeds of, any part or all of the interests in the Real Property other than the Permitted Exceptions.

(c) Seller has no Knowledge that the Real Property is not properly zoned to permit the use for which it is presently used and/or intended to be used. Seller has not received any written notice of violation or claimed violation of any applicable building, zoning and other land use and similar laws, codes, ordinances, rules, regulations and orders, including, without limitation, the Americans With Disabilities Act (other than environmental laws, which are more particularly described below) (collectively, "**Real Property Laws**"). Seller has no Knowledge that the continued use, occupancy and operation of the Real Property, as currently used, occupied and operated constitutes a nonconforming use under any Real Property Law, or that the continued existence, use, occupancy and operation of the Real Property, and the right and ability to repair and/or rebuild any unit of the Real Property in the event of casualty, is dependent on any special permit, exception, approval or variance other than as required by the laws, rules and regulations generally applicable to the operation of the Facility.

(d) Except as disclosed in Schedule 4.7(d) hereto, neither the whole nor any portion of the Real Property has been condemned, requisitioned or otherwise taken by any public authority (a "**Public Taking**"), and no notice of any Public Taking has been received by Seller with regard to the Real Property. Seller has no Knowledge that any such Public Taking is threatened or contemplated. Seller has no Knowledge of any public improvements which have been ordered to be made and/or which have not heretofore been assessed, and Seller has no Knowledge of any special, general or other assessments pending, threatened against or affecting the Real Property.

(e) Except as identified in Schedule 4.7(e), with respect to the Facility:

(i) Seller has no Knowledge that Seller has not previously complied, and is not currently in material compliance, with all federal, state and local environmental statutes, laws, ordinances, orders, rules, regulations and moratoria related to protection of the environment or the regulation of potentially hazardous substances, including, without limitation, the Clean Air Act, as amended ("CAA"); the Federal Water Pollution Control Act, as amended ("WPCA"); the Safe Drinking Water Act, as amended ("SDWA"); the Resource Conservation and Recovery Act, as amended ("RCRA"); the Hazardous Material Transportation Act, as amended ("HMTA"); the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, as amended ("CERCLA"); and all other similar laws, ordinances, orders, rules, regulations or moratoria (collectively "Environmental Laws"). Seller has not received any written notice alleging any noncompliance with or potential liability pursuant to any of such Environmental Laws.

(ii) With the exception of nonmaterial amounts of such substances transported, generated, treated, used, stored or disposed of in the ordinary course of business, Seller has no Knowledge that medical wastes or hazardous wastes, as defined in Subtitle C of RCRA or under applicable state law, or hazardous substances, as defined in CERCLA or under applicable state law, or hazardous materials, as defined by HMTA or under applicable state law, or toxic or hazardous air or water pollutants, as defined in CAA, CWA or SDWA, or petroleum, including crude oil or any fraction thereof, or any other toxic, infectious or noxious substances and/or any waste or recycled products thereof (as such substances are defined by Environmental Laws (collectively, "Hazardous Substances")) have been transported, generated, treated, used, stored, spilled, leaked or disposed of by Seller or by prior owners, operators or lessees of the Real Property on the Real Property (which for purposes of this Section 4.7(e) shall include, without limitation, the air above and all surface and subsurface soil and water), or at any location in the immediate area of the Real Property except in compliance with applicable laws.

(iii) Seller has no Knowledge of any release or threatened release, as those terms are defined in Environmental Laws, of any Hazardous Substances from any source on the Real Property, whether in the past or now occurring. Further, Seller has no Knowledge of any Hazardous Substances including polychlorinated biphenyls ("PCBs"), asbestos, radon, chemicals or other conditions or uses of the Real Property or property in its vicinity, whether natural or man-made, which pose a present or potential threat of damage to the health of persons, to property, to natural resources or to the environment. Except as set forth on Schedule 4.7(e), Seller has no Knowledge of any underground storage tanks, as defined under Environmental Laws, that are present on or under the Real Property, and Seller has no Knowledge that any such tanks were previously situated on or under, or abandoned or removed on or from, the Real Property.

(iv) Seller has no Knowledge of any liability, responsibility or obligation to any person, entity or governmental authority for fines, violations, penalties, personal injury, damages or awards, or for investigation, expense, removal or remedial action to effect compliance with or discharge any duty, obligation or claim under any

such laws or regulations ("Environmental Claims"), and Seller has no reason to believe that any such Environmental Claims exist or may be brought or threatened.

(v) Seller has no Knowledge that Seller or any prior owners or operators or lessees of the Real Property have handled or disposed of, transported or arranged for the transportation or disposal of any Hazardous Substances, in any manner, which may form the basis for any present or future claim, demand or action seeking investigation, response, removal, remedial action or expense. Seller has no Knowledge that Seller or any prior owners or operators or lessees of the Real Property have ever sent, arranged for disposal or treatment, arranged with a transporter for transport for disposal or treatment, transported or accepted for transport any Hazardous Substances from the Real Property to a facility, site or location, which, pursuant to CERCLA or any Environmental Law, (a) has been placed or is proposed to be placed, on the National Priorities List (as such term is defined in CERCLA), or any state cleanup list, or (b) which is subject to a claim, administrative order or other demand or request to take removal or remedial action by any person, entity or governmental authority.

(f) Schedule 4.7(f) identifies all audits, investigations or assessments or occupational health studies with respect to Environmental Laws undertaken during the twenty-four (24) months immediately prior to the date hereof by or on behalf of Seller with respect to the Real Property and identifies, to the Knowledge of Seller and, with respect to Environmental Laws, the results of groundwater, surface water, air and soil testing, underground storage tank tests, building material or paint testing, and written communications with federal, state or local governments regarding Environmental Laws matters relating to the Business Assets, their operations, or the individuals employed at or by Seller, in connection with the Business Assets or their operations during said twenty-four (24) month period.

4.8 Personal Property.

(a) Seller has the right to transfer the Personal Property to Purchaser as herein contemplated. Except as set forth in Schedule 4.8(a) attached hereto, none of the Personal Property is subject to, or will be subject to as of the Closing Date, any security interest, mortgage, pledge, lien, right of first refusal, option, restriction, liability, covenant, charge or encumbrance of any kind or character whatsoever, other than the Permitted Exceptions.

(b) Seller has provided Purchaser with complete and correct copies of all Personal Property Leases listed on Schedule 4.8(b). Except as set forth in Schedule 4.8(b):

(i) the Personal Property Leases listed therein have not been modified, amended or assigned, are legally valid, binding and enforceable in accordance with their respective terms and are in full force and effect, except to the extent enforceability is limited by equitable remedies or laws affecting creditors' rights generally;

(ii) there are no monetary defaults and no material nonmonetary defaults by Seller, or, to the Knowledge of Seller, any other party to the Personal Property Leases listed therein;

(iii) Seller has not received notice of any default, offset, counterclaim or defense under any Personal Property Lease listed therein; and

(iv) to the Knowledge of Seller, no condition or event has occurred which with the passage of time or the giving of notice or both would constitute a default or breach by Seller of the terms of any Personal Property Leases listed therein.

4.9 Intellectual Property. To Seller's Knowledge, no patents, trademarks, service marks, trade names or copyrights are necessary to conduct or to continue the Facility as heretofore conducted.

4.10 Contracts, Obligations and Commitments. Seller has provided Purchaser with complete and correct copies or an accurate description of the Contracts listed on Schedule 4.10. Except as set forth in Schedule 4.10:

(i) none of the Contracts listed therein has been modified, pledged, assigned or amended, and all of the Contracts are legally valid, binding and enforceable in accordance with their respective terms and are in full force and effect, except to the extent enforceability is limited by equitable remedies or laws affecting creditors' rights generally;

(ii) there are no defaults by Seller, to the Contracts listed therein;

(iii) Seller has not received notice of any notice of any default, offset, counterclaim or defense under any Contract listed therein except as noted in Section 4.10(ii) hereof; and

(iv) to the Knowledge of Seller, no condition or event has occurred which with the passage of time or the giving of notice or both would constitute a default or breach by Seller of the terms of any Contract listed therein, except as noted in Section 4.10(ii) hereof.

4.11 Supplies. Each of the items of Supplies of Seller (including without limitation, all office supplies, medical supplies and perishables at the Facility) will, as of the Closing Date, be adequate for the operation of the Facility in the ordinary course of business.

4.12 Employees; Employee Benefit Plans.

(a) To Seller's knowledge, Schedule 4.12(a), which will be provided by Purchaser, contains a current, correct and complete list of the names and current hourly wage, salary, and employer provided benefits and other compensation of all employees of Seller who perform services for Seller at the Facility (the "Seller Employees"). Except as set forth in Schedule 4.12(a), to be provided by Purchaser, the Seller Employees are employed by the Seller and, to the knowledge of Seller, none of the Seller Employees is a party to any oral (express or implied) or written employment agreement, employee lease agreement, consulting agreement or independent contractor agreement with any individual or entity, and to the knowledge of Seller, none of the Seller Employees is a party to any agreement that contains any severance or termination pay obligations.

(b) Except as set forth in Schedule 4.12(b), no Seller Employee or group of Seller Employees is represented by any labor union or organization and to the Knowledge of Seller, there has not been any labor union organizing activity at the Facility. Except as set forth in Schedule 4.12(b) attached hereto, there is no labor dispute, work stoppage, strike, investigation, controversy, grievance, arbitration, complaint, claim or other labor relations problem (collectively, "**Labor Proceeding**") pending or, to Seller's Knowledge, threatened, between Seller and any present or former Seller Employee, nor have any discharges or terminations occurred which, to the Knowledge of Seller, would form the basis for any valid claim of discrimination against Seller which could have a material adverse effect upon the Facility.

(c) With regard to the Seller Employees, Seller has materially complied with and is currently materially complying with, and Seller has not received any notice of noncompliance with, any and all applicable laws relating to the employment of labor including, without limitation, those laws relating to wages, hours, equal employment, occupational safety and health, workers' compensation, unemployment insurance, collective bargaining, affirmative action and the payment and withholding of social security and other taxes. Seller has withheld or paid all amounts required by law or agreement to be withheld from the wages or salaries of the Seller Employees, and shall not be liable for any material arrearages of any tax or penalties for failure to comply with the foregoing.

(d) Schedule 4.12(d) sets forth a complete and correct list of all "employee benefit plans" as defined by Section 3(3) of the Employee Retirement Income Security Act of 1974 ("**ERISA**"), all specified fringe benefit plans as defined in Section 6039D of the IRC, and all other bonus, incentive compensation, deferred compensation, profit sharing, stock option, stock appreciation right, stock bonus, stock purchase, employee stock ownership, savings, severance, change in control, supplemental unemployment, layoff, salary continuation, retirement, pension, health, life insurance, disability, accident, group insurance, vacation, holiday, sick leave, fringe benefit or welfare plan, and any other employee compensation or benefit plan, agreement, policy, practice, commitment, contract or understanding (whether qualified or nonqualified, currently effective or terminated, written or unwritten) and any trust, escrow or other agreement related thereto, that (i) is maintained or contributed to by Seller or any other corporation or trade or business controlled by, controlling or under common control with Seller (within the meaning of Section 414 of the Internal Revenue Code or Section 4001(a)(14) or 4001(b) of ERISA) ("**ERISA Affiliate**") or has been maintained or contributed to in the last three (3) years by Seller or any ERISA Affiliate, or with respect to which Seller or any ERISA Affiliate has or may have any liability, and (ii) provides benefits, or describes policies or procedures applicable to any Seller Employees, or the dependents of any thereof, regardless of how (or whether) liabilities for the provision of benefits are accrued or assets are acquired or dedicated with respect to the funding thereof (all such plans being collectively referred to as "**Employee Plans**" and individually as an "**Employee Plan**"). Schedule 4.12(d) identifies as such any Employee Plan that is (w) a "Defined Benefit Plan" (as defined in Section 414(l) of the Internal Revenue Code); (x) a plan intended to meet the requirements of Section 401(a) of the Internal Revenue Code; (y) a non-qualified deferred compensation plans for purposes of Section 409A of the IRC ; or (z) a plan subject to Title IV of ERISA, other than a Multiemployer Plan. Also set forth on Schedule 4.12(d) is a complete and correct list of all ERISA Affiliates of Seller during the last three (3) years.

(e) Seller has heretofore delivered or made available to Purchaser true and complete copies of each Employee Plan and certain related documents, including: (i) the plan document and the related trust agreement or annuity contract for such Employee Plan; (ii) the summary plan description, summaries of material modifications and any other material employee communication document for such Employee Plan; (iii) the actuarial report for such Employee Plan (if applicable) for each of the last two years; (iv) all determination letters from the IRS (if applicable) for such Employee Plan; (v) all insurance policies relating thereto and any written materials used by Seller to describe employee benefits to Seller Employees; (vi) the most recent annual return on Form 5500 (including all schedules thereto along with the accompanying auditor's opinion, if applicable) and tax return (Form 990) for such Employee Plan; (vii) the most current actuarial, valuation, and trustee's reports (as applicable) for such Employee Plan; and (viii) all material communications with any governmental entity or agency (including the Department of Labor, the IRS, the Pension Benefit Guaranty Corporation, and the SEC) with respect to such Employee Plan. Each such actuarial or valuation report correctly shows the value of the assets of such Employee Plan as of the date thereof, the total accrued and vested liabilities, all contributions by Seller, and the assumptions on which the calculations are based.

(f) Except as set forth in Schedule 4.12(f), each Employee Plan has been operated and administered in all material respects in compliance with its terms and applicable laws and regulations, including, but not limited to, ERISA and the IRC. To the Seller's knowledge, there has not been any material violation of the reporting and disclosure provisions of the IRC and ERISA. Except as set forth in Schedule 4.12(f), the Employee Plans which are nonqualified deferred compensation plans for purposes of Section 409A of the Code are in compliance in all material respects with the requirements of Section 409A and the regulations promulgated thereunder. There has not been any termination or partial termination (including any termination or partial termination attributable to the transactions contemplated by this Agreement) of such plans. Neither Seller nor any of its ERISA Affiliates, nor any predecessor thereof, contributes to, or has within the past six (6) years contributed to, any multiemployer plans, as defined in Section 3(37) of ERISA, or any multiple employer welfare arrangements, as defined in Section 3(40) of ERISA. Neither Seller nor any of its ERISA Affiliates, nor any predecessor thereof, sponsors, participates in, or contributes to, or has at any time in the past sponsored, participated in, or contributed to (i) any plan which is subject to the funding standards or requirements described in Section 412 of the IRC, or (ii) any plan which is subject to any of the requirements, obligations, and liabilities imposed by Title IV of ERISA.

(g) Each Employee Plan which is intended to be qualified under Section 401(a) of the Code is so qualified and has received a favorable determination letter or has pending or has time remaining in which to file, an application for such determination from the IRS or is entitled to rely on a favorable opinion letter from the IRS issued to a prototype plan sponsor with respect to a form of prototype plan adopted by Seller, and Seller is not aware of any reason why any such determination letter should be revoked or not be reissued, and any related trust is exempt from taxation under Section 501(a) of the Code. No prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code, or breach of fiduciary duty under Title I of ERISA has occurred with respect to any Employee Plan or with respect to Seller. No events have occurred with respect to any Employee Plan that could result in payment or assessment by or against Seller of any material excise taxes under Sections 4972, 4975, 4976, 4977, 4979, 4980B, 4980D, 4980E or 5000 of the Code.

(h) Except as set forth in Schedule 4.12(h), there is no action, suit, investigation, audit or proceeding pending against or involving or, to the knowledge of Seller, threatened against or involving any Employee Plan before any court or arbitrator or any state, federal or local governmental body, agency or official. Other than claims for benefits submitted by participants or beneficiaries, no claim against, or legal proceeding involving, any Employee Plan is pending or threatened.

(i) Seller has no direct or indirect material liability or obligation under any Employee Plan other than as described in the terms of such Employee Plans. There are no circumstances arising out of the sponsorship of any Employee Plan which will result in any direct or indirect material liability to Seller, other than liability for contributions, benefit payments, administrative costs and liabilities incurred in accordance with the terms of the Employee Plans consistent with past practice.

(j) Except as described in Schedule 4.12(j), neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will (i) result in any material payment (including severance, unemployment compensation, golden parachute or otherwise) becoming due to any director or employee of Seller from Seller under any Employee Plan or otherwise; (ii) materially increase any benefits otherwise payable under any Employee Plan; (iii) result in any acceleration of the time of payment or vesting of any such benefits to any material extent; (iv) constitute an acceleration of the payment or vesting of deferred compensation in violation of the requirements of Section 409A of the Code; or (v) constitute a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code, or breach of fiduciary duty under Title I of ERISA.

(k) Neither Seller nor any of its ERISA Affiliates contributed to, has any obligation to contribute to, or has any liability under or with respect to any Employee Plan that is a "defined benefit plan" (as defined in Section 3(35) of ERISA) in which any Seller Employees participates or has participated in the past. None of the Business Assets is subject to a lien under ERISA or the IRC.

(l) Except as set forth in Schedule 4.12(l), Seller has made all payments and contributions due from it to each Employee Plan. There are no funded benefit obligations under any Employee Plan for which contributions have not been made or properly accrued, and there are no unfunded benefit obligations that have not been accounted for by reserves, or otherwise properly footnoted in accordance with GAAP on the Facility Financial Statements.

(m) Each Employee Plan that is a "group health plan" (as defined in Section 607(1) of ERISA or Section 501(b)(1) of the Code) has been operated at all times in compliance in all material respects with the provisions of Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA ("COBRA"), with the provisions of the Code and ERISA enacted by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and with the provisions of any applicable similar state law.

4.13 Taxes.

(a) Seller has filed or will file prior to Closing all federal, state and local tax returns ("Tax Returns") required to be filed with respect for periods ending on or prior to the Closing Date, and will have paid prior to Closing all Taxes shown thereon as owing, except where the failure to file Tax Returns or pay Taxes would not have a material and adverse effect.

(b) There are no liens for Taxes upon any of the Business Assets other than for Taxes not yet due and payable.

(c) No written claim has ever been made by a taxing authority in a jurisdiction where Seller does not file Tax Returns that it is or may subject to Tax by that jurisdiction.

"Tax" and "Taxes" means any federal, state or local income, gross receipts, license, employment, excise, stamp, severance, payroll, real property, personal property, customs, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, sales, use, transfer, registration, value added or other tax, fee, impost, fine, penalty or other charge of any kind whatsoever, including interest, penalties and additions to tax, payable to any taxing authority, whether disputed or not.

4.14 Litigation or Claims.

(a) Schedule 4.14(a) attached hereto (said matters set forth in Schedule 4.14 being collectively referred to herein as "Pending Litigation") sets forth a description of all pending or threatened suits, actions, proceedings, inquiries, enforcement actions, investigations, claims or demands (including requests for records and notices of intent to file a claim), or legal, administrative, arbitration or other method of settling disputes or disagreements related to the Facility. To the knowledge of Seller, no other event has occurred or circumstance exists that is reasonably likely to give rise or serve as a basis for the commencement of any such action or proceeding related to the Facility. There are no actions or proceedings listed on Schedule 4.14(a) that are reasonably anticipated to have a material adverse effect on the business, operations, assets, condition, or prospect of Seller or upon the Business Assets.

(b) Seller has not received notice of any investigation, threatened or contemplated, by any federal or state governmental authority or agency, that remains unresolved, involving the Business Assets. Set forth in Schedule 4.14(b) is a complete and accurate description of each outstanding order, writ, injunction or decree of any court, arbitrator, government or governmental agency against or affecting the Business Assets.

4.15 Insurance.

(a) Schedule 4.15(a) lists all of Seller's current insurance coverages (primary and excess) with respect to the Facility, which includes with respect to each policy a description of the risks insured, the policy limits, the policy year and whether the policy is claims-made or occurrence and whether the policy is primary or excess coverage.

(b) Schedule 4.15(b) sets forth, by year, for the current policy year and each of the three (3) preceding policy years:

(i) a summary of the loss experience related to the Facility under each policy of insurance;

(ii) a statement describing each claim related to the Facility under a policy of insurance, which sets forth:

(A) the name of the claimant;

(B) a description of the policy by insurer, type of insurance and period of coverage; and

(C) the amount and a brief description of the claim; and

(iii) a statement describing the loss experience for all claims related to the Facility that were self-insured, including the number and aggregate cost of such claims.

(c) Except as set forth in Schedule 4.15(c):

(i) to the Knowledge of Seller, all policies of insurance related to the Facility to which Seller is a party or that provide coverage to Seller (A) are valid, outstanding and enforceable; and (B) are issued by an insurer that is financially sound and reputable;

(ii) Seller has not received (A) any refusal of coverage or any notice that a defense will be afforded with reservation of rights with respect to any claim involving the Facility, or (B) any notice of cancellation or any other indication that any policy of insurance is no longer in full force or effect or that the issuer of any policy of insurance is not willing or able to perform its obligations thereunder;

(iii) Seller has paid or will pay all premiums due, and has otherwise performed all of its obligations, under each policy of insurance to which it is a party or that provides coverage to Seller; and

(iv) Seller has given notice to the insurer of all claims related to the Facility that may be insured thereby; and

(v) Seller have or will obtain an extended reporting endorsement ("**Tail Coverage**") for any claims-made liability insurance policies included in the policies described in Schedule 4.15(a), or, in the alternative, maintain and continue such policies after the Closing for a period of six (6) months.

4.16 Regulatory Matters.

(a) Schedule 1.1(d)(i) sets forth a current, complete and accurate list of all Licenses and Permits issued to Seller with respect to the Facility, including the expiration dates thereof, if any. True and correct copies of the Licenses and Permits have previously been delivered to Purchaser. Seller has all licenses, certificates of need, permits and franchises

required by law or governmental regulations from all applicable federal, state and local authorities and any other regulatory agencies necessary or proper in order to own and/or lease the Business Assets and to conduct and operate the Facility. The Facility is duly licensed as an assisted living facility under the applicable laws of the State of Alabama. The licensed-bed capacity and the capacity of the Facility as of the Effective Date is sixteen (16) beds. To Seller's Knowledge, no waivers of any laws, rules, regulations or requirements (including, but not limited to, minimum square footage requirements per bed) are required for the Facility to operate at the licensed-bed capacity contemplated by the Additional CON.

(b) Certificate(s) of need for sixteen (16) licensed beds, located at the Facility (the "Current Beds") have been issued to Seller by SHPDA (the "Current CON") under provisions of applicable law. Seller is the owner of the Current CON for the Current Beds free and clear of all liens, claims and encumbrances. As of the Effective Date, Seller has submitted an application to SHPDA for the Additional CON for sixteen (16) additional licensed beds (the "Additional Beds"). Seller has not received notice of any denial, delay or deficiency in the application for the Additional CON, and to the Knowledge of Seller, no condition or event has occurred which with the passage of time or the giving of notice or both would prevent the issuance of the Additional CON. To the extent transferable, all of Seller's right, title and interest in and to the Current CON and the Additional CON will be transferred to the Purchaser upon the Closing Date.

(c) Seller has delivered to Purchaser true and correct copies of those portions of any and all cost reports filed with the Medicaid Agency of the State of Alabama and all Medicare cost reports for the Facility as pertain to the operation of the Facility, in each case for the fiscal years ended December 31, 2014, 2013 and 2012 (herein collectively referred to as the "Cost Reports"). The claims for reimbursement with respect to the Facility reflected in the Cost Reports are materially valid claims and are in substantial compliance with the applicable laws, rules and regulations governing the Medicare Program and the Medicaid Program in Alabama and, to the Knowledge of Seller, will not result in any claims for recapture of any previously reimbursed funds which could become a liability of Purchaser following the Closing Date.

(d) Except as has already been disclosed to Purchaser in connection with the Management Agreement, no notice from any authority in respect to the threatened, pending or possible revocation, termination, suspension or limitation of or the assessment of any fines or penalties under the Licenses or Permits has been issued or given, nor is Seller, to its Knowledge, aware of the proposed or threatened issuance of any such notice. Seller has no Knowledge of any basis for any such action that would have a material adverse effect upon the Business Assets or upon Seller's right to conduct and operate the Facility as presently conducted and operated by Seller. Seller has no Knowledge that Seller's operation of the Facility is not in compliance in all material respects with the applicable provisions of nursing home, nursing facility or assisted living facility laws, rules, regulations and published interpretations to which the Facility is subject (including applicable health care laws, rules and regulations relating to the payment or receipt of illegal remuneration, including 42 U.S.C. § 1320a-7b(b) (the Medicare/Medicaid anti-kickback statute), 42 U.S.C. 1395nn (the Stark Statute), 42 U.S.C. § 1320a-71, 42 U.S.C. § 1320a-7b(a), 42 U.S.C. § 1320a-7b(c) and any applicable Alabama law governing kickbacks and matters similar to such federal statutes). Schedule 4.16(d) contains a list of the most recent inspection reports made for the Facility by the relevant health department or other governmental

authority having responsibility for the licensing or supervision of the Facility, and true and correct copies of such reports have been delivered to Purchaser.

(e) After the Closing, Purchaser shall not be subject to any fines or penalties that may be imposed by regulatory authorities with respect to Seller's operation of the Facility prior to the Closing Date and Purchaser's license to operate the Facility shall not be subject to revocation or suspension as a result of any action or omission of Seller in connection with Seller's operation of the Facility prior to the Closing Date. Purchaser shall not be liable for recapture or repayment of any payments made to Seller by Medicaid or Medicare with respect to Seller's operation of the Facility prior to the Closing Date.

4.17 Brokers. Seller has not entered into any contracts, agreements, arrangements or understandings with any person or firm that could give rise to any claim for a broker's, finder's or agent's fee or commission or other similar payment in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated by this Agreement, other than Seller's obligation to Frank Holden, which will be paid and satisfied by Seller at Closing.

4.18 Related Party Transactions. Except as described on Schedule 4.18, Seller is not a party to any contract or series of transactions with respect to the ownership or operation of the Facility with any "affiliates" of Seller. The term "affiliate" shall mean any person or entity that controls or is controlled by, or under common control with Seller. For purposes of this Agreement, control is presumed to exist if a person owns more than 10% of the voting securities of another person.

4.19 No Untrue or Inaccurate Representations or Warranties; "Knowledge" Defined. The representations and warranties of Seller contained in this Agreement, and each exhibit or schedule attached hereto, are accurate, correct and complete, and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. Certain of the representations contained in this Agreement are limited to Seller's "Knowledge." For purposes of this Agreement, "Knowledge" shall mean the conscious awareness of facts or other information by the officer of Seller with responsibility in respect of the matter in question after reasonable inquiry.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller, which representations and warranties shall be true and correct on the date hereof and through and including the Closing Date, as follows:

5.1 Organization; Good Standing. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware with full power and authority to carry on its business as now being conducted.

5.2 Authority; Validity; No Breach.

(a) Purchaser has the full right, power, legal capacity and authority, without the consent of any other person, to execute, deliver and carry out the terms of this Agreement and all documents and agreements necessary to give effect to the provisions of this Agreement and to consummate the transactions contemplated hereby. All internal governance and other actions required to be taken by Purchaser to authorize the execution, delivery and performance of this Agreement; all documents executed by them necessary to give effect to this Agreement, and all transactions contemplated hereby have been duly and properly taken or obtained or will be duly and properly taken or obtained by Purchaser prior to the Closing. No other internal governance or other action on the part of Purchaser is necessary to authorize the execution, delivery and performance of this Agreement, all documents necessary to give effect to this Agreement and all transactions contemplated hereby.

(b) This Agreement is, and the documents to be delivered at the Closing will be, the lawful, valid and legally binding obligations of Purchaser enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not, with or without the giving of notice and/or the passage of time: (i) violate or conflict with the certificate of formation or operating agreement of Purchaser, or other internal governance documents of Purchaser or any provision of law, statute, rule or regulation to which Purchaser is subject; (ii) violate or conflict with any judgment, order, writ or decree of any court applicable to Purchaser; (iii) violate or conflict with any law or regulation applicable to Purchaser; or (iv) result in the breach or termination of any provision of, or create rights of acceleration or constitute a default under, the terms of any material indenture, mortgage, deed of trust, contract, agreement or other instrument to which Purchaser is a party or by which it is bound.

5.3 Consents and Approvals. Except for the notice to the SHPDA, no consent, approval, permit, waiver, authorization or other action of or by any nongovernmental person or entity, and no consent of or by any court or governmental person or entity is required in connection with the execution, delivery or performance of this Agreement by Purchaser.

5.4 Brokers. Purchaser has not entered into any contracts, agreements, arrangements or understandings with any person or firm that could give rise to any claim for a broker's, finder's or agent's fee or commission or other similar payment in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated by this Agreement.

5.5 No Untrue or Inaccurate Representations or Warranties. The representations and warranties of Purchaser contained in this Agreement, and each Exhibit or Schedule attached hereof are accurate, correct and complete, and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. The term "**Knowledge**" as used in this Section 5 means the conscious awareness of facts or other information by the Persons listed on Schedule 5.6.

6. COVENANTS PRIOR TO CLOSING

6.1 **Access and Information; Inspections.** From the date hereof until the Closing, Seller shall give to representatives of Purchaser access during normal business hours to Seller's books, accounts and records and all other relevant documents and information with respect to the Business Assets as such representatives may from time to time request, all in such manner as to not unduly disrupt normal business activities of Seller. Such access may include consultations with the personnel of Seller; provided all such communication shall be approved and coordinated in advance by Purchaser. From the date hereof until the Closing, Seller shall make the Business Assets available for inspection by Purchaser and its representatives during normal business hours and upon at least forty-eight (48) hours' notice. Further, Purchaser may, at its sole cost and expense, unless otherwise agreed in writing, undertake environmental, engineering, mechanical and structural surveys of the Real Property and may examine all documents related to Environmental Laws or related to any private or governmental agency which licenses or certifies any operations or procedures at the Real Property.

6.2 **Matters Affecting the Real Property.** Within thirty (30) days after issuance of the Additional CON, Purchaser shall cause to be prepared and reviewed, an ALTA title policy commitment for the Real Property, the Survey and Phase I environmental audit for the Real Property (the ALTA title commitment, the Survey, and Phase I environmental audit for the Real Property being referred to herein collectively as the "Real Property Audit Documents"). The ALTA title insurance commitment shall be issued by a title insurance company (the "Title Company") licensed to do business in Alabama selected by Purchaser with the approval of Seller, which approval shall not unreasonably be withheld. The Survey and the Phase I environmental audit shall be performed by persons licensed to perform the same in the State of Alabama to be selected by Purchaser and approved by Seller, which approval shall not unreasonably be withheld. If any review of such Real Property Audit Documents by Purchaser shall reveal a Real Property Matter (as hereinafter defined) with respect to the Real Property, Purchaser may deliver to Seller a written notice describing the Real Property Matter in reasonable detail (the "Real Property Notice"). If Seller shall receive a Real Property Notice from Purchaser by the end of the aforementioned thirty (30) day period, Seller may (i) elect (at its sole cost and expense) to exercise commercially reasonable efforts following the receipt of such Real Property Notice to cure, remedy or otherwise satisfy such Real Property Matter prior to Closing in a manner reasonably acceptable to Purchaser, or (ii) elect not to cure, remedy or otherwise satisfy such Real Property Matter and Seller shall give Purchaser written notice of its election within five (5) calendar days of Seller's receipt of Purchaser's Real Property Notice, whereupon Purchaser may waive its objection as to any Real Property Matter which Seller so elects not to cure or may terminate this Agreement, which election shall be made by written notice given to Seller within five (5) calendar days of Purchaser's receipt of Seller's notice. Commercially reasonable efforts by Seller shall include, without limitation, the payment by Seller of all taxes and assessments which constitute a lien on the Business Assets (other than those not due and payable), payment of all mechanics' and materialmen's liens generated by Seller, and payment of all indebtedness secured by the Business Assets. In the event that Seller shall fail to cure, remedy or otherwise satisfy the Real Property Matter in a manner reasonably acceptable to Purchaser, then Purchaser may, in Purchaser's sole discretion, terminate this Agreement pursuant to Section 9 hereof. If the parties hereto shall reach agreements with respect to the cure of a Real Property Matter pursuant to the terms of this Section prior to Closing, such

Real Property Matter shall be deemed to be a Permitted Exception for purposes of this Agreement. In addition, any Real Property Matter which has been disclosed in the Real Property Audit Documents and is not included in a Real Property Notice delivered by the Purchaser to Seller by the end of the aforementioned thirty (30) day period shall be deemed to be a Permitted Exception, except for Real Property Matters which arise thereafter and prior to Closing. At the Closing, Seller shall deliver to Purchaser a pro forma ALTA title policy commitment naming Purchaser as insured in the amount of the Purchase Price that has been marked up by the Title Company and will become the basis for the Title Policy that will be issued for the Real Property in accordance with Section 3.2(k) hereof.

"Real Property Matter" shall mean: (i) any Title Objection (as hereinafter defined) with respect to the Real Property; (ii) a condemnation, expropriation or public taking of all or any portion of the Real Property not previously disclosed in the schedules which, individually or in the aggregate, has a material adverse effect on the Real Property; (iii) the presence of any Hazardous Substances on the Real Property or the existence of any environmental damages related to any of the Real Property that would, in either case, have a material adverse effect on such Real Property or the owner thereof; (iv) use of the Facility that constitutes a nonconforming use under the applicable zoning and land use laws which, if the variance allowing Seller's use and operation thereof is not transferred to or otherwise made available to Purchaser, would have a material adverse effect on the continuing operation of the Facility as an assisted living facility in the manner operated by Seller prior to the Closing Date; (v) the lack of reasonable unrestricted access to a public street from the Facility; and (vi) the existence of soil conditions, sinkholes or geologic faults that would materially and adversely affect the use or occupancy of the Facility.

"Permitted Exceptions" shall mean with respect to the Real Property: (i) liens for taxes and assessments assessed by state or local jurisdictions not yet due and payable, to the extent such taxes are, or will be, prorated among the parties; (ii) imperfections of title, easements and encumbrances, if any, which do not materially adversely affect the present use of the Real Property or otherwise materially interfere with the business being conducted on the Real Property; (iii) any statutory lien arising in the ordinary course of business by operation of law with respect to a liability that is not yet due or delinquent; (iv) liens for taxes, assessments and charges and other claims which the Seller is contesting in good faith and for which Seller shall have provided adequate security for the payment thereof; (v) all matters waived (or deemed to be waived) by Purchaser pursuant to the provisions of this Section; and (vi) liens, financing statements and security interests relating to any Assumed Liability.

"Title Objection" shall mean any mortgage, deed of trust, deed to secure debt, lien, financing statement, security interest, easement, lease, restrictive covenant, agreement, option, defect, zoning or access deficiency or other encumbrance which materially impairs the financing or insurability of, or materially and adversely encumbers the title to, or the use of any of the Real Property consistent with Seller's use thereof prior to the Closing Date; provided, however, that Title Objection shall not include any Permitted Exceptions, or any lien, mortgage or security interest against the Real Property securing indebtedness of Seller that will be paid at Closing.

6.3 Preserve Accuracy of Representations and Warranties.

(a) Seller shall refrain from any action or inaction that would render any representation or warranty contained in Section 4 of this Agreement inaccurate as of the Closing Date. This Section shall not, however, limit Seller's right to amend the schedules to this Agreement to correct any inaccuracy or change in information contained therein prior to Closing. Prior to Closing, Seller covenants and agrees to amend the schedules with respect to any item or event within ten (10) business days of Seller's discovery of such item or event, other than those items or events which are within the ordinary course of business of Seller, which would render any representation or warranty contained in Section 4 of this Agreement, or would otherwise make the information contained in such schedules, inaccurate in any material respect.

(b) Purchaser shall refrain from any action or inaction that would render any representation or warranty contained in Section 5 of this Agreement inaccurate as of the Closing Date. This Section shall not, however, limit Purchaser's right to amend the schedules to this Agreement to correct any inaccuracy or change any information contained therein prior to the Closing. Prior to Closing, Purchaser covenants and agrees to amend the schedules with respect to any item or event within ten (10) business days of its discovery of such item or event, other than those items or events which are within the ordinary course of business of Purchaser, which would render any representation or warranty contained in Section 5 of this Agreement, or would otherwise make the information contained in such schedules, inaccurate in any material respect.

6.4 Conduct of Business at the Facility.

(a) Prior to the Closing Date, except as otherwise approved by Purchaser in writing which approval will not be unreasonably withheld, and except for the transactions herein contemplated, Seller shall:

(i) operate the Facility as presently operated and only in the ordinary course and comply in all material respects with all applicable legal and contractual obligations of Seller;

(ii) do anything required to pursue and obtain the issuance of the Additional CON from SHPDA;

(iii) preserve the Facility intact and preserve the goodwill of the Facility's suppliers, patients, physicians and others with whom Seller has business relationships;

(iv) make and continue to make or cause to be made all repairs, restoration, replacements and maintenance that may be necessary to maintain the Business Assets in as good a condition as they exist as of the date hereof.

(v) not sell, lease or otherwise dispose of or transfer assets, properties, rights or claims, including, without limitation, any Business Assets except in the ordinary course of business. Notwithstanding anything to the contrary contained in this Section 6.4(a):

- (A) Seller shall be entitled to (A) sell or consume Supplies in the ordinary course of business and (B) trade-in Business Assets on the purchase of new assets (which assets would be among the Business Assets),
- (B) Other than in the ordinary course of business, Seller shall not sell, lease or otherwise dispose of or transfer any assets or properties, including, without limitation, any Business Assets, which have been retired or the use of which has been discontinued, and
- (C) Seller shall be entitled to sell, lease or otherwise dispose of or transfer any assets or properties listed on Schedule 1.2 as Excluded Assets;

(vi) not incur any indebtedness (i) which would have an adverse effect on Seller's ability to close the transactions contemplated by this Agreement, (ii) which would cause any of the Business Assets to be subject to any lien, security interest, restriction, encumbrance or liability, or (iii) which would cause Seller to breach any of the representations and warranties contained in Section 4 of this Agreement;

(vii) not renew, extend or amend the Personal Property Leases or Contracts which will be assigned to Purchaser, without prior written consent of Purchaser, which shall not be unreasonably withheld;

(viii) not enter into or extend any employment agreement with any of the Seller Employees or increase the compensation of any of the Seller Employees, other than increases in accordance with Seller's or the prevailing plans and procedures that do not cause compensation payable to such Seller Employees to exceed market rates; and

(ix) not agree, whether in writing or otherwise, to do any of the foregoing actions specified in items (i) through (ix) above.

6.5 Transfer of Certificates of Need. Following issuance of the Additional CON by SHPDA, Purchaser shall file with SHPDA such notice of change of ownership as will allow for the Current CON and the Additional CON, each for sixteen (16) assisted senior living beds in the Facility, to be transferred to Purchaser and for the license to operate such beds in the Facility to be transferred or reissued to Purchaser upon completion of the transactions contemplated hereby. Purchaser and Seller agree to cooperate with each other prior to and after the Closing Date in filing all information and taking all other steps necessary to effect the transfer of the Current CON and the Additional CON.

6.6 Governmental Concurrences. Purchaser shall be solely responsible for determining and obtaining all licenses, permits and approvals required for the ownership and operation of the Facility by Purchaser. Purchaser shall use, in the exercise of all commercially reasonable due diligence, its commercially reasonable efforts to obtain and will promptly notify Seller of any failure to obtain assurances from all of the necessary governmental authorities, in form and substance reasonably satisfactory to Purchaser, that Purchaser will be granted all

governmental approvals, licenses, certificates of need, clearances, provider numbers and/or contracts necessary for the operation of the Business Assets on or after the Closing as previously operated.

6.7 Confidentiality.

(a) Seller acknowledges that Purchaser would be irreparably damaged if confidential and proprietary information and trade secrets concerning the Facility were disclosed to or utilized by any person (which is not an Affiliate of Seller) to the detriment of Purchaser. Therefore, Seller shall not at any time, directly or indirectly, without the prior written consent of Purchaser, divulge or permit any of its affiliates, directors, officers, employees or agents to divulge to any person, any nonpublic or proprietary information and trade secrets concerning the business or financial or other affairs of the Facility, or any of the methods of doing business used by Seller in the operation of the Facility that could be used to the detriment of Purchaser, except to the extent required by law or in order to preserve or enforce their respective rights under this Agreement, or to the extent that such information has been made public by a third party.

(b) Purchaser acknowledges that Seller would be irreparably damaged if confidential and proprietary and trade secret information concerning the Facility which are among the Business Assets, or concerning the Excluded Assets, were disclosed to or utilized by any person other than Purchaser solely in connection with this Agreement, to the detriment of Seller. Therefore, Purchaser shall not, at any time, directly or indirectly, without the prior written consent of Seller, divulge or permit any of its affiliates, directors, officers, employees or agents to divulge, to any person any nonpublic or proprietary information and trade secrets concerning the business or financial or other affairs of the Facility, or concerning the Excluded Assets, or concerning any of the methods of doing business used by Seller in the operation of the Facility or concerning the Excluded Assets, that could be used to the detriment of Seller, except to the extent required by law or in order to preserve or enforce their respective rights under this Agreement.

6.8 Employees.

(a) Purchaser shall have the right (but not the obligation) to make offers of employment to all "Active Seller Employees" as of the Closing Date, except that offers to Active Seller Employees that are on sick leave on the Closing Date shall be made as of the date each of them returns from sick leave; provided that Purchaser shall offer employment to at least such number of Active Seller Employees as will eliminate the requirement to provide a notice to Seller Employees in accordance with the provisions of the Workers Adjustment and Retraining Notification Act. Purchaser shall promptly notify Seller of those of the Seller Employees that Purchaser does not intend to offer employment on the Closing Date. For purposes of this Section 6.8 "Active Seller Employees" shall mean Seller Employees who are actually providing services to Seller at or regarding the Facility as of the Closing Date, but shall expressly exclude all management personnel at the home office of Seller, and shall exclude any Seller Employee (i) whose employment status has been suspended or restricted as a result of disciplinary or other action, or (ii) who is otherwise not providing services to Seller for any reason as of the Closing Date, except for Seller Employees who are absent due to such events as vacation, jury duty, sick leave and similar routine absences in the ordinary course. Seller makes no assurances,

representations or warranties as to the willingness of the Active Seller Employees to work for Purchaser after the Closing.

(b) It is understood and agreed that (A) Purchaser's expressed intention to offer employment as set forth in this Section 6.8 shall not constitute any commitment, contract or understanding (expressed or implied) of any obligation on the part of Purchaser to a post-Closing employment relationship of any fixed term or duration or upon any terms or conditions other than those Purchaser may establish pursuant to individual offers of employment and (B) employment offered by Purchaser is "at will" and may be terminated by Purchaser at any time for any reason after Closing. Nothing in this Agreement shall be deemed to prevent or restrict in any way the right of Purchaser to terminate, reassign, promote or demote any of the Retained Employees (as defined in subparagraph (c) below) after the Closing or to change adversely or favorably the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment of such employees.

(c) Except for the Seller Employees listed on Schedule 6.8 hereof, Seller shall not, from the date hereof until the Closing Date, directly or indirectly, solicit any Active Seller Employee for continued employment with Seller after the Closing Date. Purchaser shall notify Seller in writing on the Closing Date of the names of the Active Seller Employees that have accepted employment with Tenant as of the Closing Date (collectively the "**Retained Employees**"). During a period of one year after the Closing Date, Seller shall not directly or indirectly, hire, employ, manage, consult with, seek services from or in any manner engage (all of the foregoing hereinafter collectively referred to as "**Employ**"), or solicit or agree to Employ, any Retained Employees without the prior written consent of Purchaser.

(d) Seller shall provide to Purchaser an updated, correct and complete list of the names and current hourly wage, salary, and employer provided benefits and other compensation of all Seller Employees as of a date not more than five (5) days prior to the Closing Date. Purchaser agrees to provide and recognize all accrued but unused vacation and sick leave of the Retained Employees as of the Closing Date in accordance with practices and policies maintained for employees of Purchaser's affiliates; to provide Retained Employees with benefits that are in the aggregate no less favorable to the benefits provided to employees of affiliates of Purchaser (as of the date any such benefit is provided); and that Retained Employees who become participants in such benefit plans shall, for purposes of determining eligibility for and any applicable vesting periods of such employee benefits only (and not for benefit accrual purposes) be given credit service as an employee of Seller prior to the Closing Date.

6.9 Seller's Efforts to Close. Seller and Principal shall use their commercially reasonable efforts to satisfy all of the conditions precedent set forth in Sections 7 and 8 to Seller's or Purchaser's obligations under this Agreement to the extent that either of their action or inaction can control or influence the satisfaction of such conditions.

6.10 Negotiations with Other Parties. So long as this Agreement remains in effect, Seller shall not authorize or knowingly permit any of its representatives, directly or indirectly, to initiate, entertain, solicit, encourage, engage in, or participate in, negotiations with any person or any group of persons other than the Purchaser or any of its affiliates concerning any Acquisition Proposal. As used in this Agreement, "**Acquisition Proposal**" means (i) any proposal for a

transaction or series of transactions that could result in any Person acquiring an interest in the Business Assets other than in the ordinary course of business; (ii) any proposal for a transaction or series of transactions that would result in any person being the beneficial owner of more than fifty percent (50%) of the outstanding equity interest of Seller; or (iii) any proposal for a transaction similar to the foregoing.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER.

Seller's obligation to close the transactions contemplated by this Agreement shall be, at the option of Seller, subject to the satisfaction of each of the following conditions (which may be waived specifically in writing by Seller in whole or in part) at or prior to the Closing:

7.1 Warranties True and Correct. Each of the representations and warranties made by Purchaser set forth in this Agreement and in the exhibits and schedules attached hereto shall be true and correct in all material respects at and as of the Closing Date.

7.2 Execution and Delivery of Instruments. Purchaser shall have executed and delivered all documents and instruments required to be executed and delivered pursuant to the provisions of this Agreement.

7.3 Performance of Covenants. Purchaser shall have materially performed all of the obligations and materially complied with all of the covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing.

7.4 Consents, Approvals and Authorizations. The Parties shall have obtained all consents, licenses, approvals, permits, waivers and authorizations of third parties necessary or required for completion of the transactions contemplated by this Agreement, including the issuance of the Additional CON in the name of Seller.

7.5 Exhibits and Schedules. The provisions of all exhibits and schedules attached to this Agreement that were not attached at the date hereof or to the extent updated after the date hereof shall be acceptable to Seller in its reasonable discretion.

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER

Purchaser's obligation to close the transactions contemplated by this Agreement shall be, at the option of Purchaser, subject to the satisfaction of each of the following conditions (which may be waived specifically in writing by Purchaser in whole or in part) at or prior to the Closing:

8.1 Warranties True and Correct. Each of the representations and warranties made by Seller and set forth in this Agreement and in the exhibits and schedules attached hereto shall be true and correct in all material respects at and as of the Closing Date.

8.2 Consents, Approvals and Authorizations. The Parties shall have obtained all consents, licenses, approvals, permits, waivers and authorizations of third parties necessary or required for completion of the transactions contemplated by this Agreement, including the issuance of the Additional CON in the name of Seller.

8.3 Execution and Delivery of Instruments. Seller shall have executed and delivered all documents and instruments required to be executed and delivered pursuant to all of the provisions of this Agreement, or as reasonably required by Purchaser to effect the transactions contemplated by this Agreement.

8.4 Performance of Covenants. Seller shall have materially performed all of the obligations and materially complied with all of the covenants, agreements and conditions required to be performed or complied with by Seller on or prior to the Closing.

8.5 Governmental Concurrences. Purchaser shall have filed such notice of change of ownership of the Facility as may be required by appropriate regulatory authorities for the transfer of the license for the operation of the Current Beds and the Additional Beds at the Facility and all necessary waiting periods shall have expired and all necessary approvals shall have been obtained to effect the change of ownership of the Facility; and Purchaser shall have obtained assurances from all of the necessary governmental authorities, in form and substance reasonably satisfactory to Purchaser, that Purchaser will be granted all governmental approvals, licenses, certificates of need, clearances, provider numbers and/or contracts necessary or appropriate for the operation of the Business Assets as previously operated on and after the Closing.

8.6 Exhibits and Schedules. The provisions of all exhibits and schedules attached to this Agreement that were not attached at the date hereof or to the extent updated after the date hereof shall be acceptable to Purchaser in its reasonable discretion.

9. DESTRUCTION OF ASSETS; TERMINATION

9.1 Destruction of Business Assets. If, prior to or as of the Closing Date, the assets or properties of Seller constituting the Business Assets have suffered loss or damage on account of fire, flood, wind, hurricane, earthquake, accident, act of war, civil commotion or other cause or event beyond the reasonable power and control of Seller (whether or not similar to the foregoing) to an extent which materially and adversely affects the value of the Business Assets, Purchaser shall have the right to:

(a) terminate, upon thirty (30) days prior written notice to Seller, this Agreement in accordance with Section 9.2(b)(iii) below if the cumulative amount of such loss or damage, considered together with any previous loss or damage, exceeds ten percent (10%) of the Purchase Price; or

(b) complete the purchase of the Business Assets in which event: (i) Seller shall receive the Purchase Price and shall transfer and assign to Purchaser at the Closing all of Seller's right, title and interest in and to any insurance proceeds or condemnation awards with respect thereto; and (ii) Seller shall have no obligation to repair or rehabilitate the damaged Business Assets.

9.2 Termination. This Agreement may be terminated at any time prior to Closing:

(a) By the mutual written consent of the parties;

(b) By either Party, in the event that Seller's application for the Additional CON is denied;

(c) By the Purchaser, at its election and in its sole discretion, upon the occurrence of any of the following:

(i) The representations and warranties of Seller herein set forth shall not be true and correct in all material respects at and as of the Closing Date; or

(ii) Seller shall have breached any covenant or agreement in this Agreement in a material respect and such breach shall remain uncured for a period of thirty (30) days after written notice from Purchaser; or

(iii) Thirty (30) days after written notice from Purchaser to Seller that Purchaser desires to terminate this Agreement because of loss or damage to the Facility in accordance with Section 9.1(a) hereof; or

(iv) Purchaser elects to terminate this Agreement pursuant to Section 6.2 hereof; or

(v) A material adverse change in the condition (financial or otherwise) of the business, operations, properties, liabilities or results of operations of the Facility; or

(vi) The conditions to Purchaser's obligations as set forth in Section 8 hereof have not been satisfied on or before January 31, 2016.

(d) By the Seller, at its election and in its sole discretion, upon the occurrence of any of the following:

(i) the representations and warranties of Purchaser herein set forth shall not be true and correct in all material respects on and as of the Closing Date; or

(ii) Purchaser shall have breached any covenant or agreement herein set forth in a material respect and such breach shall remain uncured for a period of thirty (30) days after written notice from Seller; or

(iii) The conditions to Seller's obligations as set forth in Section 7 hereof have not been satisfied on or before January 31, 2016.

9.3 Remedies of Seller. In the event Purchaser shall default in its obligations in any material respect at or before the Closing, Seller may, at their option and in its sole discretion, elect either (i) to terminate this Agreement as provided in Section 9.2(d), or (ii) to enforce the terms of this Agreement by action for specific performance. In the event Seller elects to terminate this Agreement pursuant to Section 9.2(d) hereof, Purchaser hereby agrees that Seller shall have no further obligation to sell the Business Assets to Purchaser hereunder, and Purchaser shall have no right, title and interest of any kind or character therein.

9.4 Remedies of Purchaser.

(a) In the event that Seller shall default in its obligations in any material respect at or before the Closing, Purchaser may, at its option and in its sole discretion, elect to either (i) terminate this Agreement as provided in Section 9.2(c), or (ii) enforce the terms of this Agreement by action for specific performance. In the event Purchaser elects to terminate this Agreement pursuant to Section 9.2(c) hereof, Seller hereby agrees that Purchaser shall have no further obligation to purchase the Business Assets from Seller hereunder.

(b) In the event this Agreement is terminated under Section 9.2(b), Purchaser agrees to forfeit the Management Fee Deferral, but the Management Fee shall be reinstated on a prospective basis from and after the earlier of the denial of the Additional CON or November 1, 2015. In the event this Agreement is terminated for any other reason, Seller shall be required to repay the Management Fee Deferral to Purchaser within thirty (30) days of the termination of this Agreement; and Seller agrees that it shall be obligated to pay to Purchaser the Management Fee as otherwise described in the Management Agreement.

9.5 Exclusivity of Remedies. Neither Purchaser nor Seller shall have any remedy other than as provided in this Section 9 for any breach or default arising prior to the Closing Date; provided that this Section 9 shall not limit the right of either Purchaser or Seller to make a claim for indemnity under Section 11 after the Closing Date.

9.6 Confidentiality and Non-Solicitation. All information furnished by Seller to Purchaser pursuant hereto shall be treated as Seller's sole property and shall be kept confidential by Purchaser until Closing, and if this Agreement is terminated for any reason, Purchaser shall upon request deliver to Seller all documents and other materials containing, reflecting or referring to such information and shall keep confidential and not use for any purpose all such information. Purchaser's obligation to keep such information confidential shall not apply to (a) any information which (i) was already in its possession prior to disclosure thereof by Seller, (ii) was then generally known to the public, (iii) became known to the public through no fault of Purchaser or any of its agents or representatives, or (iv) was disclosed to Purchaser by a third party unaffiliated with Seller who was not bound by any obligation of confidentiality to Seller, or (b) disclosures required to be made in accordance with any law, regulation or order of a court of competent jurisdiction. Purchaser and its affiliates further shall not, for a period of twenty-four (24) months after the date of such termination, solicit or cause to be solicited the employment of or employ, any person who is now or hereafter employed by Seller, except as may otherwise be agreed in writing by Seller.

10. POST-CLOSING MATTERS; TRANSITION ARRANGEMENTS

10.1 Post-Closing Matters. Any asset (including accounts receivable, all other remittances and all mail and other communications) that is determined by the Parties' agreement, or, absent such agreement, determined by litigation, to be or otherwise relate to an Excluded Asset and that is or comes into the possession, custody or control of Purchaser shall forthwith be transferred, assigned or conveyed by Purchaser to Seller, and until such transfer, assignment and conveyance, Purchaser shall not have any right, title or interest in such asset but instead shall hold such asset in trust for the benefit of Seller. Any asset (including all remittances and mail and other communications) that is determined by the Parties' agreement or, absent such agreement, determined by litigation, to be or otherwise related to a Business Asset and that is or

comes into the possession, custody or control of Seller shall forthwith be transferred, assigned and conveyed by such Seller to Purchaser and until such transfer, assignment and conveyance, such Seller shall not have any right, title or interest in such Business Asset, but instead shall hold such asset in trust for the benefit of Purchaser. The terms of this Section 10.1 shall not be subject to the time limitation contained in Section 11.4 of this Agreement.

10.2 Preservation of and Access to Records.

(a) The term "Resident Records" shall mean all or any portion of the medical, clinical or other records directly or indirectly associated with the admission, care and treatment of patients, including patient lists for periods ending prior to the Closing Date. The term "Business Records" shall mean all or any portion of the financial (excluding all billing records) and other records and files of the Facility as the same pertain directly to the day-to-day operations of the Facility for periods ending prior to the Closing Date, including policies and procedures for human resources and procedures, and HIPAA policies and notices. As provided in this Agreement, the Resident Records are among the Business Assets and the Business Records are among the Excluded Assets.

(b) Purchaser shall retain the Resident Records at its cost for such period after Closing as may be required under applicable laws and regulations and to provide Seller access to such Resident Records as herein provided. After the Closing, Seller shall have access to the Resident Records as needed for any lawful purpose. Purchaser shall instruct the appropriate employees of the Facility to cooperate in providing access to such records to Seller and its authorized representatives as contemplated herein. Access to such records shall be, wherever reasonably possible, during normal business hours, with reasonable prior written notice to Purchaser of the time when such access shall be needed. Seller's employees, representatives and agents shall conduct themselves in such a manner so that Purchaser's normal business activities shall not be unduly or unnecessarily disrupted. Seller shall be responsible for paying all reasonable costs of photocopying any such records requested pursuant to this Section.

(c) At Closing, Seller shall provide to Buyer copies of any Business Records in its possession (other than Seller's financial statements). Any Business Records retained by Seller shall be maintained at such location as Seller, in its sole discretion, shall determine from time to time, at Seller's cost for a period of five (5) years after Closing. After the Closing, Seller shall grant, and Purchaser shall have, access to any Business Records in Seller's possession as needed for any lawful purpose. Seller shall instruct its appropriate employees to cooperate in providing access to such records to Purchaser and its authorized representatives as contemplated herein. Access to such records shall be, wherever reasonably possible, during normal business hours, with reasonable prior written notice to Seller of the time when such access shall be needed. Employees, representatives and agents of Purchaser shall conduct themselves in such a manner so that Seller's normal business activities shall not be unduly or unnecessarily disrupted.

10.3 Termination Cost Reports. Seller shall file all Medicare, Medicaid and other termination cost reports required to be filed as a result of the consummation of the transactions contemplated by this Agreement. All such termination cost and other reports shall be filed by Seller in a manner that is consistent with (i) prior cost reports filed by Seller with respect to the Facility, and (ii) current laws, rules and regulations. A copy of all such reports shall be provided

to Purchaser upon such filings. Seller shall be entitled to any reimbursement and shall be responsible for the payment of Seller's termination cost report as well as cost reports for prior periods.

10.4 HIPAA Cooperation. Each party agrees to cooperate with the other so as to allow compliance with the applicable provisions of HIPAA in responding to individuals regarding their rights under HIPAA, including but not limited to, responding to individual requests for (i) access to PHI under 45 C.F.R. §164.524; (ii) amendments to PHI under 45 C.F.R. §164.526; and (iii) accountings of disclosures of PHI under 45 C.F.R. §164.528.

10.5 Access Codes and Combinations. Immediately following the Closing, Seller shall cooperate with and notify Purchaser with regard to all combinations to safe(s) and the location of keys to safe deposit boxes, if any, concerning the Facility. Purchaser will be given access to source and access codes upon reasonable prior request and on an as-needed basis specific to the Facility, subject to such restrictions and monitoring as Seller deems appropriate.

11. INDEMNIFICATION AND CONTRIBUTION

11.1 Indemnification.

(a) After the Closing Date, subject to the terms and conditions of this Section 11, including the limits on indemnity set forth in Section 11.4 hereof, Seller and Principal, jointly and severally, shall indemnify and hold harmless Purchaser and its respective affiliates, owners, directors, managers, officers, employees, agents and representatives (the "**Purchaser Indemnitees**") from, and will pay to the Purchaser Indemnitees the amount (net of any proceeds received by the Purchaser Indemnitees from insurance) of any loss, liability, judgment, damage, cost or expense (including interest, penalties and the reasonable fees, disbursements and expenses of attorneys, accountants and other professional advisors) (collectively, "**Losses**") arising from or in connection with (i) any breach of any representations or warranty of Seller contained in Section 4 hereof, (ii) a breach of any agreement or covenant contained herein that by its terms is to be performed by Seller after the Closing, or (iii) the conduct or operation of the Facility or the ownership or use of the Business Assets by Seller prior to the Closing Date other than the Assumed Liabilities.

(b) After the Closing Date, subject to the terms and conditions of this Section 11, including the limits on indemnity set forth in Section 11.4 hereof, Purchaser shall indemnify and hold harmless the Seller and its respective affiliates, directors, managers, officers, employees, agents and representatives (the "**Seller Indemnitees**") from, and will pay to the Seller Indemnitees the amount (net of any proceeds received by the Seller Indemnitees from insurance) of, any Losses arising from or in connection with (i) any breach of any representation or warranty of Purchaser contained in Section 5 hereof, (ii) a breach of any agreement or covenant contained herein that by its terms is to be performed by Purchaser after the Closing Date, (iii) any Assumed Liabilities or (iv) the conduct or operations of the Facility or the ownership or use of the Business Assets after the Closing.

11.2 Notice and Defense of Claims for Indemnification.

(a) A person or entity seeking indemnification under Section 11.1 (the "Indemnified Person") shall give prompt written notice to the indemnifying entity, person or persons, or successors thereto (the "Indemnifying Person"), of any matter with respect to which the Indemnified Person seeks to be indemnified (the "Indemnity Claims") describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or action. Such notice shall state the nature of the Indemnity Claim and, if known, the amount of the Loss. If the Indemnity Claim arises from a claim of a third party, the Indemnified Person shall give such notice within a reasonable time after the Indemnified Person has actual notice of such claims, and in the event that a suit or other proceeding is commenced, within twenty (20) days after receipt of written notice by the Indemnified Person thereto. Notwithstanding anything in this section to the contrary, the failure of an Indemnified Person to give timely notice of an Indemnity Claim shall not bar such Indemnity Claim except and to the extent that the failure to give timely notice has impaired materially the ability of the Indemnifying Person to defend the Indemnity Claim; provided, however, that if the Indemnified Person shall permit a third party claim to go into default under any judicial or other rules of procedure, the Indemnifying Person shall be relieved from any obligation to indemnify the Indemnified Person with regard to such claim.

(b) The Indemnifying Person shall have the right, at its election, to defend or compromise any such claim at its own expense with counsel of its choice; provided, however, that (i) the Indemnified Person may participate in such defense, if it so chooses with its own counsel and at its own expense; and (ii) any such defense or compromise shall be conducted in a manner which is reasonable and not contrary to the Indemnified Person's interest. If the Indemnifying Person elects to direct the defense of any such claim or proceeding, the Indemnified Person shall not pay, or permit to be paid, any part of any claim or demand arising from such asserted Loss, unless the Indemnifying Person consents in writing to such payment or unless the Indemnifying Person withdraws from the defense of such payment or unless a final judgment from which no appeal may be taken by or on behalf of the Indemnifying Person is entered against the Indemnified Person for such Loss. In the event the Indemnifying Person does not undertake to defend or compromise, the Indemnifying Party shall promptly notify the Indemnified Party of its intention not to undertake to defend or compromise the claim.

(c) If the Indemnifying Person shall fail to defend, or if, after commencing undertaking of such defense, shall fail to prosecute or shall withdraw from such defense, the Indemnified Person shall have the right to undertake the defense or settlement thereof, at the Indemnifying Person's expense. If the Indemnified Person assumes the defense of any such claim or proceeding pursuant to this Section 11.2 and proposes to settle such claim or proceeding prior to a final judgment thereon or to forego appeal with respect thereto, then the Indemnified Person shall give the Indemnifying Person prompt written notice thereof and the Indemnifying Person shall have the right to participate in the settlement or assume or reassume the defense of such claim or proceeding. Upon the payment of any claim for indemnity pursuant to this Section 11, the Indemnifying Person shall be subrogated to all rights and remedies of the Indemnified Person against any third party.

11.3 Recovery of Claims.

(a) In any claim for indemnification hereunder, upon a final determination (as defined herein) the asserting party shall be entitled to recover the aggregate amount of such Loss. For purposes of subparagraph (b) or (c) below, a final determination shall exist when (i) the Parties agree upon the amount, or (ii) a court of competent jurisdiction shall have made a final determination with respect thereto in a decision from which no appeal is taken or lies.

(b) Upon a final determination (as provided in subparagraph (a) hereof) that Purchaser is entitled to an amount with regard to a specific claim for Loss made against Seller by Purchaser, Purchaser shall be entitled to recover the amount of such Loss as finally determined from Seller.

(c) Upon a final determination (as provided in subparagraph (a) hereof) of the amount of any specific claim for Loss made against Purchaser by Seller, Seller shall be entitled to recover the amount of such Loss as finally determined from Purchaser.

11.4 Survival of Representations and Warranties. The right to indemnification under Section 11.1 for any breach of the representations and warranties made by each party herein shall survive two (2) years after the Closing Date, except that the representations set forth in Section 4.12, Section 4.13, Section 4.15(c)(v) and Section 4.16(e) shall survive for the applicable statute of limitation after the Closing Date, and the representations set forth in Section 4.1 and Section 4.2 shall survive indefinitely. Seller and Purchaser agree that no claim may be asserted nor may any action be commenced against an Indemnifying Person for indemnification unless a written notice of such claim or action is received by the Indemnifying Person on or prior to the date on which the representations, warranties, covenants or agreements on which such claim or action is based ceases to survive as set forth in this Section 11.4, irrespective of whether the subject matter of such claim or action shall have occurred before or after such date. All other claims for indemnification hereunder shall survive indefinitely.

11.5 Certain Limitations. Notwithstanding anything to the contrary set forth in this Agreement, the liability of Principal under this Section 2 shall not exceed \$78,000.00.

12. MISCELLANEOUS PROVISIONS

12.1 Further Assurances. Seller shall execute, acknowledge and deliver to Purchaser any and all other assignments, consents, approvals, conveyances, assurances, documents and instruments of Seller reasonably requested by Purchaser at any time and shall take any and all other actions reasonably requested by Purchaser at any time for the purpose of more effectively assigning, transferring, granting, conveying and confirming to Purchaser, the Business Assets. Purchaser shall execute, acknowledge and deliver to Seller any and all other assignments, consents, approvals, conveyances, assurances, documents and instruments of Purchaser reasonably requested by a Seller at any time and shall take any and all other actions reasonably requested by a Seller at any time for the purpose of more effectively consummating the transactions contemplated by this Agreement.

12.2 Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the respective successors

and assigns of the parties hereto. No party hereto may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other parties.

12.3 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Alabama.

12.4 Amendments. This Agreement may not be amended other than by written instrument signed by the parties hereto.

12.5 Exhibits and Schedules. All exhibits and schedules referred to in this Agreement shall be attached hereto and are incorporated by reference herein; provided, however, that any exhibit or schedule which is not attached hereto as of the date hereof shall be incorporated by reference herein upon the Parties' mutual agreement, which shall not be unreasonably withheld, conditional or delayed, to later attach such exhibit or schedule in compliance with the provisions of Sections 7.5 and 8.6 of this Agreement, and provided, further, however, that Purchaser acknowledge the obligations of Seller hereunder to update such exhibits and schedules in accordance with the terms and conditions hereof. From the Effective Date hereof until the Closing, the Parties agree that either Party may update the exhibits as necessary or provide any exhibits or schedules which are not attached at the date hereof, subject to the terms of Sections 7.5 and 8.6 of this Agreement.

12.6 Notices. Any and all notices or other communications required or permitted by this Agreement or by law to be served on or given to any party hereto by another party to this Agreement shall be in writing and shall be deemed duly served when personally delivered to the party to whom they are directed, or in lieu of such personal service when deposited in the United States mail, first-class postage prepaid, or reasonable overnight delivery service, such as Federal Express, addressed as follows:

If to Purchaser: [_____

_____]

If to Seller: [_____

_____]

or at such other address as one party may designate by notice hereunder to the other parties.

12.7 Headings. The Section and other headings contained in this Agreement and in the exhibits and schedules to this Agreement are included for the purpose of convenient reference only and shall not restrict, amplify, modify or otherwise affect in any way the meaning or interpretation of this Agreement or the exhibits and schedules hereto.

12.8 Fair Meaning. This Agreement shall be construed according to its fair meaning and as if prepared by all parties hereto.

12.9 Gender and Number. All references to the neuter gender shall include the feminine or masculine gender and vice versa, where applicable, and all references to the singular shall include the plural and vice versa, where applicable.

12.10 Third Party Beneficiary. None of the provisions herein contained are intended by the parties, nor shall they be deemed, to confer any benefit on any person not a party to this Agreement.

12.11 Expenses and Attorney Fees. Except as otherwise expressly provided herein to the contrary, each party to this Agreement shall pay its own costs and expenses in connection with the transactions contemplated hereby, including without limitation, the disbursements and fees of their respective attorneys, accountants, advisors, agents and other representatives, incidental to the preparation and carrying out of this Agreement, whether or not the transactions contemplated hereby are consummated. If any action is brought by any party or parties to enforce any provision of this Agreement, the prevailing party shall be entitled to recover its court costs, arbitration expenses and reasonable attorneys' fees.

12.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement, binding on all of the parties hereto.

12.13 Entire Agreement. With the exception of any written agreement between the parties which specifically references this Section 12.13, this Agreement, the exhibits and schedules, and the documents referred to herein contain the entire understanding between the parties with respect to the transactions contemplated hereby and supersede all prior contemporaneous agreements, understandings, representations and statements, oral or written between the parties on the subject matter hereof, and shall be of no further force or effect.

12.14 No Waiver. Any term, covenant or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof but only by a written notice signed by the party waiving such term or condition. The subsequent acceptance of performance hereunder by a party shall not be deemed to be a waiver of any preceding breach by another party of any term, covenant or condition of this Agreement, other than the failure of such party to perform the particular duties so accepted, regardless of such party's knowledge of such preceding breach at the time of acceptance of such performance. The waiver of any term, covenant or condition shall not be construed as a waiver of any other term, covenant or condition of this Agreement. The rights and remedies set forth in this Agreement shall be in addition to any other rights or remedies that may be granted by law.

12.15 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstance shall be held to be invalid or unenforceable to any extent in any jurisdiction, then the remainder of this Agreement and the application of such term, provision, condition or covenant in any other jurisdiction or to persons or circumstances other than those as to whom or which it is held to be invalid or unenforceable, shall not be affected thereby, and each term, provision, condition and covenant of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

[Signatures on following page]

IN WITNESS WHEREOF, this Agreement has been entered into as of the Effective Date.

PURCHASER:

**1818 ENTERPRISES INVESTORS,
LLC**

a Delaware limited liability company

By: 

Name: Wyman Hamilton

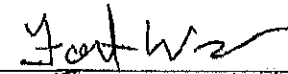
Its: Principal

SELLER:

TWENTY/TWENTY LLC DBA

KELLEY PLACE,

an Alabama limited liability company

By: 

Name: Forrest Warren

Its: Member

PRINCIPAL:

Forrest Warren

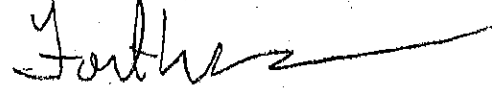


EXHIBIT A

FORM OF NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT ("Agreement") is made and entered into as of the ___ day of _____, 2015 by and among 1818 ENTERPRISESL INVESTORS, LLC, a Delaware limited liability company (the "Purchaser"), TWENTY/TWENTY, LLC DBA KELLEY PLACE, an Alabama limited liability company (the "Seller") and Forrest Warren ("Principal").

RECITALS

WHEREAS, Purchaser, concurrently with the execution of this Agreement and pursuant to that certain Asset Purchase Agreement, dated _____, __ 2015 between Purchaser, Seller, and Principal (the "Purchase Agreement"), is acquiring from Seller certain assets of Seller used in the operation of a sixteen (16) bed memory care community known as Kelley Place located at 109 Chaney Drive, Enterprise, Alabama 36630 (the "Facility"), as set forth in the Purchase Agreement (the "Transaction");

WHEREAS, Principal is a member of Seller and will benefit from the Transaction;

WHEREAS, Section 3.2(k) of the Purchase Agreement requires that this Non-Competition Agreement be delivered to Purchaser concurrently with the closing of the Transaction as a material inducement to the Purchaser consummating the Transaction.

NOW, THEREFORE, in consideration of the premises, mutual promises, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Terms.** Capitalized terms not expressly defined in this Agreement shall have the meanings set forth in the Purchase Agreement.

2. **Non-Competition.** Neither Seller nor Principal shall, for a period of two (2) years following the Closing Date, without the prior written consent of Purchaser:

(a) Directly or indirectly, own, lease, operate, manage or invest in any facility or business, within the same county as the Facility or within ten (10) miles of the Facility, which is or may be competitive with (either directly or indirectly) any services provided as part of the Facility. Notwithstanding the foregoing, the conduct of any business activity to the extent Seller first obtains the prior written consent of Purchaser shall be excluded from this Section 2(a).

(b) Directly or indirectly induce or attempt to induce any Retained Employee to leave his or her employ with Purchaser or its assigns, or in any way interfere with the relationship between Purchaser and its assigns and any Retained Employee; provided, however, it shall not be a breach of this Section 2(b) for Seller to solicit the employment of any Retained Employee after one (1) year from the date of Closing so long as Seller provides written notice to Purchaser at least three (3) days prior to any such solicitation.

(c) In the event that the provisions contained in this Section 2 shall ever be deemed to exceed the time or geographic limits or any other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum extent permitted by applicable law.

3. **Acknowledgment.** Seller and Principal specifically acknowledge that the covenants contained herein are a condition precedent to Purchaser consummating the Transaction, and that such restrictions are reasonable and necessary to protect the legitimate interests of Purchaser following the Closing Date. Seller and Principal also hereby acknowledge that any violation of this Agreement would result in irreparable injury to Purchaser and the remedy at law for any breach of this Agreement would be inadequate. Seller and Principal specifically, acknowledge and agree that Purchaser shall be entitled to an equitable accounting of all earnings, profits and other benefits arising from such breach and further agrees to pay the reasonable fees and expenses, including attorneys' fees, incurred by Purchaser in enforcing the restrictions contained in this Agreement.

4. **Scope.** The parties hereto agree and request that in the event that the scope of the covenants set forth in this Agreement, including the geographic scope or the length of the non-competition period, is deemed to be too broad in any court, the court may reduce such scope to that which it deems reasonable under the circumstances.

5. **Notices.** Any and all notices or other communication required or permitted by this Agreement or by law to be served on or given to any party hereto by another party to the Agreement shall be in writing and shall be deemed duly served when personally delivered to the party to whom they are directed, or in lieu of such personal service when deposited in the United States mail, first-class postage prepaid, or reasonable overnight delivery service, such as Federal Express, addressed as follows:

If to Purchaser: 1818 EnterpriseSL Investors, LLC
2222 Arlington Ave.
Birmingham, AL 35205

If to Seller: []
[]
[]

6. **Validity.** In addition to Section 4, whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision, but this Agreement will be reformed, construed and enforced in any such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein, and a new, enforceable provision shall be substituted which accomplishes the intent of the invalid, illegal or unenforceable provision as nearly as practicable.

7. **Prior Agreements.** This document supersedes all prior agreements between the parties, written or oral, and embodies the complete agreement and understanding among the parties, written or oral, which may relate to the subject matter hereof in any way, and shall not be amended orally, but only by the mutual agreement of the parties hereto in writing specifically referencing this Agreement.

8. **Counterparts.** This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together shall constitute the same agreement.

9. **Successors and Assigns.** Except as expressly indicated herein, this Agreement is intended to bind any inure to the benefit of and be enforceable by Purchaser, Seller and Principal and their respective heirs, legal representatives, successors and permitted assigns. Neither this Agreement nor any of the duties or obligations hereunder shall be assignable by Seller or Principal without the prior written consent of Purchaser.

10. **Governing Law.** This Agreement shall be construed, interpreted and governed in accordance with the laws of the State of Alabama.

SIGNATURES CONTAINED ON FOLLOWING PAGE

IN WITNESS WHEREOF, Purchaser, Seller and Principal have executed this Agreement as of the date and year first above written.

PURCHASER:

**1818 ENTERPRISESL INVESTORS,
LLC,**
a Delaware limited liability company

By: _____
Name: _____
Its: _____

SELLER:

**TWENTY/TWENTY LLC DBA
KELLEY PLACE,**
an Alabama limited liability company

By: _____
Name: _____
Its: _____

PRINCIPAL:

Forrest Warren

LIST OF SCHEDULES

| | |
|--------------------|---------------------------------------|
| Schedule 1.1(a) | Real Property |
| Schedule 1.1(b) | Personal Property |
| Schedule 1.1(d)(i) | Licenses and Permits |
| Schedule 1.2 | Excluded Assets |
| Schedule 2.1 | Purchase Price Allocation |
| Schedule 4.2(b) | Authority; Validity; No Breach |
| Schedule 4.3 | Removal of Material Items |
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| Schedule 4.7(d) | Condemnation or Public Taking |
| Schedule 4.7(e) | Real Property/Environmental Condition |
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| Schedule 4.8(a) | Personal Property |
| Schedule 4.8(b) | Personal Property Leases |
| Schedule 4.10 | Contracts |
| Schedule 4.12(a) | Seller Employees |
| Schedule 4.12(b) | Union Activity |
| Schedule 4.12(d) | Employee Plans |
| Schedule 4.12(f) | Employee Plan Deficiencies |
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| Schedule 4.12(j) | Severance Payments |
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| Schedule 4.14(a) | Litigation/Claims |
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