

GENERAL COUNSEL'S REPORT

September 23, 2015

C. Rosewood Manor, Spring Hill (Maury County), TN – CN0703-021AEEE

The project was approved by unanimous vote on July 25, 2007 for the replacement and relocation of the existing nursing home, and the addition of thirty (30) Medicare certified skilled nursing beds for an increase in licensed beds from sixty-eight (68) beds to ninety-eight (98) SNF beds with an estimated project cost of \$10,668,976.

Request for an increase in approved project cost of approximately 11.5%: from \$10,668,976 to \$11,898,000.

Request for a twenty-four (24) month extension of the expiration date from September 1, 2016 to September 1, 2018. This request is for the 4th extension*. The original expiration date of September 1, 2009 was extended to September 1, 2011 on July 22, 2009 by a vote of 6-2-0; the expiration date was extended on July 27, 2011 to September 1, 2013 by unanimous vote; and the expiration date was extended on August 28, 2013 by a 8-1 vote.

*The first request was necessitated by the route through TriStar's Spring Hill property to provide access being held up by the appeal of the Spring Hill Hospital project (the approval of which was reversed by the courts). The second request was necessitated by the effect of the economic downturn compelling Rosewood Manor's parent company, American Health Care Companies, Inc. (AHC) to refinance its portfolio. The third request was necessitated by further delays in the construction of a public access road.

This request is made because the access road has only recently been completed. It is also requested because AHC and all of its affiliates began a financial and operations restructuring (a "work-out") in the fall of 2014; the resulting plan requires a divestiture of some of AHC's holdings and assets, including Rosewood Manor. On July 29, 2015, AHC entered into an agreement to sell the project to Emerald Shelter Group, which owns and operates nursing homes, senior living communities, and housing properties throughout the country. The new owner is committed to timely implementation of the project.

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August 31, 2015

James B. Christoffersen
General Counsel
Tennessee Health Services and Development Agency
502 Deaderick Street, 9th Floor
Andrew Jackson Building
Nashville, TN 37243-0200

Re: Rosewood Manor
CN0703-021AE

Dear Jim,

This is to request an extension of the expiration date on this project from September 1, 2016 to September 1, 2018. We are also requesting an increase in project cost from \$10,668,976 to \$11,898,000, an increase of approximately 11.5%.

The CON is for the relocation and replacement of a 68 bed nursing home in Maury County; it is not a CON for the establishment of a new health care institution. The project is an asset included in an executed Asset Purchase Agreement ("APA") between the CON holder, Rosewood Manor, Inc. and affiliated entities ("Seller" herein), and the proposed new operator, Emerald Spring Hill, Inc. and affiliated entities ("Purchaser" herein). This transaction and this CON are the subject matter of Staff Determination Letter 2015-SDL-004.

Background and History:

The expiration date for this CON has been extended on three prior occasions. The causes necessitating these extensions were (1) the appeal and ultimate over-turning of the Spring Hill Hospital CON (the property is in close proximity and was dependent on the hospital's completion in order for an access road to be laid), and (2) additional time to make arrangements with other property owners and the City of Spring Hill to complete the road following the construction of the Centennial FSED at Spring Hill.

The access road, Reserve Boulevard, was just recently completed after a lengthy design and construction period. However, in the fall of 2014, and before construction could be commenced, the parent company of the CON holder and all of its affiliates began a financial and

operations restructuring ("work-out"). This is a complex and lengthy process. The resulting work-out plan involves a strategic divestiture of some of the company's holdings and assets. The Rosewood Manor project is one such proposed divestiture.

The Seller and Purchaser entered into the APA dated July 29, 2015. A copy of the APA is attached as Attachment 1. Purchased assets include the real property which is the approved site for Rosewood Manor, and all rights evidenced by the CON and the facility license. The purchase price is \$3,800,000. The APA is legally binding on the parties pursuant to its terms. Section 7.2(b) gives the Purchaser the right to terminate the agreement in the event the CON expiration date is not extended to Purchaser's satisfaction prior to closing.

The Proposed New Owner and Operator:

The proposed new owner and operator entities are affiliates of Emerald Shelter Group. Emerald Shelter Group ("Emerald") is a not-for-profit entity with wholly owned subsidiaries and/or affiliates which own and operate nursing homes, affordable senior living communities, and affordable housing properties across the Eastern United States and Colorado. Among Emerald's holdings and operations are several senior living and affordable housing projects in Tennessee. This project would be its first SNF in Tennessee. A description of Emerald is attached as Attachment 2.

The specific Emerald entities involved in the project are:

- Emerald Spring Hill, Inc., a Tennessee not-for-profit corporation (operator, licensee, lessee).
- Spring Hill Facility Company, LLC, a Tennessee limited liability company (real estate owner, lessor).
- Medical Rehabilitation Centers, LLC, a Kentucky limited liability company d/b/a Exceptional Living Centers (management company).

Emerald and its affiliates are exceptionally strong financially. This is discussed in more detail under "Economic Feasibility" below.

Need

The Agency determined there is a need for this facility when it approved the CON in 2007. That need is as strong or stronger today. Spring Hill remains among the fastest growing areas of the mid-state in terms of its population. There is no nursing home in the Spring Hill area. The closest nursing home beds to Spring Hill are in Columbia, approximately 12 miles to the south.

Economic Feasibility

The project can be economically accomplished and maintained by Emerald. Emerald's Consolidated Balance Sheets reflect approximately \$127.9 million in assets in FY 2014. Its cash and cash equivalents were approximately \$27.4 million for this period. Its current ratio for this period was 2.8:1. A copy of its Audited Consolidated Financial Statements is attached as Attachment 3.

The project is intended to be funded through the proceeds of a debt offering on behalf of Emerald Shelter Group underwritten by Lancaster Pollard. The projected interest rate is 5% over a term of 30 years. A funding letter is attached as Attachment 4.

Orderly Development:

While it is fair to say the development of this project has been anything but orderly up to the present, the delays have been largely beyond the control of the current CON holder. The proposed sale of the project to Emerald and the subsequent development of the project will be orderly.

The divestiture of the project by the current owner is consistent with the negotiated work-out plan, and will facilitate that company's goal of maintaining a more stabilized financial and operational position, allowing it to continue to operate its other health care facilities in Tennessee and other states. It will also allow this important health care facility to become a reality and bring a nursing facility to the residents of this under-served area.

The site of the proposed replacement facility is located in close proximity to the Centennial FSED at Spring Hill. The building housing that facility also includes physician offices. In addition, Emerald is very seriously considering building an Assisted Living Facility on part of the 16 acre site (5 acres of the site are allocated to the nursing facility). These co-located health care and senior living facilities contribute to the orderly development of health care in the Spring Hill area.

There is no doubt as to the proposed new owner's commitment to timely implementation of the CON. It has significant experience in owning and operating senior living and affordable housing facilities and communities. And it will be investing \$3.8 million in the asset purchase, if the CON modification is approved.

The implementation of this project will not have a negative impact on other providers. As previously mentioned there are no nursing facilities in Spring Hill. The CON application had no opposition.¹

Site Plan and Floor Plan:

A site plan and proposed floor plan are attached as Attachment 5. The CON approved a facility consisting of 50,000 square feet of space. The new floor plan calls for 52,500 square feet of space. Because this is less than a 10% increase in square footage, and because the face of the CON does not recite square footage, formal modification of the CON as to square footage is believed to not be required. We did want the Agency to be aware of the increase, however. All patient rooms will be private rooms.

Extension of Time:

An extension of time from the current expiration date of September 1, 2016 until September 1, 2018 is adequate time to complete the project. While the proposed new owner is hopeful it can be completed prior to that date, the 24 month requested extension represents an abundance of caution in light of the history of this project. A Project Completion Forecast Chart is attached as Attachment 6.

Estimated Project Costs

An increase in the approved estimated project cost from \$10,668,976 to \$11,898,000, an increase of approximately 11.5%, is requested. The reasons for the increase in project cost are: (1) Approximately 8 years have passed since the original estimated project cost was approved; and (2) the proposed replacement facility is larger than the one originally proposed and approved. The proposed new estimated project cost is kept lower than it would otherwise be if the cost of the entire 16 acre tract was allocated to the nursing home as it was in the original application. On the new Project Cost Chart, the cost of 5 of the total 16 acres is allocated to the CON project.

A proposed new Project Cost Chart, as well as a copy of the original Project Cost Chart, are attached as Attachment 7.

¹ The application as originally filed included a request for 30 additional beds. A nursing home in Columbia filed opposition to that proposal, but that opposition was withdrawn when the applicant committed to not seeking any additional beds. The CON is for a 68 bed facility, which includes no additional beds.

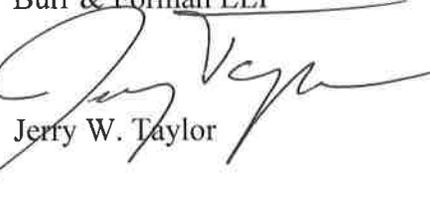
James B. Christoffersen
August 31, 2015
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We appreciate your and the Agency's consideration of this request. Please place this matter on the September 23, 2015 agenda. Representatives of both the Seller and Purchaser will be present to provide additional information and answer questions the Agency members may have. Please let me know if you have questions, or if additional information is needed.

Sincerely yours,

Burr & Forman LLP



Jerry W. Taylor

ASSET PURCHASE AGREEMENT

BY AND AMONG

**SPRING HILL LONG TERM FACILITY, INC.
(THE "SELLER")**

**ROSEWOOD MANOR, INC.
("SELLER OPERATOR")**

**TENNESSEE HEALTH MANAGEMENT, INC.
(THE "SELLER MANAGER")**

**SPRING HILL FACILITY COMPANY, LLC
(THE "PURCHASER")**

**HOOSIER CARE, INC.
("PURCHASER PARENT")**

**EMERALD SPRING HILL, INC.
(THE "PURCHASER OPERATOR")**

July 29, 2015

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Schedule 2.15	Brokers Engaged by Seller
Schedule 3.3	Governmental Authorities to be Notified (Purchaser and Purchaser Operator)

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “**Agreement**”), dated as of July 29, 2015 (the “**Effective Date**”) is made and entered into by and among **Spring Hill Long Term Facility, Inc.**, a Tennessee corporation (“**Seller**”), **Tennessee Health Management, Inc.**, a Tennessee corporation, (“**Seller Manager**”), **Rosewood Manor, Inc.**, a Tennessee corporation (“**Seller Operator**”), **Spring Hill Facility Company, LLC**, a Tennessee limited liability company (“**Purchaser**”), **HOOSIER CARE, INC.**, an Indiana nonprofit corporation (“**Purchaser Parent**”), and **Emerald Spring Hill, Inc.** a Tennessee corporation which is a subordinate entity to Purchaser Parent (“**Purchaser Operator**”). All initially capitalized terms used in this Agreement, including the terms used above and in the Recitals below, shall have the meanings set forth in Exhibit B hereof.

RECITALS

A. Seller owns certain real property, and all appurtenances thereto, which has been approved for the development of a 68-bed skilled nursing Project under a certificate of need issued on August 22, 2007 and extended on September 23, 2009, August 24, 2011 and May 28, 2014 by the Tennessee Health Services and Development Agency (the “**CON**”) and which real property and appurtenances are more specifically described on Exhibit A attached hereto and made a part hereof by this reference (collectively, the “**Project**”).

B. Seller Operator has obtained the CON for the Project.

C. The Project is licensed, to the extent required, for the number of beds as set forth on Exhibit A.

D. The parties hereto desire to enter into this Agreement pursuant to which (i) the Purchaser will purchase from Seller, and Seller will sell, convey, transfer and assign to the Purchaser, certain of the Assets (as defined herein), and (ii) the Purchaser Operator will merge in a statutory merger with Seller Operator under an Agreement and Plan of Merger that will result in Seller Operator being the surviving corporation, having the officers and members of Purchaser Operator, and becoming a subordinate entity to Purchaser Parent under Purchaser Parent’s group exemption under Section 501(c)(3) of the Code.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, and of the mutual agreements, representations, warranties, conditions and covenants herein contained, the parties hereto agree as follows:

ARTICLE I PURCHASE AND SALE

1.1. Transfer of Assets.

(a) For the consideration herein provided and in accordance with the terms and subject to the conditions hereof, Seller shall convey, transfer and assign to Purchaser at Closing, and Purchaser shall purchase from Seller, all right, title and interest of Seller, in and to the following assets of the Project, free and clear of any and all Liens (other than Permitted Liens), hereinafter collectively referred to as the “**Assets**”:

(1) fee simple title in and to the real property on which the Project is located as further described on Exhibit A attached hereto (the “**Real Property**”);

(2) all buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load-bearing walls and other structural elements thereof, heating, ventilation, air conditioning, mechanical, electrical, plumbing and other building systems, environmental control, remediation and abatement systems, sewer, storm and waste water systems, irrigation and other water distribution systems, parking facilities, fire protection (including smoke detectors, sprinkler systems and fire suppression systems), security and surveillance systems, and telecommunications, computer, wiring and cable installations, included in the Real Property on which the Project is located, if any (collectively, the “**Improvements**”);

(3) any alleys, strips or gores adjoining the Real Property, any easements, rights of way or other interests in, on, under or to, any land, highway, street, road or right of way, open or proposed, in, under, across, abutting or benefiting the Real Property, and any pending or future action for condemnation, eminent domain or similar proceeding, or for any damage to the Real Property by reason of a change of grade thereof, and all other accessions, appurtenant rights, and privileges of Seller in and to the Real Property and the Improvements (collectively, the “**Appurtenances**”);

(4) any goodwill of Seller or Seller Operator associated with the development of the Project;

(5) to the extent legally transferable, all third party warranties, indemnities and guarantees in relation to any of the Improvements; and

(6) all plans, studies, surveys and due diligence materials associated with the development of the Project and owned by Seller or Seller Operator.

(b) Notwithstanding anything to the contrary contained herein, the Assets shall not include the following items (collectively, the “**Excluded Assets**”):

(1) all bank accounts, cash, cash equivalents, securities and accounts receivable (including third party settlements), inter-company accounts, and all claims for refund of taxes and other governmental charges of whatever nature;

(2) all rights of the Seller relating to deposits and prepaid expenses (including, without limitation, utility deposits, reserves and pre-payments), real estate and insurance escrows, claims for refunds and rights to offset in respect thereof;

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

(4) all rights to obtain payment under insurance policies for claims that arise prior to Closing;

(5) refunds, rebates and dividends paid in respect of insurance premiums paid by Seller prior to the Closing Date, and refunds, rebates and additional recoveries by or payments to Seller from any person for services, provision of goods or supplies, or any other transactions prior to the Closing Date;

(6) inventory disposed of in the ordinary course of business prior to the Closing Date;

(7) all Contracts to which Seller is a party, except for such Contracts as Purchaser may expressly assume hereunder;

(8) all licenses, permits, and approvals which are not assignable pursuant to Applicable Law;

(9) all Company Governing Agreements;

(10) all records that the Seller is required by law to retain in its possession; and

(11) the rights which accrue or will accrue to Seller or Seller Operator under this Agreement or the Seller Documents.

(c) For the avoidance of doubt, the parties hereto agree that none of the Assets or Excluded Assets shall include any assets owned by Seller Operator with respect to the development of the Project including the CON (collectively, the "**Operational Assets**"), and that such Operational Assets shall be acquired by Purchaser Operator pursuant to the Merger Agreement (as defined herein).

1.2. Assumed Liabilities. Upon the terms and subject to the conditions of this Agreement, Purchaser agrees, effective at the Closing, to (or to cause its permitted assignees to) assume and shall agree to pay, perform and discharge when due, all liabilities and obligations arising out of or relating to Purchaser's or Purchaser Operator's ownership, development or operation of the Project and the Assets after the Closing (collectively, the "**Assumed Liabilities**")

1.3. Closing.

(a) Unless this Agreement shall have been terminated or abandoned pursuant to the provisions of Article X hereof, or unless otherwise agreed to in writing by the parties hereto, and subject to the contingencies and conditions to close set forth herein, all documents required from Seller pursuant to Section 9.1(a) (the "**Seller Documents**") to effectuate the consummation of the closing with respect to the Assets and the other transactions contemplated by this Agreement (the "**Closing**") shall be delivered by Seller to Purchaser and all documents required from Purchaser pursuant to Section 9.1(b) (the "**Purchaser Documents**") to effectuate the consummation of the Closing shall be delivered by Purchaser to Seller at 10:00 a.m., Central Standard Time, on the Closing Date, effective as of 11:59 p.m., Central Standard Time on the Closing Date, unless otherwise mutually agreed to by the parties.

(b) Seller and Purchaser may deliver some or all of the Seller Documents and Purchaser Documents, as applicable, required hereunder with respect to the Closing to an escrow agent on or before the Closing Date (to hold in escrow in accordance with customary conveyance practices subject to the consummation of such Closing) by mail or overnight courier.

1.4. Purchase Price. The aggregate purchase price for the Assets and the Operational Assets to be acquired by Purchaser Operator pursuant to the Merger Agreement (the "**Purchase Price**") shall be THREE MILLION EIGHT HUNDRED THOUSAND and No/100 Dollars (\$3,800,000.00) (inclusive of the Earnest Money), subject to further adjustments, if any, as

provided for in this Agreement. The Purchase Price shall be payable as set forth in Section 1.6. Notwithstanding their inclusion in the Purchase Price, Seller and Purchaser agree that the Operational Assets shall be conveyed to the Purchaser Operator pursuant to the terms and conditions of the Merger Agreement, and further agree that \$680,000 of the Purchase Price shall be allocated to the Operational Assets with the balance of the Purchase Price allocated to the Real Property.

1.5. Earnest Money. Within three (3) Business Days following the Effective Date, Purchaser shall deliver the Earnest Money to an escrow agent identified by Seller and mutually agreed upon by the parties. Upon the Closing, the Earnest Money will be credited against the Purchase Price. In the event the Purchaser terminates this Agreement pursuant to Section 10.1(c), the Earnest Money will be returned to Purchaser within five (5) Business Days following such termination.

1.6. Payment of Purchase Price. At Closing, Purchaser shall pay by wire transfer of immediately available funds the balance of the Purchase Price after deduction of the Earnest Money.

1.7. Allocation of Purchase Price. The parties agree that the Purchase Price shall be allocated in accordance with Schedule 1.7 attached hereto. The parties agree for Tax purposes, to allocate the Purchase Price (and all other capitalizable costs) among the Assets and the Operational Assets as set forth in Schedule 1.7 attached hereto and in accordance with Section 1060 of the Code and the Treasury Regulations thereunder (and similar provisions of state, local or non-U.S. law, as appropriate). Seller and Purchaser, and each of their Affiliates, hereby covenant and agree that they will not take a position on any Tax Return, before any Governmental Authority charged with the collection of any Tax or in any judicial proceeding that is any way inconsistent with the allocation set forth on Schedule 1.7, unless and to the extent required to do so pursuant to Applicable Law. Purchaser and Seller, and each of their Affiliates, shall report, act and file Tax Returns (including, but not limited to, Internal Revenue Service Form 8594) in all respects and for all purposes consistent with the allocation set forth on Schedule 1.7 and cooperate in the filing of any forms with respect to such allocation. The parties agree that they shall complete any conveyance form as may be required in connection with the transfer of the Real Property, forms of which to be agreed upon by the parties (all such forms, the "**Property Conveyance Forms**"), in accordance with the Purchase Price allocation as set forth on Schedule 1.7. Purchaser shall deliver drafts of any Property Conveyance Forms required to be completed by Purchaser to Seller prior to submission to the applicable Governmental Authority for Seller's review and comment. Purchaser shall incorporate any comments provided by Seller into such Property Conveyance Forms, and shall not submit any Property Conveyance Form until Seller shall have acknowledged in writing that it is reasonably satisfied with the form and content. Purchaser shall provide final copies of such Property Conveyance Forms to Seller after filing.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF SELLER MANAGER, SELLER AND SELLER OPERATOR

As an inducement to Purchaser to enter into this Agreement and to consummate the transactions contemplated herein, Seller Manager, Seller and Seller Operator each represents and warrants the following to the Purchaser and Purchaser Operator, each of which shall be true and correct on the Effective Date and on the Closing Date (as if such representations and warranties were remade on the Closing Date).

2.1. Organization and Qualification. Each of Seller, Seller Manager and Seller Operator is a corporation duly organized and validly existing and in good standing under the laws of the State of Tennessee, with full power and authority to carry on its business as currently being conducted and to own and operate its property as it is now being owned and operated. Each of Seller, Seller Manager and Seller Operator is duly qualified to do business and in good standing in each jurisdiction in which the ownership of the Assets or the Project, as applicable, makes such qualification necessary. The Company Governing Agreements for each of Seller, Seller Manager and Seller Operator, and any amendments thereto provided to Purchaser with respect to Seller, Seller Manager and Seller Operator, are each true and complete in all respects and each is the Company Governing Agreement that is currently in effect for Seller, Seller Manager or Seller Operator, as applicable.

2.2. Binding Obligations; Authority. Seller, Seller Manager and Seller Operator have the full and unrestricted right, power and authority to execute, deliver and perform this Agreement and to consummate the transactions and perform all obligations contemplated hereby and in all agreements, instruments and documents being or to be executed and delivered by each such party in connection with such transactions. The consummation of the transactions contemplated herein by the Seller, Seller Manager and Seller Operator have been duly authorized and approved by all necessary action of each such party. This Agreement and each such other agreement, instrument and document, upon due execution and delivery by Seller, Seller Manager and Seller Operator, will constitute the legal, valid, and binding obligation of each such party, enforceable in accordance with its respective terms, except to the extent that (i) enforcement may be limited by or subject to any bankruptcy, insolvency, reorganization, moratorium or similar law as is now or hereinafter in effect relating to creditors' rights generally and (ii) the remedy of specific performance and injunctive and other forms of equitable relief are subject to certain equitable defenses and to the discretion of the court or other authority or person before which any proceeding therefore may be brought.

2.3. Governmental Authorities. Except as disclosed on Schedule 2.3 attached hereto, neither Seller, Seller Manager nor Seller Operator is required to submit any notice, report or other filing with any federal, state, municipal, foreign or other governmental or regulatory authority in connection with its execution or delivery of this Agreement or any other agreement contemplated hereby, or the consummation of the transactions contemplated hereby and no consent, approval or authorization of any governmental or regulatory authority is required to be obtained by Seller, Seller Manager or Seller Operator in connection with the execution, delivery and performance of this Agreement or any other agreement contemplated hereby or the consummation of the transactions contemplated hereby or thereby.

2.4. Taxes.

(a) All Tax Returns required to be filed in connection with the Assets and the Project have been, in all material respects, accurately prepared and duly and timely filed. All Taxes required to be paid by Seller, including all Taxes with respect to the Assets and Project, have been timely paid in full. Seller is not delinquent in the payment of any Taxes in connection with any of the Assets or Project and, to the Knowledge of Seller, there is no Tax deficiency or claim outstanding or assessed against it in connection with any of the Assets or Project, except Taxes which are being contested in good faith as to which Seller has established adequate reserves and has provided information to Purchaser concerning the same. None of the Assets constitute tax-exempt bond financed property or tax-exempt use property within the meaning of Section 168 of the Code, and none of the Assets is subject to a lease, safe harbor lease or other arrangement as a result of which Seller would not be treated as the owner for Federal income tax purposes. Seller is not the beneficiary of any extension of time within which to file any Tax Return. No audit of any Tax Return filed by Seller is pending or, to Seller's Knowledge, threatened by any Governmental Authority, and Seller has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency. There are no Liens for Taxes upon any of the Assets, except for Taxes and other governmental charges that are not yet due and payable.

(b) All Tax Returns required to be filed in connection with the Operational Assets and the Project have been, in all material respects, accurately prepared and duly and timely filed. All Taxes required to be paid by Seller Operator, including all Taxes with respect to the Operational Assets and Project, have been timely paid in full. Seller Operator is not delinquent in the payment of any Taxes in connection with any of the Operational Assets or Project and, to the Knowledge of Seller Operator, there is no Tax deficiency or claim outstanding or assessed against it in connection with any of the Operational Assets or Project, except Taxes which are being contested in good faith as to which Seller Operator has established adequate reserves and has provided information to Purchaser concerning the same. None of the Operational Assets constitute tax-exempt bond financed property or tax-exempt use property within the meaning of Section 168 of the Code, and none of the Operational Assets is subject to a lease, safe harbor lease or other arrangement as a result of which Seller Operator would not be treated as the owner for Federal income tax purposes. Seller Operator is not the beneficiary of any extension of time within which to file any Tax Return. No audit of any Tax Return filed by Seller Operator is pending or, to Seller Operator's Knowledge, threatened by any Governmental Authority, and Seller Operator has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency. There are no Liens for Taxes upon any of the Operational Assets, except for Taxes and other governmental charges that are not yet due and payable.

2.5. No Defaults. The execution, delivery and performance of this Agreement and any other agreement contemplated hereby by Seller, Seller Manager or Seller Operator does not and will not:

(a) conflict with or result in any breach of the provisions of, or constitute a default under any Company Governing Agreement of Seller, Seller Manager or Seller Operator;

(b) violate any restriction to which Seller, Seller Manager or Seller Operator is subject or, with or without the giving of notice, the passage of time, or both, violate (or give rise to any right of termination, cancellation or acceleration under) any mortgage, deed of trust, license, material lease, indenture or other material agreement or instrument, whether oral or written, to which Seller, Seller Manager or Seller Operator is a party, or by which it or its property is bound, which will not be satisfied or terminated on or prior to the Closing as a result of the transactions contemplated in this Agreement, or result in the termination of any such instrument or termination of any provisions in such instruments that

will have a Material Adverse Change upon or result in the creation or imposition of any Lien upon any of the Assets;

(c) constitute a violation of any Applicable Law to which the Seller, Seller Manager or Seller Operator is subject, the violation of which will have a Material Adverse Change upon the Assets or the Operational Assets; or

(d) create any Liens on any of the Assets or Operational Assets in favor of third parties.

2.6. Absence of Certain Changes or Events. Except as disclosed on Schedule 2.6, neither Seller, Seller Manager nor Seller Operator has:

(a) suffered a Material Adverse Change (whether or not covered by insurance);

(b) suffered any material damage, destruction or Loss to any of the Assets or Operational Assets or the Project (whether or not covered by insurance);

(c) sold, transferred, conveyed, assigned or otherwise disposed of any of the Assets or Operational Assets;

(d) authorized or made any capital expenditures relating to any of the Assets or Operational Assets which will not be completely paid for prior to the Closing Date;

(e) made any Tax election with respect to the Assets or Operational Assets, settled or compromised any federal, state, local or foreign Tax liability, or waived or extended the statute of limitations in respect of any such Taxes;

(f) terminated, modified, amended or otherwise altered or changed any of the terms or provisions of any Contract relating to any of the Assets or Operational Assets, or paid any amount not required by Applicable Law or by any such Contract, except in the ordinary course of business and consistent with past practice; or

(g) entered into any agreement or contract to do any of the foregoing set forth in (a) through (f).

2.7. Contracts. There are no outstanding Contracts that are not cancelable on thirty (30) calendar days' notice or that involve an annual amount payable or receivable by Seller or Seller Operator in excess of \$10,000.00 to which Seller or Seller Operator is or may be a party and by which Seller or Seller Operator is or may be bound, and to which any of the Assets or Operational Assets will be subject following the Closing.

2.8. Title to Property and Related Matters.

(a) Seller has good and marketable title to all of the Assets, including without limitation the Real Property, free and clear of all Liens, except for (i) Permitted Liens, and (ii) Liens that will be discharged in full at Closing.

(b) Seller has not received written notice of (x) any material violations of any covenants or restrictions recorded in the public land records against the Real Property or (y) any material violations of any zoning codes or ordinances applicable to the Real Property. To the Knowledge of

Seller, there are no agreements, documents, or instruments which are not recorded among the land records but which materially and adversely affect the marketability of fee title to the Project. To the Knowledge of Seller, the Real Property is zoned in a classification that would permit its use as a skilled nursing facility having at least 68 beds.

(c) There are no condemnation or eminent domain proceedings pending or, to the Knowledge of Seller, threatened or contemplated against the Project, the Real Property or any part thereof, and Seller has not received notice, oral or written, of the desire of any public authority or other entity to take or use the Project or the Real Property or any part thereof. Seller will give Purchaser prompt written notice of any actual or any threatened or contemplated condemnation of any part of the Real Property of which it receives notice or otherwise has knowledge.

(d) There are no parties in possession of any Asset, the Project or Real Property, or any portion thereof, other than Seller and Seller Operator.

(e) There are no outstanding options or rights of first refusal to purchase the Project or the Real Property, or any portion thereof or interest therein.

(f) Seller and the Seller Operator possess all material permits, licenses and other authorizations from all applicable Governmental Authorities (collectively, the "**Permits**") that are required to be obtained by Seller or Seller Operator in connection with the ownership, leasing or maintenance by Seller or Seller Operator. Seller and Seller Operator are in compliance with the Permits or such noncompliance shall not constitute a Material Adverse Change.

(g) All permits, licenses, franchises, approvals and authorizations (collectively, the "**Real Property Permits**") of all Governmental Authorities that are required for the use of the Real Property or the development of the Project as a 68 bed skilled nursing facility by Seller or Seller Operator as currently conducted have been issued and are in full force and effect. Seller has delivered or made available to Purchaser a true and complete copy of all Real Property Permits. Seller has not received any notice from any Governmental Authority having jurisdiction over the Real Property or Project threatening a suspension, revocation, modification or cancellation of any Real Property Permit and, to the Knowledge of Seller, there is no basis for the issuance of any such notice or the taking of any such action. Except as disclosed on Schedule 2.8(g), the Real Property Permits are transferable to Purchaser without the consent or approval of the issuing Governmental Authority; no disclosure, filing or other action by the Seller is required in connection with such transfer; and Purchaser shall not be required to assume any additional liabilities or obligations under the Real Property Permits as a result of such transfer.

(h) To the Knowledge of Seller, the current use of the Real Property does not violate any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such Real Property (the "**Encumbrance Documents**"). Neither the Seller nor Seller Operator has received any notice of violation of any Encumbrance Documents, and, to the Knowledge of Seller, there is no basis for the issuance of any such notice or the taking of any action for such violation.

(i) Seller has not received written notice that any of the Improvements encroaches on any land that is not included in the Real Property or on any easement affecting such Real Property, or violates any building lines or set-back lines, or that there are any encroachments onto the Real Property, or any portion thereof, that would interfere with the use of such Real Property or the development of the Project by Seller or Seller Operator as currently conducted.

(j) There are no Taxes or material assessments, fees, charges or similar costs or expenses imposed by any Governmental Authority, association or other entity having jurisdiction over the Real Property (collectively, the “**Real Estate Impositions**”) with respect to any Real Property or portion thereof that are delinquent. As of the Effective Date, there are no Real Estate Impositions that are due and payable with respect to the Real Property.

(k) None of the Real Property or any portion thereof is located in a flood hazard area (as defined by the Federal Emergency Management Agency) for which flood insurance is required to be obtained.

(l) Except as disclosed on Schedule 2.8(l), Seller has not received any notice of violation of any applicable building, zoning, subdivision, health and safety and other land use Applicable Laws, including the Americans with Disabilities Act of 1990, as amended, and all insurance requirements affecting the Real Property (collectively, the “**Real Property Laws**”) and, to the Knowledge of Seller or except as disclosed on Schedule 2.8(l), there is no basis for the issuance of any such notice or the taking of any action for such violation.

2.9. Environmental Matters.

(a) Neither the Project nor the Real Property contains any Hazardous Substance, except for Hazardous Substances typically used for, and in quantities necessary for the day-to-day development of, the Project, including but not limited to cleaning fluids and insecticides and which are not in violation of any Environmental Laws (the “**Common Products**”).

(b) Neither Seller nor, to the Knowledge of Seller, any prior owner, user or occupant of the Project or the Real Property has experienced, conducted or authorized the use, generation, transportation, storage, treatment, release or disposal at or near the Project or the Real Property of any Hazardous Substance except the Common Products.

(c) There is no pending or, to the Knowledge of Seller, any threatened litigation or proceeding before any court or any governmental or administrative agency in which any person or entity alleges the presence, release, threat of release, placement on, in or from the Project or the Real Property, or the generation, transportation, storage, treatment, or disposal at the Project or Real Property, of any Hazardous Substance.

(d) Seller has not received any written notice of, and, to the Knowledge of Seller, no Governmental Authority or employee or agent thereof has determined, or threatens to determine, that there is a presence, release or threat of release or placement on, in or from the Project or Real Property, or the generation, transportation, storage, treatment, or disposal at the Project or Real Property, of any Hazardous Substance. Seller or Seller Operator shall notify Purchaser promptly of any receipt of any such notice by Seller or Seller Operator, as applicable.

(e) There are no actions, communications or agreements with any Governmental Authority or any private entity to which Seller or, to the Knowledge of Seller, any prior owner of the Project or Real Property, is a party relating in any way to the presence, release, threat of release or placement on, in or from the Project or Real Property, or the generation, transportation, storage, treatment or disposal at the Project or Real Property, of any Hazardous Substance.

(f) The Project has all Environmental Permits required for the conduct or operation of its business (or any part thereof), and is in compliance in all material respects with all of the requirements and limitations included in such Environmental Permits.

(g) Seller has owned and Seller Operator has developed the Project and Real Property in material compliance with all Environmental Laws.

(h) Seller has delivered to Purchaser copies of all reports or tests prepared for Seller (but only to the extent such report or test is in Seller's possession or control) with respect to the compliance of the Project or Real Property with the Environmental Laws and/or the presence of Hazardous Substances at the Project or on the Real Property.

(i) To the Knowledge of Seller, there are no underground storage tanks located on property owned by Seller; there is no asbestos-containing material (as defined under Environmental Laws) contained in or forming part of any building, building component, structure or office space owned by Seller; and there are no polychlorinated biphenyls ("PCBs") or PCB-containing items contained in or forming part of any building, building component, structure or office space owned by Seller.

(j) The representations and warranties set forth in this Section 2.9 are the Seller's sole and exclusive representations and warranties regarding environmental matters.

2.10. Health Care Matters. Except as set forth on Schedule 2.10:

(a) to the knowledge of Seller, Seller Manager or Seller Operator, neither Seller Operator, Seller Manager nor any of its Affiliates has at any time engaged in any activities that are prohibited under any Health Care Laws which have caused or could reasonably be expected to cause, individually or in the aggregate, a Material Adverse Change with respect to the past, present, or future operations of the Seller Operator, including but not limited to the revocation or limitation of the Seller Operator's CON. None of the Seller Operator nor any of its Affiliates has received notice of, and there are no pending or, to the Seller Operator's or Seller Manager's Knowledge, threatened Legal Proceedings relating to non-compliance by, or liability of, the Seller Operator under any Health Care Laws. Seller Operator is not relying on any exemption from or deferral of any Health Care Law that, to the Knowledge of Seller, Seller Manager or Seller Operator, would not be available to Purchaser, Purchaser Parent, or Purchaser Operator after the Closing;

(b) within the past three (3) years, none of the Seller Operator nor any of its Affiliates has received any notice, whether written or oral, of any current, pending, or planned Legal Proceeding against Seller Operator based on any claim of professional malpractice or misconduct, or breach of any Contract, that has resulted in, or reasonably could be expected to result in, any financial liability of Seller Operator or any inability of Seller Operator to offer health care services presently or in the future;

(c) within the past six (6) years and other than in the ordinary course of business, none of the Seller Operator nor any of its Affiliates has received any written notice of any current, pending, or outstanding Medicare, Medicaid or other Governmental Authority reimbursement audits or demands or cost report reviews relating to the Seller Operator or any of its respective representatives, that resulted in, or are reasonably expected to result in, any repayment, recoupment or offset or would reasonably indicate a systemic non-compliance with applicable billing requirements;

(d) Seller Operator (i) is not a party to or subject to any corporate integrity agreement, deferred prosecution agreement, consent decree or similar memorandum of understanding or Contract with any Governmental Authority, (ii) is not subject to any order, judgment, injunction, award, decree or writ handed down, adopted or imposed by any Governmental Authority that is or would reasonably be expected to be, individually or together with any other order, judgment, injunction, award, decree or writ, material to the operations of the Seller Operator, or (iii) within the past six (6) years has

not adopted any board resolutions at the request of any Governmental Authority, in each case that restricts the conduct of its business or that impacts the management or operation of its business in any manner having a material adverse effect on its past, present, or future operations, in each case, pursuant to Health Care Laws;

(e) to the Knowledge of Seller, Seller Manager or Seller Operator, neither the Seller Operator nor any of its representatives has engaged in any activities which are likely to cause civil monetary penalties or mandatory or permissive exclusion from or other termination of any governmental or private third-party health insurance program. All material reports, documents, claims, applications, and notices required to be filed, maintained, or furnished to or with any Governmental Authority or private third-party health insurance program, have been so filed, maintained, or furnished and all such reports, documents, claims, applications, and notices were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent filing);

(f) Seller Operator has paid, caused to be paid, or notified the applicable parties of, all actually known and undisputed material refunds, overpayments, discounts, or adjustments which have become due pursuant to any Health Care Laws or otherwise, and there are no such material refunds, overpayments, discounts, or adjustments outstanding; and

(g) notwithstanding anything elsewhere in this Agreement to the contrary, the representations in this Section 2.10 shall survive for a period of five (5) years after Closing and shall thereafter be of no further force and effect, regardless of any termination of the Merger Agreement during that period for any reason.

2.11. Leases. Except as set forth on Schedule 2.11, neither the Seller nor Seller Operator is a party to any lease on behalf of, for the benefit of or relating primarily to the Project, whether for real property, machinery, equipment or other tangible property leased to Seller or Seller Operator.

2.12. Condition of Assets. All of the Assets are in Seller's or Seller Operator's possession or control and located at or on the Project or the Real Property. The Improvements with respect to the Project owned by the Seller are in commercially reasonable working order, subject to normal wear and tear, and adequate and suitable for the purposes for which they are presently being used.

2.13. Insurance. Schedule 2.13 contains an accurate and complete list as of the Effective Date of all insurance coverage owned, held by or applicable to the Assets or the Project, and Seller has heretofore delivered or made available to Purchaser true and complete copies of all such policies or evidence of self-insurance, presently in effect. All such insurance is in full force and effect, all premiums with respect thereto covering all periods up to and including the Closing Date have been paid, and no notice of cancellation or termination has been received with respect to any such policy.

2.14. Litigation.

(a) Except as disclosed on Schedule 2.14, there are no Actions or other litigation or proceedings pending or, to the Knowledge of Seller, Seller Manager and Seller Operator, threatened against or affecting the Seller, Seller Operator or any of their officers, managers, directors, employees, or stockholders related to the Assets, the Real Property, the Project or Seller Operator, including, without limitation, any Actions against Seller Operator relating to its ownership or operation of a skilled nursing

facility in the past, and to the Knowledge of Seller, there are no facts or circumstances which may give rise to any of the foregoing. Neither the Seller nor Seller Operator is subject to any order, judgment decree, injunction, stipulation or consent order of or with any court or other Governmental Authority that will be binding on the Purchaser, the Purchaser Operator, the Project or any Asset after Closing. Neither the Seller nor Seller Operator has entered into any agreements to settle or compromise any proceeding pending or threatened against them which has involved any obligation other than the payment of money or for which Seller Operator or Seller has a continuing obligation that will be binding on the Purchaser, the Purchaser Operator, the Project, or any Asset after Closing. Schedule 2.14 lists all Actions or other litigation or proceedings settled, compromised, or otherwise resolved within the six (6) months preceding the Effective Date with respect to the Project.

(b) There are no claims or Actions pending or to the Knowledge of Seller or Seller Operator, threatened by or against Seller or Seller Operator with respect to this Agreement, or in connection with the transactions contemplated hereby.

2.15. Brokers. Except as disclosed on Schedule 2.15, neither Seller nor Seller Operator has engaged any broker in connection with the transactions contemplated by this Agreement. Neither Purchaser or any Affiliate of Purchaser, nor Seller or any Affiliate of Seller have or shall have any liability or otherwise suffer or incur any Loss as a result of or in connection with any brokerage or finder's fee or other commission of any Person retained by the other party in connection with any of the transactions contemplated by this Agreement.

2.16. Compliance with Laws. To the Knowledge of Seller and Seller Manager, neither Seller nor any respective director, manager, officer, agent or employee of Seller has violated in any material respect in the past three (3) years, or is currently in material default or material violation in any respect under, any Applicable Law applicable to the Seller or any of the Assets, the Project, or Real Property. To the Knowledge of Seller, there has been no claim of violation, or of any actual violation, of any such Applicable Law in the past three (3) years.

2.17. Exclusivity of Representations. **NEITHER SELLER, SELLER OPERATOR NOR ANY OF THEIR RESPECTIVE AFFILIATES, REPRESENTATIVES OR ADVISORS HAVE MADE, OR SHALL BE DEEMED TO HAVE MADE, TO PURCHASER OR ANY AFFILIATE OF PURCHASER ANY REPRESENTATION OR WARRANTY OTHER THAN THOSE EXPRESSLY MADE BY SELLER OR SELLER OPERATOR IN THIS ARTICLE II OR ELSEWHERE IN THIS AGREEMENT OR THE MERGER AGREEMENT. NO EXPRESS OR IMPLIED WARRANTY HAS BEEN MADE OR IS BEING MADE HEREIN TO PURCHASER (A) AS TO MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR QUALITY, WITH RESPECT TO ANY OF THE TANGIBLE ASSETS BEING SO TRANSFERRED, OR AS TO THE CONDITION OR WORKMANSHIP THEREOF OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT (OR ANY OTHER REPRESENTATION OR WARRANTY REFERRED TO IN SECTION 2-312 OF THE UNIFORM COMMERCIAL CODE OF ANY APPLICABLE JURISDICTION), ALL OF WHICH ARE BEING TRANSFERRED "AS IS" (B) WITH RESPECT TO ANY PROJECTIONS, ESTIMATES OR BUDGETS DELIVERED TO OR MADE AVAILABLE TO BUYER OR (C) WITH RESPECT TO ANY OTHER INFORMATION OR DOCUMENTS MADE AVAILABLE TO PURCHASER EXCEPT, IN THE CASE OF THIS CLAUSE (C) ONLY, AS EXPRESSLY COVERED BY A**

REPRESENTATION OR WARRANTY CONTAINED IN THIS ARTICLE II OR ELSEWHERE IN THIS AGREEMENT OR THE MERGER AGREEMENT.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PURCHASER, PURCHASER PARENT AND PURCHASER OPERATOR**

As an inducement to Seller and Seller Operator to enter into this Agreement and to consummate the transactions contemplated herein, Purchaser, Purchaser Parent and Purchaser Operator jointly and severally represent and warrant the following to Seller and Seller Operator as of the Effective Date and as of the Closing Date (as if such representations and warranties were remade on the Closing Date unless such representation or warranty speaks as of a specified date, in which case as of such date):

3.1. Organization and Qualification. Purchaser is a limited liability company duly organized and validly existing under the laws of the State of Tennessee having Purchaser Parent or an entity wholly owned or controlled by Purchaser Parent as its sole member. Purchaser Parent is a nonprofit corporation duly organized and validly existing under the laws of the State of Indiana which has been recognized as a tax-exempt organization under Section 501(c)(3) of the Code. Purchaser Operator is a nonprofit corporation duly organized and validly existing under the laws of the State of Tennessee and is a subordinate entity of Purchaser Parent. Purchaser and Purchaser Operator have full power and authority to own or lease all of their respective properties and assets and to carry on their business as they are now being conducted. Purchaser is a disregarded entity of Purchaser Parent for federal income tax purposes under Treasury Regulation § 301.7701-2(c). Purchaser Operator is a member of Purchaser Parent's group exemption under Section 501(c)(3) of the Code. Purchaser Parent is designated as a tax-exempt organization having a group exemption under Section 501(c)(3) of the Code. To Purchaser Parent's knowledge, as a disregarded entity or subordinate entity, as the case may be, each of Purchaser and Purchaser Parent is treated as a branch or division of a tax-exempt organization for federal income tax purposes.

3.2. Authorization, Binding Effect. Purchaser has the full and unrestricted right, power and authority to execute, deliver and perform this Agreement and to consummate the transactions and perform all obligations contemplated hereby and in all agreements, instruments and documents being or to be executed and delivered by Purchaser in connection with such transactions. The consummation of the transactions contemplated herein by the Purchaser have been duly authorized and approved by all necessary action of Purchaser. This Agreement and each such other agreement, instrument and document, upon due execution and delivery by Purchaser will constitute the legal, valid, and binding obligation of the Purchaser, enforceable in accordance with its respective terms.

3.3. Governmental Authorities. Except as disclosed on Schedule 3.3 attached hereto, to the best of Purchaser's knowledge, Purchaser is not required to submit any notice, report or other filing with any federal, state, municipal, foreign or other governmental or regulatory authority in connection with its execution or delivery of this Agreement or any of the Purchaser Documents, the consummation of the transactions contemplated hereby or thereby, or the development and operation of the Project by Purchaser or Purchaser Operator following the Closing. Except as disclosed on Schedule 3.3 attached hereto, to the best of Purchaser's knowledge, no consent, approval or authorization of any governmental or regulatory authority is required to be obtained

by Purchaser in connection with the execution, delivery and performance of this Agreement or the Purchaser Documents, the consummation of the transactions contemplated hereby or thereby or the development and operation of the Project by Purchaser or Purchaser Operator following the Closing.

3.4. No Defaults. The execution, delivery and performance of this Agreement and any of the Purchaser Documents by Purchaser do not and will not:

(a) Conflict with or result in any breach of the provisions of, or constitute a default under Purchaser's governing documents or under the governing documents of any parent of Purchaser;

(b) Violate any restriction to which Purchaser is subject or, with or without the giving of notice, the passage of time, or both, violate (or give rise to any right of termination, cancellation or acceleration under) any mortgage, deed of trust, license, material lease, indenture or other material agreement or instrument, whether oral or written, to which Purchaser is a party, or by which it or its property is bound, which will not be satisfied or terminated on or prior to the Closing as a result of the transactions contemplated in this Agreement, or result in the termination of any such instrument or termination of any provisions in such instruments that will have a Material Adverse Change upon or result in the creation or imposition of any Lien upon its assets; or

(c) Constitute a violation of any Applicable Law to which Purchaser is subject, the violation of which will have a Material Adverse Change upon the assets or properties of Purchaser.

3.5. Brokers. Except for Hampshire Realty Investors, LLC whose fee will be paid by Purchaser, neither Purchaser nor any Affiliate of Purchaser has engaged any broker and/or agent in connection with the transactions contemplated hereby.

3.6. Sufficiency of Funds. Purchaser has, or will have at Closing, sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

3.7. Independent Investigation. Purchaser has conducted its own independent investigation, review and analysis of the Project, Real Property and Assets, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records and other documents and data of Seller for such purpose.

3.8. Solvency. Immediately after giving effect to the consummation of the transactions contemplated by this Agreement: (i) Purchaser and Purchaser Operator will each be able to pay its liabilities as they become due in the usual and anticipated course of its business; and (ii) Purchaser and Purchaser Operator will each have assets (calculated at fair market value) that exceed its liabilities.

ARTICLE IV COVENANTS OF SELLER AND SELLER OPERATOR

From the Effective Date and until the earlier of the termination of this Agreement or Closing (and to the extent thereafter as contemplated herein), except as otherwise consented to or approved by Purchaser in writing, Seller and Seller Operator covenant and agree as follows:

4.1. Regular Course of Business. Seller shall, and shall cause Seller Operator to: (a) operate the Project in the ordinary course of business consistent with past practices; (b) maintain the Project, the Assets and Real Property consistent with past practices; (c) timely pay, or shall cause to be paid, all obligations of Seller or Seller Operator with respect to the Assets, Real Property and Project in accordance with applicable terms of such obligations in the ordinary course of business; (d) comply in all material respects with the provisions of all Applicable Law applicable to the operation of the Project; (e) not make any material changes or modifications in any Contract to be assumed by Purchaser Operator pursuant to the Merger Agreement or incur any further obligations or surrender any rights thereunder other than as routinely occur in the ordinary course of business; (f) not enter into any agreements (including licenses or easements) or leases which would have had to be disclosed pursuant to Article II hereof had such agreements or leases been entered into prior to the Effective Date other than in the ordinary course of business; (g) keep in full force and effect present insurance policies through the Closing Date or other comparable insurance coverage; and (h) use its commercially reasonable efforts to maintain in good standing the CON.

4.2. Borrowing. Neither Seller nor Seller Operator shall create or permit to become effective any Lien upon the Project, Real Property or the Assets other than Permitted Liens or a Lien that will be discharged in full at Closing. Seller Operator shall not incur any obligations or liabilities of any kind or nature, in any amount, from and after the Effective Date without the prior written approval of Purchaser Operator.

4.3. Access and Disclosure.

(a) Subject to the terms in this Section 4.3, Seller shall, and shall cause Seller Operator to, upon three (3) days' advance email notice afford to Purchaser, and its counsel, accountants and other authorized representatives reasonable access during agreed upon business hours to the Assets, Project, computer systems, books and records, in any way relating to the Project and/or the Assets, including, but not limited to, all contracts, agreements, and other documents relating to outside contractors, vendors, consultants, or other outside parties relating to the Project and to which the Project or Seller or the Seller Operator is now or may become a party with respect to the Assets, Project or Real Property, in order that Purchaser may have full opportunity to make such reasonable investigations of the Assets, the Real Property and the Project as it shall desire to make. Seller shall, and shall cause Seller Operator to, furnish such additional financial and other data and information as Purchaser and its representatives shall from time to time reasonably request (the "**Seller Deliverables**").

(b) All such inspections and investigations by third party agents described above shall be completed at Purchaser's risk without any liability to Seller or Seller Operator, regardless of cause. Subject to the foregoing sentence, in addition to any other indemnification obligations set forth under this Agreement, Purchaser shall indemnify and hold harmless Seller and Seller Operator against any Loss directly resulting from the completion of such inspections or investigations, excluding any Loss resulting from the acts of Seller, its employees, agents, contractors or invitees or from any pre-existing defect or condition of the Real Property or the Project, which undertaking shall survive the termination of this Agreement for the period of one (1) year. Purchaser further undertakes that any damage occasioned to the Real Property or the Project caused by such inspections or investigations, excluding any damages or injuries resulting from the acts of Seller, its employees, agents, contractors or invitees or from any pre-existing defect or condition of the Real Property or the Project, shall be cured by restoring the Real Property or portion of the Project disturbed or damaged back to its pre-entry and pre-disturbed state at Purchaser's sole cost and expense.

(c) Notwithstanding the foregoing, and in no way limiting any obligations of the Purchaser in this Section 4.3, Purchaser understands and agrees that all access, investigation, contacts and inspections are to be conducted by Purchaser and its representatives under the supervision of the applicable personnel of Seller and in such a manner as not to interfere with the conduct of any businesses of Seller or Seller Operator. All requests by Purchaser for access pursuant to this Section 4.3 shall be submitted or directed exclusively to Derek Pierce, Managing Director of Healthcare Management Partners, LLC, or such other individuals as Seller may designate in writing from time to time.

(d) From the Effective Date until the Closing, without the prior written consent of Seller, which shall not be unreasonably withheld, neither Purchaser nor any of its representatives shall contact or communicate with any vendors, payors, regulators, lessors or any other Persons having business dealings with the Seller or Seller Operator, in each case with respect to the Project. Seller acknowledges that, as of the Effective Date, the foregoing covenant has not been breached by Purchaser or any of their officers, directors, or agents.

4.4. Consents and Approvals. Each of Seller and Seller Operator shall use its commercially reasonable efforts to obtain, on or prior to the Closing, all consents and approvals necessary for Seller and Seller Operator to fulfill their obligations to consummate the transactions contemplated hereby and to facilitate Purchaser's acquisition of the Assets and the transfer of the development of the Project.

4.5. No Disposition of Assets. Neither the Seller nor Seller Operator shall sell, lease or otherwise dispose of or distribute any of the Assets, Operational Assets, Real Property or any other properties related thereto that are necessary for the development of the Project.

4.6. Further Documentation. Seller and Seller Operator agree that, for a reasonable period of time following the Closing, upon request by Purchaser, they will do, execute, acknowledge, and deliver, or cause to be done, executed, acknowledged, and delivered, all such further acts, deeds, assignments, transfers, conveyances and assurances as may be reasonably required, without enlarging or extending any liability of Seller or Seller Operator beyond what is otherwise contemplated by this Agreement, to more fully assign, grant, transfer, convey, assure and confirm to Purchaser, or to their successors and assigns, or for aiding and assisting in collecting and reducing to possession, any or all of the Assets to be sold to Purchaser pursuant to this Agreement.

4.7. Title Insurance and Survey; Physical Condition.

(a) Seller has provided, or will provide, to Purchaser true and complete copies of all title policies and existing land surveys for the Project in Seller's possession prior to the date hereof.

(b) Purchaser has obtained current ALTA/ACSM Land Title surveys for the Project (the "Surveys"), and (ii) at Seller's expense, preliminary reports on title for the Project, issued by a title company selected by Seller and approved by Purchaser, in its reasonable discretion (the "Title Company"), each such preliminary report shall contain a commitment (collectively, "Title Commitments") of the Title Company to issue to Purchaser a title insurance policy on 2006 ALTA Owners Policy form (the "Title Policy") insuring the fee simple interest of the Seller in the Project, and shall include copies of all recorded title exceptions referred to in the Title Commitments. The Title Policy shall be in the amount allocated to the Real Property as set forth in Schedule 1.7. Upon receipt of the Title Commitments and Survey, Purchaser shall promptly, but in no case later than ten (10) calendar days

following the receipt by Purchaser of the later of: (i) the Title Commitments and copies of all exception documents; or (ii) the Surveys, provide written notice (“**Title Objection Notice**”) to Seller of any matters (other than Permitted Liens) set forth in the Title Commitments and Survey specifying the matter(s) to which Purchaser objects (the “**Title Objections**”). Seller shall be obligated to advise Purchaser in writing (“**Seller’s Cure Notice**”) within five (5) Business Days following receipt of a Title Objection Notice, which (if any) Title Objections specified in the Title Objection Notice Seller is willing to cure (“**Seller’s Cure Items**”). Seller shall undertake commercially reasonable efforts to cure all Seller’s Cure Items prior to Closing. In the event that a Seller’s Cure Notice (specifying Seller’s Cure Items) does not include all of the Title Objections specified in each Title Objection Notice, then Purchaser may as its sole and exclusive remedy, elect, by delivering written notice to Seller promptly after receiving the Seller’s Cure Notice, (x) to waive Title Objections and to proceed to Closing in which case the uncured Title Objections shall be deemed to be Permitted Liens; or (y) if capable of cure by payment of money, Purchaser may cure such deficiency and deduct the cost thereof from the cash due at Closing or (z) to terminate this Agreement by written notice to Seller in accordance with Article X; provided, however, that Purchaser’s right to terminate this Agreement pursuant to this subsection (z) shall be limited to such uncured Title Objections that (A) materially and adversely affect insurability of Seller’s fee simple interest in the Real Property or (B) prohibit Purchaser from using the Real Property in the manner used by Seller prior to Closing. Failure to timely elect either (x), (y) or (z) in the foregoing sentence shall be deemed an election of alternative (x) aforesaid.

4.8. Supplemental Information.

(a) From time to time prior to the Closing, Seller and Seller Operator shall each promptly disclose in writing to Purchaser any matter hereafter arising which, if existing, occurring or known as of the date hereof would have been required to be disclosed to Purchaser or which would render materially inaccurate any of the representations, warranties or statements set forth in Article II hereof (each a “**Schedule Supplement**”), and each such Schedule Supplement shall be deemed to be incorporated into and to supplement and amend the schedules as of the Closing; provided, however, that in the event such event, development or occurrence which is the subject of the Schedule Supplement constitutes a Material Adverse Change, then Purchaser shall have the right to terminate this Agreement by written notice to Seller in accordance with Article X; provided, further, that if Purchaser has the right to, but does not elect to, terminate this Agreement within ten (10) Business Days of its receipt of such Schedule Supplement, then Purchaser shall be deemed to have irrevocably waived any right to terminate this Agreement with respect to such matter and any of the conditions set forth in Section 7.1 with respect to such matter shall be deemed waived; provided further that Seller shall be entitled to remediate any such event, development or occurrence that constitutes a Material Adverse Change at its sole expense and Purchaser shall not be entitled to terminate this Agreement pursuant to this Section while Seller is diligently, in Purchaser’s reasonable judgment, pursuing such remediation. To the extent the uninsured cost or value of an item disclosed on a Schedule Supplement does not constitute a Material Adverse Change or Purchaser shall have been deemed to have irrevocably waived any right to terminate this Agreement with respect to such matter as hereinabove set forth, (i) Seller shall assign to Purchaser any net insurance received with respect to such change, event, development, effect or occurrence and (ii) Purchaser and Seller shall negotiate in good faith a mutually agreeable arrangement to remediate the issue, with such remediation to be paid for by Seller after giving effect to any insurance proceeds paid or payable thereon. Resolution of the foregoing mutually agreeable arrangement to remediate shall be a condition precedent to Purchaser’s obligation to proceed to Closing.

4.9. Compliance With Laws. Seller shall cause the Seller Operator to comply in all material respects with all Applicable Law of any Governmental Authority, in conjunction with

the execution, delivery and performance of this Agreement, the Merger Agreement and the transactions contemplated hereby and thereby.

4.10. Confidentiality. Seller and Seller Operator shall use their commercially reasonable efforts to keep confidential all information relating to the terms of this Agreement and all information relating to Purchaser, Purchaser Operator, and Purchaser Parent, and their respective officers and directors (other than information which is a matter of public knowledge or which has heretofore been or is hereafter published in any publication for public distribution or filed as public information with any Governmental Authority or disclosed pursuant to an order, subpoena or demand of any Governmental Authority or as is necessary to be disclosed to lenders and any other financing source, Governmental Authorities, Seller, Seller Operator and their representatives and third parties in order to consummate the transaction contemplated herein) and such information shall not at any time be used for the advantage of, or disclosed to third parties (including any employees at the Project) by Seller Operator, Seller or any of their representatives, to the detriment of Purchaser, Purchaser Operator, Purchaser Parent or any of their officers and directors. This provision may be enforced by temporary and permanent injunction in addition to any other available remedies, it being understood that a breach of this provision will cause Purchaser, Purchaser Operator and/or Purchaser Parent, as applicable, irreparable harm.

ARTICLE V

COVENANTS OF PURCHASER PARENT, PURCHASER AND PURCHASER OPERATOR

From the Effective Date and until the earlier of the termination of this Agreement or Closing (and to the extent thereafter as contemplated herein), except as otherwise consented to or approved by Purchaser in writing, Purchaser covenants and agrees as follows:

5.1. Confidentiality. Purchaser, Purchaser Parent and Purchaser Operator shall use their commercially reasonable efforts to keep confidential all information relating to the terms of this Agreement, all information relating to the Assets, Project, Seller, Seller Operator and their respective officers and directors, and all financial statements, drawings, designs, customer and supplier lists relating to Seller or Seller Operator received by them (other than information which is a matter of public knowledge or which has heretofore been or is hereafter published in any publication for public distribution or filed as public information with any Governmental Authority or disclosed pursuant to an order, subpoena or demand of any Governmental Authority or as is necessary to be disclosed to lenders and other financing sources, Governmental Authorities, or Purchaser, Purchaser Parent or Purchaser Operator and their respective representatives and third parties in order to consummate the transactions contemplated by this Agreement) and such information shall not at any time be used for the advantage of, or disclosed to third parties (including any employees at the Project) by Purchaser, Purchaser Parent or Purchaser Operator or their respective representatives to the detriment of Seller, Seller Operator or their respective officers and directors. This provision may be enforced by temporary and permanent injunction in addition to any other available remedies, it being understood that a breach of this provision will cause Seller and Seller Operator irreparable harm.

5.2. Compliance with Laws. Purchaser shall comply in all material respects with all Applicable Law, in conjunction with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

5.3. Consents and Approvals. The Purchaser shall file, or cause to be filed, all applications or notifications required of them, and shall use commercially reasonable efforts to obtain all consents and approvals necessary for Purchaser to fulfill its obligations to consummate the transactions contemplated hereby, and for Purchaser or Purchaser Operator to develop and operate the Project following the Closing.

ARTICLE VI OTHER COVENANTS

6.1. Licensing Matters. In connection with survey and licensing matters, Seller and Purchaser agree to cooperate fully with each other in preparing, filing, prosecuting, and taking any other actions with respect to any applications, requests, or actions that are or may be reasonable and necessary to obtain the consent of any governmental instrumentality in order to consummate the transaction contemplated herein.

6.2. Merger Agreement. Seller Operator and Purchaser Operator shall negotiate in good faith the Merger Agreement, pursuant to which Seller Operator shall merge with and into Purchaser Operator at Closing.

6.3. Taxes.

(a) All ad valorem taxes, real and personal property Taxes, and special Tax assessments (collectively, "**Property Taxes**") on the Assets and Project shall be prorated as of the Closing Date. On the Closing Date, Seller shall, or shall cause Seller Operator to, as applicable, pay all Property Taxes due and owing on the Assets and Project applicable to any period of time prior to Closing regardless of when billed. If the tax rate and assessed values applicable to the Property Taxes for the 2015 year (the "**Current Year Property Taxes**") have not yet been determined by the Closing Date, the most current tax rate and assessed values which are known shall be used to determine the proration of the Current Year Property Taxes. Promptly after the final actual amount of the Current Year Property Taxes shall have been determined, Purchaser will advise Seller of such actual amount of such Current Year Property Taxes and (i) if the amount of the actual Current Year Property Taxes is greater than the amount used to determine the proration of Current Year Property Taxes at the Closing, Seller will pay Purchaser the additional amount of the Current Year Property Taxes applicable to the pre-Closing Date portion of such year, and (ii) if the amount of the Current Year Property Taxes is less than the amount used to determine the proration of Current Year Property Taxes at the Closing, Purchaser shall repay to Seller the excess amount of the Current Year Property Taxes applicable to the pre-Closing Date portion of such year that Seller paid at Closing.

(b) All stamp, transfer, documentary, sales and use, value added, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement or the transactions contemplated hereby (collectively, the "**Transfer Taxes**") shall be paid equally by Seller and Purchaser, and Purchaser and Seller shall, at their own expense, properly file on a timely basis all necessary Tax Returns and other documentation with respect to any Transfer Tax.

(c) To the extent that the Purchaser or any of its Affiliates receive a refund or credit for Property Taxes that is for the benefit of the Seller, the Purchaser shall promptly pay an amount equal

to such refund or credit to the Seller. To the extent that the Seller or any of its Affiliates receive a refund or credit that is for the benefit of the Purchaser, the Seller shall promptly pay an amount equal to such refund or credit to the Purchaser.

(d) The Purchaser shall cause to be prepared and filed all Tax Returns with regard to the Assets and Project, other than income Tax Returns of Seller, for Tax periods that begin after the Closing Date. Seller shall cause to be prepared and filed all Tax Returns with respect to the Assets and Project for Tax periods that end before or include the Closing Date.

6.4. Publicity; Cooperation.

(a) From and after the Effective Date until the Closing Date, Seller Operator and Seller shall use their respective commercially reasonable efforts to cooperate with Purchaser and Purchaser Operator to effect an orderly transition of the Project to Purchaser and Purchaser Operator; provided, however, that neither of Seller Operator or Seller shall incur any cost or expense in connection therewith except as otherwise provided herein.

(b) All pre-Closing publicity concerning the transactions contemplated by this Agreement and all notices respecting publicity shall be jointly planned, coordinated and released by and between Purchaser and Seller; provided, however, that any pre-Closing publicity or public statements made by Purchaser, Purchaser Parent, Purchaser Operator or their respective Affiliates concerning the transactions contemplated by this Agreement shall be approved in advance by Seller.

ARTICLE VII
CONDITIONS TO THE OBLIGATIONS OF PURCHASER

Each and every obligation of Purchaser under this Agreement, except for the obligations to be fulfilled prior to the Closing and obligations that survive termination of this Agreement, shall be subject to the satisfaction, on or before the Closing, of each of the following conditions unless waived in writing by Purchaser or as otherwise provided herein:

7.1. Representations, Warranties; Performance.

(a) The representations and warranties made by Seller and Seller Operator herein, shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality) or in all material respects (in the case of any representation or warranty not qualified by materiality) as of the Effective Date and as of the Closing Date, with the same effect as though made on such date (except to the extent the same specifically relate to the Effective Date or another specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Seller Operator and Seller shall have performed and complied with all covenants required by this Agreement and the Seller Documents to be performed and complied with by Seller and Seller Operator prior to the Closing. Seller and Seller Operator shall have delivered to Purchaser a certificate executed by a duly authorized officer, dated as of the Closing Date, in a form to be agreed upon by the parties certifying to the truth and correctness of the Seller's and Seller Operator's representations and warranties and to the compliance and completion of such covenants.

7.2. Consents and Approvals.

(a) Purchaser shall have received written evidence reasonably satisfactory to Purchaser that all consents have been obtained by Seller and all required filings have been made,

including those set forth on Schedule 2.3, in each case in form and substance reasonably satisfactory to Purchaser.

(b) Purchaser shall have confirmed to its reasonable satisfaction as to its ability to (i) cooperate with Seller and Seller Operator to cause Seller Operator to obtain an extension of the CON on terms satisfactory to Purchaser to a date beyond its current expiration date of September 1, 2016, and (ii) receive the benefits of the CON pursuant to the Merger Agreement.

(c) Purchaser shall have received written evidence satisfactory to Purchaser that the consents or approvals required from all third parties in connection with the assignment and assumption of the Contracts to be assumed by Purchaser pursuant to the Merger Agreement have been obtained (the "Required Consents").

7.3. No Destruction of Property. The Project shall not have suffered material damage, destruction or loss since the Effective Date. If after the date hereof, the Project incurs damage or condemnation, the uninsured aggregate costs of repair of which exceed ten percent (10%) of the allocated value of the Project as set forth in Schedule 1.7 (a "Material Loss"), Purchaser may, within ten (10) days after receipt of written notice of such Material Loss, terminate this Agreement by written notice to Seller in accordance with Article X. If after the date hereof, the Project incurs damage, destruction or loss (a) to an extent that does not constitute a Material Loss, or (b) to an extent that would be a Material Loss and Purchaser fails to terminate this Agreement, Purchaser and Seller shall consummate the transactions contemplated in this Agreement, subject to the other terms and conditions of this Agreement, and, at the Closing, Seller shall deliver possession of the Project to Purchaser in such physical condition as the same may then exist; provided that, in such event, Seller will, at Purchaser's election, either (y) reduce the Purchase Price by an amount equal to the damage, destruction or loss at Closing or (z) assign to Purchaser the right to receive any net insurance received for the property loss or damage to the Project (including any proceeds for business interruption or other kinds of insurance that may be payable with respect to such damage, destruction or loss).

7.4. No Proceeding or Litigation. No injunction, judgment, order, decree, ruling, or charge shall be in effect under any action, suit or proceeding before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator that (a) prevents consummation of any of the transactions contemplated by this Agreement or (b) would cause any of the transactions contemplated by this Agreement to be rescinded following consummation, provided that Purchaser shall not have solicited or encouraged any such action, suit or proceeding.

7.5. Documents. Purchaser shall have received all of the Seller Deliverables and Seller Documents. In addition, the Merger Agreement shall have been finalized between the Seller Operator and the Purchaser Operator and executed versions of same shall have been delivered to Purchaser Operator by Seller Operator.

7.6. Title to Project Property. Title to the Project and Real Property shall be free and clear of all Liens except the Permitted Liens, and the Title Company shall be irrevocably committed to issue the Title Policy, in each instance, with liability in the full amount allocated to the Project as set forth in Section 4.7(b), insuring fee simple title to the Project to the Purchaser, subject only to the Permitted Liens.

**ARTICLE VIII
CONDITIONS TO THE OBLIGATIONS OF SELLER**

Each and every obligation of Seller under this Agreement, except for the obligations to be fulfilled prior to the Closing and obligations that survive termination of this Agreement, shall be subject to the satisfaction, on or before the Closing, of each of the following conditions unless waived in writing by Seller:

8.1. Representations and Warranties; Performance. The representations and warranties made by Purchaser, Purchaser Parent and Purchaser Operator herein, shall be true and correct in all material respects as of the Effective Date and as of the Closing Date, with the same effect as though made on such date except to the extent the same specifically relate to the Effective Date or another specified date, the accuracy of which will be determined as of that specified date in all respects. Purchaser shall have performed and complied with all covenants required by this Agreement and the Purchaser Documents to be performed and complied with by Purchaser prior to the Closing. Purchaser shall have delivered to Seller a certificate of Purchaser executed by a duly authorized officer, dated as of the Closing Date, in a form to be agreed upon by the parties certifying to the truth and correctness of Purchaser's representations and warranties and to the compliance and completion of such covenants.

8.2. Documents. Seller shall have received all of the Purchaser Documents. In addition, the Merger Agreement shall have been finalized between the Seller Operator and the Purchaser Operator and executed versions of same shall have been delivered to Purchaser by Seller Operator.

8.3. Delivery of Purchase Price. The Purchaser shall have delivered by wire transfer, the amounts to be paid in cash as set forth in Section 1.6, receipt of which has been confirmed by Seller.

**ARTICLE IX
CLOSING**

9.1. Closing Documents.

(a) Seller shall deliver, or shall cause to be delivered on behalf of Seller, to Purchaser or a Purchaser's Permitted Assignee on the Closing Date:

(i) a duly executed Special Warranty Deed, in form mutually agreed upon by the parties, with the final legal description to be based on the final survey (the "Deed");

(ii) duly executed bill of sale from Seller with respect to the Assets, in form mutually agreed upon by the parties;

(iii) assignments of all intangible property necessary for the development of the Project including, without limitation, documents, chattel paper, instruments, contract rights, deposit accounts, goodwill, going concern value, general intangibles, the right to use the trade names and lists of phone numbers, arising from or in connection with Seller's use of any part of the Assets, and excluding all Excluded Assets;

(iv) a duly executed certificate of an officer of Seller in a form mutually agreed upon by the parties;

(v) affidavits in forms satisfactory to obtain the title insurance contemplated by Section 4.7 above;

(vi) a closing statement setting forth in reasonable detail the financial transactions contemplated by this Agreement, including, without limitation the Purchase Price, all prorations, and the allocation of costs specified herein (the "**Closing Statement**");

(vii) bring-down certificates reaffirming that the representations and warranties set forth in Article II are true and correct as of the Closing Date as modified by Section 7.1;

(viii) any other documents reasonably required by the Title Company;

(ix) from Seller a certificate of non-foreign status in a form mutually agreed upon by the parties;

(x) all Required Consents;

(xi) evidence that the Merger Agreement has been duly executed by Seller Operator.

(b) Purchaser shall deliver to Seller or cause to be delivered to Seller on the Closing Date the following:

(i) a bring-down certificate reaffirming that the representations and warranties set forth in Article III are true and correct as of the Closing Date as modified by Section 8.1;

(ii) the Closing Statement;

(iii) any other documents reasonably required by the Title Company;

(iv) the Purchase Price in accordance with Section 1.6 hereof; and

(v) evidence that the Merger Agreement has been duly executed by Purchaser Operator.

9.2. Closing Costs. Seller shall pay for the owner's policy of title insurance in the amount of the Purchase Price and shall pay all outstanding liens and assessments of any kind recorded against the Property as of the Closing Date, if any, and all costs associated with cancellation thereof. Each party shall pay the costs of their legal counsel. Purchaser shall pay all other closing costs (including, without limitation, recording costs), except as may otherwise be provided in this Agreement.

Current year property taxes for the Property shall be prorated between Seller and Purchaser as of the Closing Date. If tax statements for the year in which the Closing occurs are not available as of the Closing Date, the tax proration between Seller and Purchaser shall be made on the basis of the taxes for the immediately prior tax year. Seller and Purchaser will adjust the prorations at the end of the tax year in which the Closing occurs, if necessary. The

obligation of Purchaser and Seller to adjust the *ad valorem* property tax proration at the end of the tax year shall survive the Closing.

Purchaser shall pay any brokerage fee owed to Hampshire Realty Investors, LLC, and Seller shall be responsible for paying any other brokerage fees due to any other parties as a result of this sale.

9.3. Time and Place of Closing. Subject to the satisfaction or waiver of all of the conditions set forth in Article VII and Article VIII, the Closing shall take place at 10:00 A.M. with an effective time of 11:59 P.M., at the offices of Waller Lansden Dortch & Davis, LLP, located at 511 Union Street, Suite 2700, Nashville, TN 37219, on the last calendar day of the month (the "**Closing Date**") in which the last of the conditions set forth in Article VII and Article VIII is satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions), or at such other time, date or place as Purchaser and Seller shall agree in writing.

ARTICLE X TERMINATION AND ABANDONMENT

10.1. Method of Termination. This Agreement may be terminated and the transactions herein contemplated may be abandoned at any time on or before the Closing:

- (a) by mutual written consent of Purchaser and Seller;
- (b) by the Purchaser or the Seller (by written notice to the other party) if any court of competent jurisdiction in the United States or other United States governmental entity shall have issued a final order, decree or ruling or taken any other final action restraining, enjoining or otherwise prohibiting the transactions contemplated herein;
- (c) by Purchaser pursuant to Section 4.7(b), Section 4.8 or Section 7.3 hereof, or (by written notice to the Seller), if there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article IX and such breach, inaccuracy or failure cannot be cured by Seller by the Outside Date; provided that Purchaser is not otherwise in default of any material obligation under this Agreement that by its terms was to be performed by such date;
- (d) by Seller (by written notice to the Purchaser), if there has been a material breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Purchaser, Purchaser Parent or Purchaser Operator pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article IX and such breach, inaccuracy or failure cannot be cured by Purchaser, Purchaser Parent or Purchaser Operator by the Outside Date; provided that Seller is not otherwise in default of any material obligation under this Agreement that by its terms was to be performed by such date; or
- (e) by either Seller or Purchaser if the Closing shall not have occurred by the date that is ninety (90) days after the Effective Date (the "**Outside Date**"), provided that no party may terminate this Agreement pursuant to this clause if such party's failure to fulfill any of its obligations under this Agreement (including the failure to proceed to Closing the transactions contemplated hereby, notwithstanding the satisfaction or waiver of all conditions precedent other than those that by their terms

can only be satisfied at Closing) shall have been the reason that the Closing shall not have occurred on or before such date.

10.2. Procedure Upon Termination. In the event of termination and abandonment pursuant to Section 10.1 hereof, this Agreement shall terminate and shall be abandoned, without further action by any of the parties hereto. For the avoidance of doubt, (i) in the event Purchaser terminates this Agreement pursuant to Section 10.1(c), or (ii) in the event either the Purchaser or the Seller terminates this Agreement pursuant to Section 10.1(e) because the Closing has not occurred by the Outside Date due to the condition to the obligations of Purchaser set forth in Section 7.2(b) having not been satisfied, Seller shall return the Earnest Money to Purchaser within five (5) Business Days following such termination. If this Agreement is terminated for any reason:

(a) Each of the parties will redeliver all documents and other material of any other party relating to the transactions contemplated hereby to the party furnishing the same. All information received by any party hereto with respect to the business of any other party (other than information which is a matter of public knowledge or which has heretofore been or is hereafter published in any publication for public distribution or filed as public information with any Governmental Authority) shall not at any time be used for the advantage of, or disclosed to third parties by, such party to the detriment of the party furnishing such information; and

(b) Other than on the basis of a breach of this Agreement prior to its termination, no party hereto shall have any liability or further obligation to any other party to this Agreement other than under the provisions of Sections 4.3(b), 4.10, 5.1, 12.5, 12.6, 12.7, 12.9 and 12.12 hereof.

10.3. Remedies for Default. If this Agreement is terminated pursuant to Section 10.1, all obligations of the parties hereunder shall terminate, except for the obligations set forth or referenced in this Article X, which shall survive the termination of this Agreement. If any of the conditions set forth in Article IX of this Agreement have not been satisfied (other than those conditions that by their nature are to be satisfied at the Closing), the party for whose benefit such provisions exist may nevertheless elect to proceed with the consummation of the transactions contemplated hereby. If this Agreement has not been terminated pursuant to Section 10.1, but for any reason Purchaser fails to close its purchase hereunder on or before the Outside Date, Seller's sole remedy shall be to retain all Earnest Money deposited herewith. If this Agreement has not been terminated pursuant to Section 10.1, but for any reason Seller fails to close its sale hereunder on or before the Outside Date, then Purchaser shall have all rights available to it at law or in equity, including the right to seek specific performance of Seller's obligations hereunder or sue for Purchaser's damages caused by Seller's default, but in no event shall Seller be responsible for any special, consequential, punitive, indirect, incidental or exemplary damages (including lost profits) of Purchaser.

ARTICLE XI INDEMNIFICATION

11.1. Indemnification by Seller and Seller Manager.

(a) Subject to the limitations set forth in this Article XI, and the other provisions of this Agreement, Seller and Seller Manager (the “**Seller Indemnitors**”) shall indemnify, protect, defend, exculpate and hold Purchaser, Purchaser Parent, Purchaser Operator and their respective Affiliates, members, partners, directors, shareholders, officers, employees and agents (collectively, the “**Purchaser Indemnified Parties**”) harmless from and against, and agree promptly to defend Purchaser Indemnified Parties from and reimburse Purchaser Indemnified Parties for, any and all Losses (the “**Purchaser Indemnified Losses**”) which Purchaser Indemnified Parties may at any time suffer or incur, or become subject to, as a result of or in connection with:

(i) Any and all obligations or liabilities of Seller or Seller Operator with respect to claims, damages, suits, proceedings or injury, related to or arising out of (A) Seller’s or Seller Operator’s ownership or operation of the Real Property or the Project prior to Closing, except the Assumed Liabilities, and (B) the Excluded Assets;

(ii) Any breach or inaccuracy of any of the representations or warranties made by Seller Manager, Seller Purchaser or Seller Operator in or pursuant to this Agreement or in any other instrument, certificate or affidavit delivered by Seller at the Closing;

(iii) Any of Seller’s, Seller Manager’s or Seller Operator’s covenants, agreements, undertakings, liabilities or obligations under this Agreement or in any instrument, certificate or affidavit delivered by Seller, Seller Manager or Seller Operator at the Closing;

(iv) Any financial liability incurred during the initial five (5) year period after Closing by Seller Operator, individually or as a single entity merged with Purchaser Operator at Closing pursuant to the Merger Agreement, as a result of actions(s) by any court or any Governmental Authority reasonably related to any actual or alleged (i) violation of any Health Care Law, (ii) professional malpractice or misconduct, or (iii) breach of any contract, that occurred prior to the Closing, including attorney’s fees for defending allegations of such a violation;

(v) Any obligation or liability for Taxes, whether or not accrued, assessed or currently due and payable, (i) of Seller, Seller Operator, or any of their Affiliates, whether or not it relates to the Assets or the Project, (ii) relating to the Assets or the Project for any taxable period (or portion thereof) ending on or prior to the Closing Date, or (iii) of Seller, Seller Operator, or any of their Affiliates, resulting from the consummation of the transactions contemplated by this Agreement; and

(vi) Any obligation or liability arising out of any dispute between Seller and Seller Manager and any brokerage firm that has listed the Real Property under a commercial real estate listing concerning the amount of commission the broker will have earned and is scheduled to be paid upon Closing, including but not limited to the amount of the commission itself and any costs incurred in disputing the amount of the commission.

(b) Except as otherwise provided in this Article XI (including, without limitation, Section 11.1(c)), in no event shall (i) the aggregate liability for indemnification claims paid by the Seller Indemnitors pursuant to this Section 11.1 Two Hundred Fifty Thousand Dollars (\$250,000.00) (the “**Cap**”) and (ii) the Seller Indemnitors be liable for any indemnification obligation under this Section 11.1 unless and until the aggregate of all Purchaser Indemnified Losses suffered or incurred by the Purchaser

Indemnified Parties exceeds Ten Thousand Dollars (\$10,000.00) (the “**Threshold Amount**”), at which time the Purchaser Indemnified Parties shall be entitled to be fully indemnified for Purchaser Indemnified Losses from “dollar one.”

(c) Notwithstanding anything in Section 11.1(b) to the contrary, neither the Cap nor the Threshold Amount shall apply to any Purchaser Indemnified Loss arising out of or based on actual fraud, knowing and intentional misrepresentations or knowing and intentional breaches by Seller Indemnitors, as to which the aggregate liability for indemnification claims paid by the Seller Indemnitors pursuant to this Section 11.1 shall not exceed the Purchase Price.

11.2. Indemnification by Purchaser.

(a) Subject to the limitations set forth in this Article XI, Purchaser and Purchaser Parent (“**Purchaser Indemnitors**”), jointly and severally, shall indemnify, protect, defend, exculpate and hold Seller Manager, Seller, Seller Operator and each of their managers, members, partners, directors, officers, employees, agents and Affiliates (collectively, the “**Seller Indemnified Parties**”) harmless from and against, and agree promptly to defend Seller Indemnified Parties from and reimburse Seller Indemnified Parties for, any and all Losses (the “**Seller Indemnified Losses**”) which Seller Indemnified Parties may at any time suffer or incur, or become subject to, as a result of or in connection with:

(i) Any breach or inaccuracy of any of the representations or warranties made by Purchaser, Purchaser Parent or Purchaser Operator in or pursuant to this Agreement or in any instrument, certificate or affidavit delivered by Purchaser, Purchaser Parent or Purchaser Operator at the Closing;

(ii) Any failure by Purchaser or Purchaser Operator to carry out, perform, discharge and satisfy those Assumed Liabilities assumed by Purchaser or Purchaser Operator, or any of Purchaser’s, Purchaser Parent’s or Purchaser Operator’s other covenants, agreements, undertakings, liabilities or obligations under this Agreement or in any instrument, certificate or affidavit delivered by Purchaser, Purchaser Parent or Purchaser Operator at the Closing; and

(iii) Any and all claims, including any suit, action, or other proceeding brought by any Governmental Authority against Seller, Seller Manager, Seller Operator, Purchaser, Purchaser Parent or Purchaser Operator arising from the ownership or operation, directly or indirectly, of the Assets or the Project by Purchaser or Purchaser Operator after the Closing.

(b) Except as otherwise provided in this Article XI (including without limitation, Section 11.2(c)), in no event shall the aggregate liability for indemnification claims paid by the Purchaser Indemnitors pursuant to this Section 11.2 exceed the Cap nor shall the Purchaser Indemnitors be liable for any indemnification obligation under this Section 11.2 unless and until the aggregate of all Seller Indemnified Losses suffered or incurred by the Seller Indemnified Parties exceeds the Threshold Amount, at which time the Seller Indemnified Parties shall be entitled to be fully indemnified for Seller Indemnified Losses from “dollar one.”

(c) Notwithstanding anything in Section 11.2(b) to the contrary, neither the Threshold Amount nor the Cap shall apply to any Seller Indemnified Loss arising out of or based on actual fraud, knowing and intentional misrepresentations or knowing and intentional breaches by Purchaser Indemnitors, as to which the aggregate liability for indemnification claims paid by the Purchaser Indemnitors pursuant to this Section 11.2 shall not exceed the Purchase Price.

11.3. Notification of Claims.

(a) Third Party Claims.

(i) A party entitled to be indemnified pursuant to Section 11.1 or 11.2 (the "Indemnified Party") shall notify the party liable for such indemnification (the "Indemnifying Party") in writing of any claim or demand which the Indemnified Party has determined, has given or could give rise to a right of indemnification under this Agreement, as soon as possible after the Indemnified Party becomes aware of such claim or demand; provided, however, that the Indemnified Party's failure to give such notice to the Indemnifying Party in a timely fashion shall not result in the loss of the Indemnified Party's rights with respect thereto except to the extent the Indemnified Party is prejudiced by the delay. Subject to the Indemnifying Party's right to defend in good faith third party claims as hereinafter provided, the Indemnifying Party shall satisfy its obligations under this Article XI within thirty (30) calendar days after the receipt of written notice thereon from the Indemnified Party, it being agreed that the Indemnifying Party need not satisfy such obligations during any period in which the Indemnifying Party is defending in good faith the applicable third party claim in the manner described herein below.

(ii) If the Indemnified Party shall notify the Indemnifying Party of any claim or demand pursuant to Section 11.3(a), and if such claim or demand relates to a claim or demand asserted by a third party against the Indemnified Party which the Indemnifying Party acknowledges is a claim or demand for which it must indemnify or hold harmless the Indemnified Party under Section 11.1 or 11.2, the Indemnifying Party shall have the right to either (i) pay such claim or demand or (ii) employ counsel reasonably acceptable to the Indemnified Party to defend any such claim or demand asserted against the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any such claim or demand at its own expense. The Indemnifying Party shall notify the Indemnified Party in writing, as promptly as possible (but in any case before the due date for the answer or response to a claim) after the date of the notice of claim given by the Indemnified Party to the Indemnifying Party under Section 11.3(a) of its election to defend in good faith any such third party claim or demand. So long as the Indemnifying Party is defending in good faith any such claim or demand asserted by a third party against the Indemnified Party, the Indemnified Party shall not settle or compromise such claim or demand. The Indemnified Party shall make available to the Indemnifying Party or its agents all records and other materials in the Indemnified Party's possession reasonably required by it for its use in contesting any third party claim or demand. Whether or not the Indemnifying Party elects to defend any such claim or demand, the Indemnified Party shall have no obligations to do so.

(iii) No Indemnified Party may settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder without the prior written consent of the Indemnifying Party, unless (A) the Indemnifying Party fails to assume and maintain the defense of such claim pursuant to Section 11.3(a)(i) or (B) such settlement, compromise or consent includes an unconditional release of the Indemnifying Party from all liability arising out of such claim and does not contain any equitable order, judgment or term which in any manner affects, restrains or interferes with the business of the Indemnifying Party or any Affiliate of the Indemnifying Party. An Indemnifying Party may not, without the prior written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim and does not contain any equitable order, judgment or term which in any manner affects, restrains or interferes with the business of the Indemnified Party or any of the Indemnified Party's Affiliates.

(b) Seller Claims.

(i) If the Seller Indemnified Parties desire to seek indemnification under Section 11.2 with respect to any breach of a representation or warranty or covenant or claim, suit or

demand that the Seller Indemnified Parties believe will give rise to an indemnification claim (a “**Seller Claim**”), the Seller Indemnified Parties shall give notice of such Seller Claim to Purchaser Indemnitors (a “**Seller Claim Notice**”) prior to the expiration of the applicable Claims Period, which notice shall describe in reasonable detail the nature of the Seller Claim and the amount of such Seller Claim (the “**Seller Claim Amount**”). Purchaser Indemnitors shall respond to the Seller Claim Notice (a “**Seller Claim Response**”) within twenty (20) Business Days (the “**Seller Claim Response Period**”) after the date that the Seller Claim Notice is received. The Seller Claim Notice or Seller Claim Response shall be given in accordance with the notice requirements hereunder, and the Seller Claim Response shall specify whether or not the Seller Claim described in the related Seller Claim Notice is disputed (a “**Seller Claim Dispute Notice**”). If Purchaser Indemnitors fail to give a Seller Claim Response within the Seller Claim Response Period or do not dispute the Seller Claim described in a Seller Claim Notice within five (5) Business Days of the expiration of the Seller Claim Response Period, then the Seller Indemnified Parties shall be entitled to pursue whatever legal remedies may be available to them to recover such Seller Claim Amount.

(ii) In the event that a Seller Claim is subject to a Seller Claim Dispute Notice such Seller Claim shall become an “**Unresolved Seller Claim.**” Purchaser Indemnitors and the Seller Indemnified Parties shall attempt in good faith to mutually agree upon the validity and amount of the Unresolved Seller Claim pursuant to discussions between senior representatives of the parties who have authority to settle the same. Such discussions shall commence between the parties not more than ten (10) Business Days following delivery of the Seller Claim Dispute Notice and shall not last for more than ten (10) Business Days following the date of commencement of such discussions. In the event that the parties mutually agree upon the amount of the Unresolved Seller Claim pursuant to such discussions (the “**Resolved Seller Claim**”) and the Purchaser Indemnitors do not pay the amount of the Resolved Seller Claim to the Seller Indemnified Parties within five (5) Business Days thereafter, then the Seller Indemnified Parties may pursue whatever legal remedies may be available to them to recover the amount of the Resolved Seller Claim. If through negotiation the parties are unable to agree upon the validity and amount of the Unresolved Seller Claim within thirty (30) calendar days after the commencement of the negotiations, the dispute shall be referred to litigation in accordance with Section 12.12. In the event that a final and non-appealable judgment of a court of competent jurisdiction upholds all or a portion of the amount of an Unresolved Seller Claim (the “**Seller Judgment Claim**”) and the Purchaser Indemnitors do not pay the amount of the Seller Judgment Claim to the Seller Indemnified Parties within five (5) Business Days after the judgment becomes final and non-appealable, the Seller Indemnified Parties may pursue whatever legal remedies may be available to recover such Seller Judgment Claim amount. In the event that an Unresolved Seller Claim is referred to litigation in accordance with Section 12.12, the losing party in such litigation shall pay all expenses incurred in connection with such litigation (including the prevailing party’s reasonable attorneys’ fees).

(c) Purchaser Claims.

(i) If the Purchaser Indemnified Parties desire to seek indemnification under Section 11.1 with respect to any breach of a representation or warranty or covenant or claim, suit or demand that the Purchaser Indemnified Parties believe will give rise to an indemnification claim (a “**Purchaser Claim**”), the Purchaser Indemnified Parties shall give notice of such Purchaser Claim to the Seller Indemnitors (a “**Purchaser Claim Notice**”) prior to the expiration of the applicable Claims Period, which notice shall describe in reasonable detail the nature of the Purchaser Claim and the amount of such Purchaser Claim (the “**Purchaser Claim Amount**”). The Seller Indemnitors shall respond to the Purchaser Claim Notice (a “**Purchaser Claim Response**”) within twenty (20) Business Days (the “**Purchaser Claim Response Period**”) after the date that the Purchaser Claim Notice is received. The Purchaser Claim Notice or Purchaser Claim Response shall be given in accordance with the notice requirements hereunder, and the Purchaser Claim Response shall specify whether or not the Purchaser

Claim described in the related Purchaser Claim Notice is disputed (a “**Purchaser Claim Dispute Notice**”). If the Seller Indemnitors fail to give a Purchaser Claim Response within the Purchaser Claim Response Period or do not dispute the Purchaser Claim described in a Purchaser Claim Notice within five (5) Business Days of the expiration of the Purchaser Claim Response Period, then the Purchaser Indemnified Parties shall be entitled to pursue whatever legal remedies may be available to them to recover such Purchaser Claim Amount.

(ii) In the event that Purchaser Claim is subject to a Purchaser Claim Dispute Notice such Claim shall become an “**Unresolved Purchaser Claim.**” The Seller Indemnitors and the Purchaser Indemnified Parties shall attempt in good faith to mutually agree upon the validity and amount of the Unresolved Purchaser Claim pursuant to discussions between senior representatives of the parties who have authority to settle the same. Such discussions shall commence between the parties not more than ten (10) Business Days following delivery of the Purchaser Claim Dispute Notice and shall not last for more than ten (10) Business Days following the date of commencement of such discussions. In the event that the parties mutually agree upon the amount of the Unresolved Purchaser Claim pursuant to such discussions (the “**Resolved Purchaser Claim Amount**”), the Seller Indemnitors shall be jointly and severally responsible for payment of such Resolved Purchaser Claim Amount within five (5) Business Days of the date that the Resolved Purchaser Claim Amount is determined. If the Seller Indemnitors fail to pay a Resolved Purchaser Claim Amount within five (5) Business Days of the date the Resolved Purchaser Claim Amount is determined, then the Purchaser Indemnified Parties may pursue whatever legal remedies may be available to them to recover the amount of the Resolved Purchaser Claim. If through negotiation the parties are unable to agree upon the validity and amount of the Unresolved Purchaser Claim within thirty (30) calendar days after the commencement of the negotiations, the dispute shall be referred to litigation in accordance with Section 12.12. In the event that a final and non-appealable judgment of a court of competent jurisdiction upholds all or a portion of an Unresolved Purchaser Claim Amount (the “**Purchaser Judgment Claim**”), and the Seller Indemnitors do not pay the amount of such Purchaser Judgment Claim to the Purchaser Indemnified Parties within five (5) Business Days after the judgment becomes final and non-appealable, the Purchaser Indemnified Parties may pursue whatever legal remedies may be available to recover such Purchaser Judgment Claim Amount. In the event that an Unresolved Purchaser Claim is referred to litigation in accordance with Section 12.12, the losing party in such litigation shall pay all expenses incurred in connection with such litigation (including the prevailing party’s reasonable attorneys’ fees).

11.4. Survival. For purposes of this Agreement, “**Claims Period**” shall mean the applicable survival period set forth in this Section 11.4.

(a) Except as otherwise provided in this Article XI, (i) the representations and warranties of the parties contained in this Agreement, the Purchaser Documents and the Seller Documents and (ii) the Claims Period for claims made under Sections 11.1 and 11.2, shall survive the Closing and continue in full force and effect for twelve (12) months following the Closing.

(b) Notwithstanding the foregoing, the Claims Period:

(i) for claims made by a Seller Indemnified Party or Purchaser Indemnified Party arising out of acts of actual fraud, shall survive the Closing and continue in full force and effect until the date that is sixty (60) calendar days after the expiration date of the statute of limitations under which any Person would be entitled to make a claim with respect to such matters; and

(ii) for claims arising out of or related to any of the covenants of the parties contained in this Agreement to be performed after Closing shall survive the Closing until the date such covenant is fully satisfied.

(c) Notwithstanding the foregoing, if prior to the close of business on the last day of the applicable Claims Period, an Indemnifying Party shall have been properly notified as provided hereunder of a claim for indemnity hereunder and such claim shall not have been finally resolved or disposed of at such date, such claim shall continue to survive and shall remain a basis for indemnity hereunder until such claim is finally resolved or disposed of in accordance with the terms hereof. If any act, omission, disclosure or failure to disclose shall form the basis for a claim for breach of more than one representation or warranty, and such claims have different periods of survival hereunder, the termination of the survival period of one claim shall not affect a party's right to make a claim based on the breach of representation or warranty still surviving.

11.5. Other Limitations.

(a) Under no circumstances shall any Indemnified Party be entitled to be indemnified for any special, consequential, punitive, indirect, incidental or exemplary damages (including lost profits) (except, in each case, to the extent included in a third party claim).

(b) The amount of any insurance proceeds or other recoveries actually received by any Indemnified Party in respect of such Seller Indemnified Loss or Purchaser Indemnified Loss, less the related reasonable out-of-pocket fees and expenses incurred by such Indemnified Party in recovering such amounts, shall reduce the Losses that such Indemnified Party may recover under this Article XI. To the extent that insurance, "pass-through" warranty coverage from a manufacturer or vendor or other form of recovery or reimbursement from a third party is available to any Indemnified Party to cover any item for which indemnification may be sought hereunder, the Seller or the Purchaser, as the case may be, will, or will cause such Indemnified Party to, on a timely and expeditious basis, use commercially reasonable efforts to effect recovery under applicable insurance policies and warranties and otherwise pursue to conclusion available remedies or causes of action to recover the amount of its claim as may be available from such other party.

(c) Each Indemnified Party shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.

(d) The Seller Indemnitors shall not be liable under this Article XI for any Losses based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of Seller, Seller Manager or Seller Operator contained in this Agreement if Purchaser, Purchaser Parent or Purchaser Operator had actual knowledge of such inaccuracy or breach prior to the Closing; provided, however, this Section 11.5(d) shall not apply to information disclosed on any Schedule Supplement between the date hereof and the Closing Date pursuant to Section 4.8(a) of this Agreement.

(e) The Purchaser Indemnitors shall not be liable under this Article XI for any Losses based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of Purchaser, Purchaser Parent or Purchaser Operator contained in this Agreement if Seller, Seller Manager or Seller Operator had actual knowledge of such inaccuracy or breach prior to the Closing.

(f) In the event that an Indemnified Party may be entitled to indemnification with respect to more than one breach of any warranty, representation, covenant or agreement contained in this Agreement on the basis of the same facts or similar sets of facts that can reasonably be regarded as a single set of facts, the provisions of this Article XI are not intended to, and shall not be construed to, entitle the Indemnified Party to any greater indemnification, or to any greater credit against any limitation

on the Indemnified Party's indemnification obligations, than if a single claim were made under a single provision.

11.6. Notices. All notices required by this Article XI to be given by or to a Purchaser Indemnitor or a Purchaser Indemnified Party, as applicable, shall be given by or to the Purchaser pursuant to the provisions of Section 12.3, below. All notices required by this Article XI to be given by or to a Seller Indemnitor or a Seller Indemnified Party, as applicable, shall be given by or to the Seller pursuant to the provisions of Section 12.3, below.

11.7. Indemnification as Sole Remedy. The indemnification provided for in this Article XI shall be the sole and exclusive remedy and recourse to the Purchaser Indemnified Parties and the Seller Indemnified Parties for any matters arising out of this Agreement if the transactions contemplated by this Agreement close. Other than pursuant to this Article XI, no Purchaser Indemnified Party or Seller Indemnified Party shall bring any claim after Closing with respect to this Agreement or the transactions contemplated hereby, whether in contract, tort or otherwise, at law or in equity, except in the case of intentional fraud.

ARTICLE XII MISCELLANEOUS PROVISIONS

12.1. Amendment and Modification. This Agreement may be amended, modified and supplemented only by written agreement of all the parties hereto at any time prior to the Closing with respect to any of the terms contained herein.

12.2. Waiver of Compliance; Consent. Any failure of Seller on the one hand, or Purchaser on the other hand, to comply with any obligation, covenant agreement or condition herein may be waived in writing by Purchaser on the one hand, or Seller on the other hand, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 12.2.

12.3. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing, shall be made by Seller or Purchaser, as applicable and shall be personally delivered, sent by overnight commercial delivery service (provided a receipt is available with respect to such delivery) (and shall be effective when received or when delivery is refused), or sent by facsimile transmission or email (provided a copy is thereafter promptly mailed via the United States Postal Service):

(a) If to the Seller Manager, Seller or Seller Operator, to:

c/o Tennessee Health Management, Inc.
1971 Tennessee Avenue North
Parsons, TN 38363
Attn: Bruce Buchanan; Derek Pierce; and Kelly Thomas
Phone: 731-847-6343
Facsimile: 731-847-4200

Email: bbuchanan@hcmpllc.com; dpierce@hcmpllc.com;
kthomas@thmgt.com

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

Waller Lansden Dortch & Davis, LLP
1715 Aaron Brenner Drive, Suite 300
Memphis, TN 38120
Attn: Joseph E. Dudek, Jr., Esq. and Andrew E. Garrett, Esq.
Phone: 901-288-1700
Facsimile: 901-288-1706
Email: joey.dudek@wallerlaw.com;
andy.garrett@wallerlaw.com

(b) If to the Purchaser, Purchaser Parent or Purchaser Operator to:

Stephen F. Wood, CEO
Hoosier Care, Inc.
5106 Maryland Way
Brentwood, TN 37027
Phone: 615-604-0628
Email: sfwood@emeraldshelter.com

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

Baker Donelson Bearman Caldwell and Berkowitz, PC
211 Commerce Street, Suite 800
Nashville, TN 37201
Attn: Andrea C. Barach
Phone: 615-726-7321
Facsimile: 615-744-7321
Email: abarach@bakerdonelson.com

or to such other person or address as any party hereto shall furnish to the other parties hereto in writing pursuant to this Section 12.3.

12.4. Assignment. This Agreement shall not be assigned by any party without the express written consent of the other parties (which consent shall not be unreasonably withheld, conditioned or delayed) except that (a) Purchaser may assign all or any portion of this Agreement without consent to any one or more of its Affiliates and/or any Person who holds equity interests in Purchaser on the date hereof (each such assignee, a "**Purchaser's Permitted Assignee**") and (b) Purchaser may assign this Agreement or its rights hereunder, without consent, in connection with any collateral security at Closing to any financial institution that provides financing to Purchaser; provided that any such assignor in the case of (a) or (b) shall remain liable to Seller for any obligations of assignor prior to or following such assignment. Upon an assignment by Purchaser of its rights under the Agreement in accordance with this Section 12.4, Purchaser's Permitted Assignee(s) shall be deemed to be Purchaser hereunder and shall be the beneficiary of all of Seller's warranties, representations and covenants in favor of Purchaser under this Agreement. This Agreement and all of the provisions hereof shall be

binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

12.5. Governing Law. Any and all matters in dispute between the parties to this Agreement arising from or relating in any way to the subject matter of this Agreement shall be governed by the laws of the State of Tennessee as to, including, but not limited to, matters of validity, construction, effect and performance but exclusive of its conflicts of laws provisions.

12.6. Consent to Jurisdiction and Service of Process. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST THE PARTIES ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR ANY OBLIGATIONS HEREUNDER, SHALL BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF TENNESSEE, COUNTY OF DAVIDSON. BY EXECUTING AND DELIVERING THIS AGREEMENT, THE PARTIES, IRREVOCABLY (I) ACCEPT GENERALLY AND UNCONDITIONALLY THE EXCLUSIVE JURISDICTION AND VENUE OF THESE COURTS; (II) WAIVE ANY OBJECTIONS WHICH SUCH PARTY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (I) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM; (III) AGREE THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO SUCH PARTY AT THEIR RESPECTIVE ADDRESSES PROVIDED IN ACCORDANCE WITH SECTION 12.3; AND (IV) AGREE THAT SERVICE AS PROVIDED IN CLAUSE (III) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER SUCH PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. THE PARTIES HERETO IRREVOCABLY WAIVE, AND AGREE TO CAUSE THEIR SUBSIDIARIES TO WAIVE, THE RIGHT TO TRIAL BY JURY IN ANY ACTION TO ENFORCE OR INTERPRET THE PROVISIONS OF THIS AGREEMENT.

12.7. Counterparts; Facsimile Signatures. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by any party by the delivery of such party of a copy of the signature page of this Agreement duly executed by such party. Any copy of this Agreement so executed and delivered by facsimile or email transmission shall be deemed to be an originally executed copy of this Agreement.

12.8. Headings. The Article and Section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

12.9. Entire Agreement. This Agreement, which terms as used throughout include the Exhibits and Schedules hereto, embodies the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises,

representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein or therein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to such subject matter.

12.10. Warranty of Authority. The signatories hereto personally warrant that they have the right and power to enter into this Agreement and to bind the party for whom they are executing this Agreement.

12.11. Negotiations. The parties agree that prior to taking dispute among the parties arising out of this Agreement to litigation, the parties shall negotiate with each other to resolve such dispute for a period of no less than thirty (30) calendar days. Notwithstanding the foregoing, this provision shall not apply in the event the aggrieved party believes, in good faith, that delaying litigation will materially adversely affect such party.

12.12. Waiver of Jury Trial. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT, INCLUDING TO ENFORCE OR DEFEND ANY RIGHTS HEREUNDER, AND AGREES THAT ANY SUCH ACTION SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed or have caused their duly authorized officers to execute this Agreement as of the date first written above.

SELLER:

Spring Hill Long Term Facility, Inc.,
a Tennessee corporation

By: 
Name: Bruce F. Buchanan
Its: President + CEO

SELLER MANAGER:

Tennessee Health Management, Inc.,
a Tennessee corporation

By: 
Name: Bruce F. Buchanan
Its: President + CEO

SELLER OPERATOR:

Rosewood Manor, Inc.,
a Tennessee corporation

By: 
Name: Bruce F. Buchanan
Its: President + CEO

[Signature Page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have executed or have caused their duly authorized officers to execute this Agreement as of the date first written above.

APR 31 15 2:49

PURCHASER:

Spring Hill Facility Company, LLC,
a Tennessee limited liability company

By: Hoosier Care Properties, Inc., an Indiana nonprofit
corporation, its sole member

By: Stephen F. Wood
Name: Stephen F. Wood
Its: CEO

PURCHASER PARENT:

Hoosier Care, Inc.,
an Indiana nonprofit corporation

By: Stephen F. Wood
Name: Stephen F. Wood
Its: CEO

PURCHASER OPERATOR:

Emerald Spring Hill, Inc.,
a Tennessee nonprofit corporation

By: Stephen F. Wood
Name: Stephen F. Wood
Its: CEO

Exhibit A

Project

Name of Project	Location of Project	Licensed Capacity
Rosewood Manor	An undeveloped, unaddressed 16.6 acre tract of land located north of Saturn Parkway between Old Kedron Road and Port Royal Road and adjacent to TriStar Spring Hill ER in Spring Hill, Maury County, Tennessee	68 beds

Real Property Legal Description

Beginning at a point in the North right of way of Cynthia Drive at the end of Section 1 of Williams Park and the southwest property corner of lot 78, thence South 83 deg. 36' 45" East a distance of 134.89' to a ips (iron pin set);

Thence with a curve to the right with a radius of 301.608' and a delta of 14 deg. 55' 55" and an arc length of 78.60' to the true point of beginning. Thence from the True Point of Beginning North 32 deg. 51' 08" West, a distance of 228.27 feet to an iron pin set (ips);

Thence North 84 deg. 28' 00" West, a distance of 642.98 feet to a ips at the beginning of a curve to the left having a radius of 775.00 feet, a delta of 21 deg. 49' 03", and an arc length of 295.10 feet, and a chord which bears South 83 deg. 40' 40" West a distance of 293.33 feet to a ips;

Thence N 85 deg. 24' 49" West a distance of 4.05 feet to a ips;

Thence South 05 deg. 54' 13" West, a distance of 624.06 feet to an ips in a fence line;

Thence South 86 deg. 00' 02" East, a distance of 1134.02 feet to an iron pipe found;

Thence North 09 deg. 44' 20" East, a distance of 294.72 feet to an iron pipe found;

Thence North 17 deg. 03' 00" West, a distance of 196.21 feet to the point of beginning, containing 16.608 acres more or less according to a survey prepared by Stanford & Assoc., Inc. RLS No. 652 and dated 01/29/08, revised 01/29/08 and 02/27/08.

Being a portion of the property conveyed to John Maher Builders, Inc. from Ray Williams and wife, Cindy C. Williams of record in Book R1827, page 453, and Book R1827, page 451, conveyances dated November 5, 2004, said Register's Office.

Exhibit B

Definitions

The following initially capitalized terms used in this Agreement are defined as follows (any initially capitalized terms used in this Agreement that are not defined in this Exhibit B shall have the meanings set forth in the body of this Agreement):

“**Action**” means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority.

“**Affiliate**” means, as applied to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, that Person. For the purposes of this definition, “**control**” (including with correlative meanings, the terms “**controlling**,” “**controlled by**,” and “**under common control with**”) as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities or by contract or otherwise.

“**Applicable Law**” shall mean any law, statute, moratorium, initiative, referenda, ordinance, regulation, ordinance, rule, order, code, standard, decree, judgment, consent decree, settlement agreement or governmental requirement enacted, promulgated, entered into, agreed or imposed by any Governmental Authority.

“**Business Day**” shall mean any day other than a Saturday, Sunday or holiday on which national banking associations in the State of Tennessee are authorized or required to be closed.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Company Governing Agreements**” shall mean the charter and bylaws of the Seller, as amended.

“**Contract**” shall mean any written note, bond, mortgage, indenture, guarantee, license, franchise, permit, agreement, lease, subcontract, warranty, insurance policy, benefit plan, understanding, arrangement, contract, commitment, letter of intent, or other instrument or obligation (but only to the extent in writing), and any amendments thereto.

“**Earnest Money**” shall mean the sum of \$500,000. The parties hereto hereby acknowledge that the sum of \$100,000 previously delivered by Hoosier Care Investments, LLC to Waller Lansden Dortch & Davis, LLP pursuant to that certain Escrow Agreement, dated March 19, 2015, by and between Hoosier Care Investments, LLC, Spring Hill Long Term Facility, Inc., Rosewood Manor, Inc. and Waller Lansden Dortch & Davis, LLP shall be credited against the Earnest Money.

“**Environmental Law**” shall mean each and every applicable federal, state, local and foreign law, statute, ordinance, regulation, rule, judicial or administrative order or decree, permit, license, approval, authorization or similar requirement of each and every federal, state, local and foreign governmental agency or other Governmental Authority, having or claiming to have authority with respect to human health and safety or the environment affecting any Project, including, but not limited to, the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 *et seq.*) as amended, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 *et seq.*) as amended, the Clean Water Act (33 U.S.C. Section 1251 *et seq.*) as amended.

“**Environmental Permit**” shall mean any permit, license, approval, consent or other authorization required by or pursuant to any applicable Environmental Law.

“**Financial Statements**” shall mean all financial statements of the Seller, Seller Operator and Project delivered to the Purchaser by the Seller or Seller Operator, which shall include without limitation the following:

(i) the unaudited financial statements of the Project, Seller Operator, and the Seller, each as of December 31, 2012, December 31, 2013 and December 31, 2014 (including all notes thereto); and

(ii) year-to-date unaudited financial statements (including monthly financial statements for 2015) of the Project, Seller Operator and the Seller, dated as of March 31, 2015 (including all notes thereto), or such other date as is reasonably acceptable to Purchaser.

In addition, after the Effective Date, the term “**Financial Statements**” shall include any and all interim Financial Statements delivered to Purchaser prior to Closing.

“**GAAP**” shall mean generally accepted accounting principles in the United States.

“**Governmental Authority**” shall mean the government of the United States or any foreign country or any state or political subdivision thereof and any entity, body or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and other quasi-governmental entities established to perform such functions and having authority over Seller, Seller Operator or the Project or the development thereof.

“**Hazardous Substance**” shall mean any material or substance which (i) constitutes a hazardous substance, toxic substance or pollutant (as such terms are defined by or pursuant to any Environmental Law) or (ii) is regulated or controlled as a hazardous substance, toxic substance, pollutant or other regulated or controlled material, substance or matter pursuant to any Environmental Law.

“**Health Care Laws**” means, any Legal Requirements of any Governmental Authority pertaining to health regulatory matters applicable to the past or present operations of the parties hereto and their Affiliates, including, without limitation, (a) 42 U.S.C. §§ 1320a-7, 7a and 7b, which are commonly referred to as the “**Federal Fraud Statutes**”; (b) 42 U.S.C. § 1395nn, which is commonly referred to as the “**Stark Statute**”; (c) 31 U.S.C. §§ 3729-3733, which is commonly referred to as the “**Federal False Claims Act**”; (d) 42 U.S.C. §§ 1320d through 1320d-8 and 45 C.F.R. §§ 160, 162 and 164, which are commonly referred to as the “**Health Insurance Portability and Accountability Act of 1996**” and Pub. L. No. 111-5, commonly referred to as the Health Information and Technology for Economic and Clinical Health Act, which is commonly referred to as the “**HITECH Act**”; (e) the Medicare Prescription Drug, Improvement and Modernization Act of 2003; (f) Medicare (Title XVIII of the Social Security Act); (g) Medicaid (Title XIX of the Social Security Act); (h) the Deficit Reduction Act of 2005; (i) the Medicare Improvements for Patients and Providers Act of 2008; (j) the Patient Protection and Affordable Care Act of 2010; and (k) state Legal Requirements related to health care fraud, licensure and certification, or CON requirements.

“**Indebtedness**” of any Person shall mean, without duplication, (i) all indebtedness of such Person for borrowed money or for the deferred purchase of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (ii) all indebtedness of such Person evidenced by notes, bonds, debentures or similar instruments, (iii) all indebtedness of such Person under capital leases classified as such under GAAP, (iv) the face amount of all letters of credit issued for the

account of such Person and, without duplication, all unreimbursed amounts drawn thereunder, (v) all indebtedness of any other Person secured by any Lien on any property owned by such Person whether or not such indebtedness has been assumed, (vi) all contingent obligations of such Person in respect of indebtedness under the foregoing clauses (i) through (v), and (vii) all payment obligations of such Person under any interest rate protection agreement (including any interest rate swaps, caps, floors, collars and similar agreements) and currency swaps and similar agreements, or other hedging arrangements or off-balance sheet financial transactions.

“Knowledge of Seller Manager, Seller or Seller Operator” (and any similar expression, including, the expressions **“Seller Manager’s Knowledge,” “Seller’s Knowledge”** or **“Seller Operator’s Knowledge”**) means, as to a particular matter, the actual knowledge of the officers and directors of Seller Manager, Seller or Seller Operator, as the case may be.

“Legal Proceeding” means any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative, or appellate proceeding), hearing, inquiry, audit, examination, or investigation commenced, brought, conducted, or heard by or before, or otherwise involving, any court or other Governmental Authority or any arbitrator or arbitration panel.

“Legal Requirement” means any federal, state, local, municipal, foreign, or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling, or requirement issued, enacted, adopted, promulgated, implemented, or otherwise put into effect by or under the authority of any Governmental Authority.

“Liabilities” shall mean any and all Indebtedness, Taxes, liabilities and obligations, whether accrued or fixed, known or unknown, absolute or contingent, matured or unmatured or determined or determinable.

“Liens” means charges, liens (except for liens for Taxes not yet due and payable), pledges, options, mortgages, deeds of trust, security interests, claims, restrictions (whether on voting, sale, transfer, disposition or otherwise), assessments, licenses, right of any third party, lease or sublease, sublicenses, adverse claims, easements and other encumbrances of every type and description, whether imposed by law, agreement, understanding or otherwise.

“Loss” or **“Losses”** shall mean any and all liabilities, losses, damages, deficiencies, assessments, judgments, costs and expenses (including reasonable attorneys’ fees and expenses and out-of-pocket costs of investigation and litigation). In the event any of the foregoing are indemnifiable hereunder, the terms **“Loss”** and **“Losses”** shall include any and all attorneys’ fees and expenses and costs of investigation and litigation incurred by the indemnified party in enforcing such indemnity.

“Material Adverse Change” means any event, occurrence, development, effect, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations or condition (financial or otherwise) of the Assets or Project, or (b) the ability of Seller to consummate the transactions contemplated hereby on a timely basis; provided, however, that **“Material Adverse Change”** shall not include any event, occurrence, development, effect, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industry related to the Project; (iii) any changes in financial or securities markets in general; (iv) act of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement; (vi) any changes in Applicable Laws or accounting rules, including GAAP; or (vii) the public announcement, pendency or completion of the transactions contemplated by this Agreement; provided further, however, that any event, occurrence, development, effect, fact, condition or

change referred to in clauses (i) through (iv) immediately above shall be taken into account in determining whether a Material Adverse Change has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Assets or Project compared to other participants in the industry in which the Project conducts its business.

“Merger Agreement” shall mean that certain agreement to be entered into between the Seller Operator and Purchaser Operator whereby Seller Operator will merge with and into Purchaser Operator at Closing, in the form as attached hereto as Exhibit C.

“Permitted Liens” shall mean (i) statutory liens not yet delinquent or being contested in good faith by appropriate proceedings; and (ii) all matters set forth in the Title Reports and Surveys and not timely objected to in accordance with Section 4.7(b).

“Person” shall mean any individual, corporation, proprietorship, firm, partnership, limited partnership, limited liability company, trust, association or other entity.

“Tax Return” shall mean any report, declaration, claim for refund, return or other information, return or statement relating to Taxes, including any schedule or attachment thereto and including any amendment thereof.

“Taxes” means any federal, state, local, or foreign income, gross receipts, net proceeds, ad valorem, turnover, real and personal property (tangible and intangible), license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, severance, unemployment, disability, sales, use, transfer, registration, leasing, lease, fuel, excess profits, interest equalization, value added, alternative or add-on minimum, estimated, unclaimed property or other tax, charge, fee, duty, levy or other assessment of any kind whatsoever, including any interest, penalty, or addition thereto.

“Third-Party Reports” means any reports, studies or other information prepared or compiled for Purchaser by any consultant or other third-party in connection with Purchaser’s investigation of the Project and the Real Property.

Exhibit C
Merger Agreement
(see attached)

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this “**Agreement**”) is made and entered into effective as of _____, 2015 (the “**Effective Date**”), by and among Rosewood Manor, Inc., a Tennessee corporation (“**Seller Operator**”), and Emerald Spring Hill, Inc., a Tennessee nonprofit corporation (“**Purchaser Operator**”). Seller Operator and Purchaser Operator are each referred to herein individually as a “**Party**” and, collectively, as the “**Parties**.”

RECITALS

A. Seller Operator and Purchaser Operator are parties to that certain Asset Purchase Agreement (the “**Purchase Agreement**”), dated as of the date hereof, by and among Spring Hill Long Term Facility, Inc., a Tennessee corporation, Tennessee Health Management, Inc., a Tennessee corporation, Seller Operator, Spring Hill Facility Company, LLC, a Tennessee limited liability company (“**Purchaser**”), Hoosier Care, Inc., an Indiana nonprofit corporation (“**Purchaser Parent**”), and Purchaser Operator, pursuant to which, among other things, Purchaser shall purchase from Seller, and Seller shall sell, convey, transfer and assign to Purchaser, certain of the Assets (as defined in the Purchase Agreement).

B. It is contemplated pursuant to the Purchase Agreement that Seller Operator shall merge with and into Purchaser Operator at Closing (as defined in the Purchase Agreement) upon the terms and subject to the conditions set forth in this Agreement (collectively, the “**Merger**”).

C. Seller Operator has determined that the Merger, upon the terms and subject to the conditions set forth in this Agreement, is in the best interest of Seller Operator;

D. Purchaser Operator has determined that the Merger, upon the terms and subject to the conditions set forth in this Agreement, is in the best interest of Purchaser Operator;

E. The Parties desire to execute this Agreement to evidence the terms and conditions upon which the Merger shall be consummated.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, the representations, warranties, covenants and other agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree as set forth in this Agreement.

ARTICLE I THE MERGER

1.1. The Merger. Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the provisions of the Tennessee Business Corporation Act (the “**Act**”), Seller Operator shall be merged with and into Purchaser Operator at the Effective Time (hereinafter defined). Following the Merger, the separate existence of Seller Operator shall cease and Purchaser Operator shall continue as the surviving entity.

1.2. Closing. The Merger shall be consummated (the “**Closing**”) at the offices of Waller Lansden Dortch & Davis, LLP, located at 511 Union Street, Suite 2700, Nashville, TN 37219 on the last calendar day of the month (the “**Closing Date**”) in which the last of the conditions set forth in Article VII and Article VIII of the Purchase Agreement is satisfied or

waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions), or at such other time, date or place as the Parties shall agree in writing.

1.3. Effective Time. The Merger shall be effective at 11:59 P.M. Central Standard Time on the Closing Date (the “**Effective Time**”).

1.4. Articles of Merger and Certificate of Merger. As soon as practicable following the Closing, the Parties shall: (a) file the articles of merger (the “**Articles of Merger**”) in such form as is required by and executed in accordance with the applicable provisions of the Act; and (b) make all other filings or recordings required by applicable law.

1.5. Effects of the Merger. On and after the Effective Time, the Merger shall have the effects set forth in the Act. Without limiting the generality of the foregoing and subject thereto, at the Effective Time, with respect to Seller Operator: (a) Seller Operator shall be merged with and into Purchaser Operator, and Purchaser Operator shall be the surviving entity; (b) the separate existence of Seller Operator shall cease; (c) the ownership of all the rights, assets and properties of every type, nature and description, whether real, personal, tangible, intangible or mixed, owned by Seller Operator shall vest in Purchaser Operator; (d) all obligations, duties, debts and liabilities of every kind or origin, whether absolute or contingent, known or unknown, of Seller Operator shall become the obligations, duties, debts and liabilities of Purchaser Operator and may be enforced against Purchaser Operator to the same extent as if the obligations, duties, debts and liabilities had been incurred or contracted by Purchaser Operator; and (e) all liens, encumbrances and security interests upon any of the property of Seller Operator shall be preserved and unimpaired and may be enforced against Purchaser Operator to the same extent as if such lien, encumbrance or security interests had been incurred or created by Purchaser Operator.

1.6. Effect on Seller Operator Common Stock.

(a) At the Effective Time, by virtue of the Merger and without any further action by Seller Operator, all shares of common stock, no par value per share, of Seller Operator (the “**Seller Operator Common Stock**”) shall no longer be outstanding and shall automatically cease to exist and shall be canceled.

(b) There shall be no cash or other distribution of property to the holders of Seller Operator Common Stock as a result of the Merger other than with respect to the Purchase Agreement.

(c) From and after the Effective Time, except as otherwise provided herein or by applicable law, the holders of the Seller Operator Common Stock shall cease to have any rights with respect to the Seller Operator Common Stock.

1.7. Directors and Officers of Purchaser Operator. The directors and officers of Purchaser Operator immediately prior to the Effective Time shall remain and shall serve as the directors and officers of Purchaser Operator.

1.8. Articles of Incorporation and Bylaws. The Articles of Incorporation and Bylaws of Purchaser Operator in effect at the Effective Time shall be the Articles of Incorporation and Bylaws of Purchaser Operator until thereafter changed or amended as provided therein or by the Act and the business and affairs of Purchaser Operator shall be governed by such Articles of Incorporation and Bylaws (together, the “**Purchaser Operator Corporate Documents**”).

1.9. Further Assurances. On and after the Effective Time, the officers of Purchaser Operator are authorized to make, execute and deliver in the name of and on behalf of Seller Operator any deeds, bills of sale, assignments or assurances and to take and do in the name of and on behalf of Seller Operator any other actions to vest, perfect or confirm of record or otherwise in Purchaser Operator any and all right, title and interest into and under any of the rights, properties or assets acquired or to be acquired by Purchaser Operator as a result of or in connection with the Merger.

ARTICLE II REPRESENTATIONS AND WARRANTIES

2.1. Representations and Warranties of Purchaser Operator. Purchaser Operator hereby represents and warrants to Seller Operator that the representations and warranties contained in this Section 2.1 are true, correct and complete in all material respects.

(a) Purchaser Operator: (i) is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee; (ii) has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted; and (iii) is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties make such qualification necessary.

(b) As of the Effective Date: (i) Hoosier Care , Inc. owns all of the membership interests in Purchaser Operator; (ii) no options, warrants or other rights to acquire equity interests in Purchaser Operator are outstanding; (iii) no bonds, debentures, notes or other indebtedness of Purchaser Operator having the right to vote on any matters on which its equity holders may vote, are issued and outstanding; (iv) there are no securities, options, warrants, calls, rights, commitments, arrangements, agreements or undertakings of any kind to which Purchaser Operator is a party or by which it is bound to issue, deliver, sell or cause to be issued, delivered or sold additional equity interests or other voting securities of Purchaser Operator; and (v) there are no outstanding obligations of Purchaser Operator to repurchase, redeem or otherwise acquire the equity interests of any equity holder of Purchaser Operator.

(c) Purchaser Operator has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions herein, and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Purchaser Operator.

(d) This Agreement and the Merger have been unanimously approved by the directors of Purchaser Operator.

(e) This Agreement has been duly executed and delivered by Purchaser Operator and constitutes the valid and binding agreement of Purchaser Operator enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy,

insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally or by equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) or by an implied covenant of good faith and fair dealing.

(f) The execution, delivery and performance by Purchaser Operator of this Agreement and the consummation by Purchaser Operator of the transactions contemplated hereby do not and shall not contravene or conflict with the Purchaser Operator Corporate Documents.

(g) Except as disclosed in Schedule 2.3 to the Purchase Agreement, to the knowledge of Purchaser Operator, Purchaser Operator is not required to submit any notice, report or other filing with any federal, state, municipal, foreign or other governmental or regulatory authority in connection with its execution or delivery of this Agreement or the consummation of the transactions contemplated hereby. Except as disclosed in Schedule 2.3 to the Purchase Agreement, to the knowledge of Purchaser Operator, no consent, approval or authorization of any governmental or regulatory authority is required to be obtained by Purchaser Operator in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

(h) There are no claims, actions, suits, proceedings or investigations pending or to the knowledge of Purchaser Operator threatened by or against Purchaser Operator with respect to this Agreement or in connection with the transactions contemplated hereby.

2.2. Representations and Warranties of Seller Operator. Seller Operator hereby represents and warrants to Purchaser Operator that the representations and warranties contained in this Section 2.2 are true, correct and complete in all material respects.

(a) Seller Operator: (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Tennessee; (ii) has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted; and (iii) is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties make such qualification necessary.

(b) As of the Effective Date: (i) American Health Companies, Inc., a Tennessee corporation, owns, directly or indirectly, all of the Seller Operator Common Stock; (ii) no options, warrants or other rights to acquire Seller Operator Common Stock are outstanding; (iii) no bonds, debentures, notes or other indebtedness of Seller Operator having the right to vote on any matters on which its shareholders may vote, are issued and outstanding; (iv) there are no securities, options, warrants, calls, rights, commitments, arrangements, agreements or undertakings of any kind to which Seller Operator is a party or by which it is bound to issue, deliver, sell or cause to be issued, delivered or sold additional Seller Operator Common Stock or other voting securities of Seller Operator; and (v) there are no outstanding obligations of Seller Operator to repurchase, redeem or otherwise acquire the Seller Operator Common Stock of any shareholder of Seller Operator.

(c) Seller Operator has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance by Seller Operator of this Agreement and the consummation by Seller Operator of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller Operator.

(d) This Agreement and the Merger have been unanimously approved by the directors of Seller Operator.

(e) This Agreement has been duly executed and delivered by Seller Operator and constitutes the valid and binding agreement of Seller Operator enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally or by equity principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) or by an implied covenant of good faith and fair dealing.

(f) The execution, delivery and performance by Seller Operator of this Agreement and the consummation by Seller Operator of the transactions contemplated hereby do not and shall not contravene or conflict with the Charter and Bylaws of Seller Operator (together, the "Seller Operator Corporate Documents").

(g) Except as disclosed in Schedule 3.3 to the Purchase Agreement, to the knowledge of Seller Operator, Seller Operator is not required to submit any notice, report or other filing with any federal, state, municipal, foreign or other governmental or regulatory authority in connection with its execution or delivery of this Agreement or the consummation of the transactions contemplated hereby. Except as disclosed in Schedule 3.3 to the Purchase Agreement, to the knowledge of Seller Operator, no consent, approval or authorization of any governmental or regulatory authority is required to be obtained by Seller Operator in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

(h) There are no claims, actions, suits, proceedings or investigations pending or to the knowledge of Seller Operator threatened by or against Seller Operator with respect to this Agreement or in connection with the transactions contemplated hereby.

ARTICLE III ADDITIONAL AGREEMENTS

3.1. Conduct of Business. During the period from the Effective Date and continuing until the Effective Time, Seller Operator agrees that except as expressly contemplated or permitted by this Agreement, it shall carry on its business in the usual, regular and ordinary course in all material respects and in substantially the same manner as heretofore conducted.

3.2. Changes in Capital Structure. During the period from the Effective Date and continuing until the Effective Time, Seller Operator shall not: (a) declare or make any distributions to any of its shareholders; (b) split, combine or reclassify the shares of Seller Operator Common Stock nor issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of Seller Operator Common Stock; or (c) repurchase, redeem or otherwise acquire any of the shares of Seller Operator Common Stock or any securities convertible into or exercisable for any shares of Seller Operator Common Stock.

3.3. Governing Documents. Except to the extent required to comply with its obligations hereunder or otherwise required by law, Seller Operator shall not amend in any material respect or propose to amend the Seller Operator Corporate Documents or other governing documents.

3.4. No Dispositions. During the period from the Effective Date and continuing until the Effective Time, Seller Operator shall not sell, lease, encumber or otherwise dispose of any of its assets, which are material, individually or in the aggregate, thereto except in the ordinary course of business.

3.5. Indebtedness. During the period from the Effective Date and continuing until the Effective Time, Seller Operator shall not: (a) make any loans, advances or capital contributions to or investments in any other person or entity; or (b) pay, discharge or satisfy any claims, liabilities or obligations other than indebtedness, guaranties, loans, advances, capital contributions, investments, payments, discharges or satisfactions incurred or committed to in the ordinary course of business consistent with past practices.

3.6. Other Action. During the period from the Effective Date and continuing until the Effective Time, Purchaser Operator and Seller Operator shall consult with and provide all appropriate and necessary assistance to the other with respect to the obtaining of all permits, consents, approvals and authorizations of third parties and governmental entities necessary or advisable to consummate the transactions contemplated by this Agreement and each Party shall keep the other apprised of the status of matters relating to the consummation of the transactions contemplated hereby.

3.7. Control. Nothing contained in this Agreement shall give Seller Operator directly or indirectly the right to control or direct Purchaser Operator's operations prior to the Effective Time, and nothing contained in this Agreement shall give Purchaser Operator, directly or indirectly, the right to control or direct Seller Operator's operations prior to the Effective Time. Prior to the Effective Time, Purchaser Operator and Seller Operator shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over their respective operations.

3.8. Best Efforts. Subject to the terms and conditions of this Agreement, each Party shall use its best efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under applicable laws and regulations to consummate the Merger and the other transactions contemplated by this Agreement as soon as practicable after the Effective Date, but in no event later than the Effective Time.

3.9. Fees and Expenses. Each Party shall be responsible for and shall pay all costs and expenses incurred by such Party in connection with this Agreement and the transactions contemplated by this Agreement, whether the Merger is or is not consummated; As used in this Agreement "expenses" includes all out-of-pocket expenses (including, without limitation, all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a Party and its affiliates) incurred by a Party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement and the transactions contemplated hereby.

ARTICLE IV
CONDITIONS PRECEDENT

4.1. Conditions to Each Party's Obligation. The obligations of Purchaser Operator and Seller Operator to effect the Merger are subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) No laws shall have been adopted or promulgated and no temporary restraining order, preliminary or permanent injunction or other order issued by a court or other governmental entity of competent jurisdiction shall be in effect making the Merger illegal or otherwise prohibiting the consummation of the Merger; provided, however, the provisions of this Section 4.1 shall not be available to any Party whose failure to fulfill its obligations hereunder shall have been the cause or shall have resulted in such order or injunction;

(b) All approvals for the Merger from any third party or governmental agency shall have been obtained, other than those the failure of which to be obtained would not reasonably be expected to have, individually or in the aggregate, a materially adverse effect on Seller Operator or Purchaser Operator; and

(c) Seller and Purchaser shall have consummated the transactions contemplated under the Purchase Agreement.

4.2. Additional Conditions to Obligations of Purchaser Operator. The obligations of Purchaser Operator to effect the Merger are subject to the reasonable satisfaction of or waiver by Purchaser Operator on or prior to the Closing Date of the following conditions:

(a) Seller Operator shall have duly and timely performed and fulfilled all of its duties, obligations, promises, covenants and agreements under this Agreement;

(b) Each of the representations and warranties of Seller Operator set forth in this Agreement shall be true and correct in all material respects; and

(c) Seller Operator shall not be in breach of any term, provision or condition of this Agreement.

4.3. Additional Conditions to Obligations of Seller Operator. The obligations of Seller Operator to effect the Merger are subject to the reasonable satisfaction of or waiver by Seller Operator on or prior to the Closing Date of the following conditions:

(a) Purchaser Operator shall have duly and timely performed and fulfilled all of its duties, obligations, promises, covenants and agreements under this Agreement;

(b) Each of the representations and warranties of Purchaser Operator set forth in this Agreement shall be true and correct in all material respects; and

(c) Seller Operator shall not be in breach of any term, provision or condition of this Agreement.

**ARTICLE V
TERMINATION AND AMENDMENT**

5.1. Termination. This Agreement may be terminated at any time prior to the Effective Time: (a) by the consent of Purchaser Operator and Seller Operator by action of their respective boards of directors; (b) by either Purchaser Operator or Seller Operator if the Merger has not been consummated on or before the Effective Time; or (c) by either Purchaser Operator or Seller Operator if any governmental entity shall have issued an order or decree ruling, or taking any action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable. Notwithstanding any other provision contained in this Agreement, the right to terminate this Agreement under this Section 5.1 shall not be available to any Party (i) that is in material breach of its obligations hereunder or (ii) whose failure to fulfill its obligations or comply with its covenants under this Agreement has been the cause of or result in the failure to satisfy any conditions to the obligations of any other Party hereunder.

5.2. Effect of Termination. If this Agreement is terminated by either Purchaser Operator or Seller Operator as provided in Section 5.1 hereof, this Agreement shall forthwith become null and void, and there shall be no liability or obligation on the part of Purchaser Operator or Seller Operator to the other Parties, except with respect to the payment of expenses as provided in Section 3.9 hereof.

**ARTICLE VI
GENERAL PROVISIONS**

6.1. No Survival. None of the representations, warranties, covenants and other agreements contained herein or in any other instrument delivered pursuant to this Agreement, including any rights arising out of any breach of such representations, warranties, covenants and other agreements, shall survive the Effective Time, except for those covenants and agreements contained herein and therein that by their terms apply or are to be performed in whole or in part after the Effective Time. Nothing contained in this Section 6.1 shall relieve any Party for any breach of any representation, warranty, covenant or other agreement contained herein that occurs prior to termination.

6.2. Benefits of Agreement. Except as otherwise expressly provided herein, the covenants, stipulations and agreements contained in this Agreement are and shall be for the sole and exclusive benefit of the Parties and their respective heirs, successors and assigns and, nothing contained in this Agreement, expressed or implied, shall be construed to confer upon, or give to, any other person any right, remedy or claim under or by reason of this Agreement as a third party beneficiary or otherwise.

6.3. Time of Essence. Time is of the essence for each of the provisions of this Agreement, unless otherwise specifically provided.

6.4. Notice. All notices, requests, demands and other communications required or permitted hereunder shall be in writing, shall be made by Seller Operator or Purchaser Operator, as applicable, and shall be personally delivered, sent by overnight commercial delivery service (provided a receipt is available with respect to such delivery) (and shall be effective when

received or when delivery is refused), or sent by facsimile transmission or email (provided a copy is thereafter promptly mailed via the United States Postal Service):

(a) If to Seller Operator, to:

c/o Tennessee Health Management, Inc.
1971 Tennessee Avenue North
Parsons, TN 38363
Attn: Bruce Buchanan; Derek Pierce; and Kelly Thomas
Phone: 731-847-6343
Facsimile: 731-847-4200
Email: bbuchanan@hcmpllc.com; dpierce@hcmpllc.com;
kthomas@thmgt.com

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

Waller Lansden Dortch & Davis, LLP
1715 Aaron Brenner Drive, Suite 300
Memphis, TN 38120
Attn: Joseph E. Dudek, Jr., Esq. and Andrew E. Garrett, Esq.
Phone: 901-288-1700
Facsimile: 901-288-1706
Email: joey.dudek@wallerlaw.com;
andy.garrett@wallerlaw.com

(b) If to Purchaser Operator to:

Stephen F. Wood, CEO
Hoosier Care, Inc.
5106 Maryland Way
Brentwood, TN 37027
Phone: 615-604-0628
Email: sfwood@emeraldshelter.com

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

Baker Donelson Bearman Caldwell and Berkowitz, PC
211 Commerce Street, Suite 800
Nashville, TN 37201
Attn: Andrea C. Barach
Phone: 615-726-7321
Facsimile: 615-744-7321
Email: abarach@bakerdonelson.com

or to such other person or address as any Party hereto shall furnish to the other Party hereto in writing pursuant to this Section 6.4.

6.5. Interpretation and Rules of Construction.

(a) The Parties hereby agree that each Party has reviewed and had the opportunity to review this Agreement, and each Party has had the opportunity, whether exercised or not, to have

each respective Party's attorney review this Agreement. Accordingly, the normal rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

(b) As used in this Agreement: (i) all defined terms in the singular shall have comparable meanings when used in the plural and vice-versa, unless otherwise specified; (ii) any reference to a "person" shall mean and refer to any individual, partnership, firm, corporation, limited liability company, association, joint venture, trust or other entity, or any governmental or political subdivision or agency department or instrumentality thereof; (iii) all pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require; (iv) the words "hereof," "herein," "hereunder" and words of similar import shall refer to this Agreement as a whole and not any particular provision of this Agreement; (v) the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation"; (vi) unless otherwise specified in the computation of a period of time from a date to a later specified date, the word "from" means "from and including," and the words "to" and "until" each mean "to but excluding"; and (vii) references to all documents, contracts, agreements or instruments shall include any and all supplements and amendments thereto.

6.6. Incorporation. All exhibits and schedules attached hereto, or to be attached hereto, and all other agreements and instruments referred to herein are hereby incorporated by reference into this Agreement as fully as if copied herein verbatim.

6.7. Further Assurances. The Parties further agree that, upon request, they shall do such further acts and deeds and shall execute, acknowledge, deliver and record such other documents and instruments as may be reasonably necessary from time to time to evidence, confirm or carry out the intent and purpose of this Agreement.

6.8. Attorney's Fees. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of any alleged dispute, breach, default or misrepresentation in connection with any provisions of this Agreement and such action is successful, the prevailing Party or Parties shall be entitled to recover reasonable attorney's fees, court costs and all reasonable expenses, even if not taxable or assessable as court costs (including, without limitation, all such fees, costs and expenses incident to appeal) incurred in that action or proceeding in addition to any other relief to which such Party or Parties may be entitled.

6.9. No Waiver. Each and every waiver of any covenant, representation, warranty or other provision of this Agreement must be in writing and signed by each Party whose interests are adversely affected by such waiver. No waiver granted in any one instance shall be construed as a continuing waiver applicable in any other instance. No consent or waiver expressed or implied by any Party to this Agreement to or of any breach or default by any other Party to this Agreement in the performance by such other Party of its obligations hereunder, shall be deemed or construed to be a consent or waiver to, or of, any breach or default of any other Party of the same or any subsequent obligations hereunder. Failure on the part of any Party to this Agreement to complain of any act or failure to act of any Party to this Agreement or to declare such Party in default, irrespective of how long such failure continues, shall not constitute a waiver by the non-defaulting Parties of their rights hereunder.

6.18. Entire Agreement. This Agreement contains the entire agreement between the Parties regarding the subject matter hereof. Any prior agreements, discussions or representations not expressly contained herein shall be deemed to be replaced by the provisions hereof, and no Party has relied on any such prior agreements, discussions or representations as an inducement to the execution hereof.

Signature Page Follows

6.10. Section Headings. The Section headings contained in this Agreement are for reference purposes only and shall not affect the interpretation of this Agreement.

6.11. Governing Law. This Agreement shall be governed in all respects, including validity, interpretation and effect by, and shall be enforceable in accordance with the internal laws of the State of Tennessee, without regard to conflicts of laws principles.

6.12. Severability. If any provision of this Agreement is held to be unlawful, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable, and this Agreement shall be construed and enforced without giving effect to such unlawful, invalid or unenforceable provision. Furthermore, if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision void and the other which would render the provision valid, then the provision shall have the meaning which renders it valid.

6.13. Counterpart Execution. This Agreement may be executed in multiple counterparts, each one of which shall be deemed an original, but all of which shall be considered together as one and the same instrument. Further, in making proof of this Agreement, it shall not be necessary to produce or account for more than one (1) such counterpart. Execution by a Party of a signature page hereto shall constitute due execution and shall create a valid, binding obligation of the Party so signing, and it shall not be necessary or required that the signatures of all Parties appear on a single signature page hereto.

6.14. Electronic Transmission. Delivery of an executed counterpart of this Agreement may be made by electronic transmission. Any such counterpart or signature page sent by electronic transmission shall be deemed to be a written and signed original for all purposes, and a copy of this Agreement containing a signature page that has been delivered by electronic transmission shall constitute an enforceable original document. As used in this Agreement, the term "electronic transmission" means and refers to any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient of the communication, and that may be directly reproduced in paper form by such a recipient through an automated process.

6.15. Successors and Assigns. This Agreement is binding on the heirs, successors and assigns of all Parties hereto.

6.16. Amendments. This Agreement may be modified or amended as herein provided; however, each and every modification and amendment of this Agreement must be in writing and, except as otherwise provided herein, signed by all the Parties hereto.

6.17. Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the designated period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. The last day of any period of time described herein shall be deemed to end at 5:00 p.m. Central Standard Time or Central Daylight Time, as applicable.

IN WITNESS WHEREOF, the Parties have duly executed and delivered this Agreement, or have caused the execution and delivery of this Agreement by the Parties' duly authorized representatives, effective as of the Effective Date.

SELLER OPERATOR:

ROSEWOOD MANOR, INC.

By: _____
Name:
Title:

PURCHASER OPERATOR:

EMERALD SPRING HILL, INC.

By: _____
Name:
Title:

[Signature Page to Merger Agreement]

Schedule 1.7

Purchase Price Allocation

Real Estate:	\$3,120,000.00
Operational Assets (including CON):	\$680,000.00
TOTAL	\$3,800,000.00

Schedule 2.3

Governmental Authorities to be Notified (Seller and Seller Operator)

Certificate of Need issued by the Tennessee Health Services and Development Agency to Seller Operator (to be extended)

A Notification of Change of Ownership of Licensed Health Care Institution will be provided to the State of Tennessee Health Services and Development Agency.

The Tennessee Department of Health Licensure requires a Letter of Intent ("LOI") and a notarized application be submitted by the Seller Operator no less than 30 days prior to the change of ownership ("CHOW"). The LOI must include a projected date of the CHOW, while the notarized application must indicate the acquisition and sale of the Project and new ownership information.

Schedule 2.6

Changes

None.

Schedule 2.8(g)

Real Property Permits

Certificate of Need issued by the Tennessee Health Services and Development Agency to Seller Operator
(to be extended)

Schedule 2.8(1)

Non-Compliance with Laws

None.

Schedule 2.10

Health Care Matters

None.

Schedule 2.11

Leases

None.

Schedule 2.13

Insurance

Seller and Seller Operator are insured under Seller Manager's professional liability/general liability insurance policy with American Surety Group, Ltd., which has a policy period of January 1, 2015 to December 31, 2015.

Schedule 2.14

Litigation

Seller and Seller Manager are presently in disagreement with the brokerage firm that previously had the Real Property listed under a commercial real estate listing agreement concerning the amount of commission the broker will have earned and will be paid upon Closing. The parties have been discussing the issue in an effort to reach a compromised resolution of their disagreement.

Schedule 2.15

Brokers Engaged by Seller

Seller Manager engaged Cushman & Wakefield/Commercial Advisors, LLC for the sale of the Real Property. Commercial Advisors, LLC has a co-broker agreement with Cornerstone Commercial Real Estate Services of Tennessee, LLC.

Schedule 3.3

Governmental Authorities to be Notified (Purchaser and Purchaser Operator)

1. Filing of merger documents contemplated herein
2. Permits and licenses for development of Project to be obtained by Purchaser and Purchaser Operator after the Closing.

Emerald Shelter Group

Emerald Shelter Group (“Emerald”) is a not-for-profit entity comprised of several wholly owned subsidiaries and/or affiliates which own and operate nursing homes, affordable senior living communities, and affordable housing properties across the Eastern United States and Colorado.

The organization was originally founded in 1988 as Hoosier Care, Inc., acquiring its first facility, a community for children with severe and profound intellectual disabilities, in Illinois of the following year. Since 1989, Emerald has grown its holdings, and more recently separated its lines of business into Emerald Health Group and Emerald Housing Group to better align the organization with its mission of serving those of less means. In addition, the entity began operating as Emerald Shelter Group in 2014.

Under its Health Group division, Emerald operates four nursing homes for children and adults with severe disabilities located in Loves Park, Sterling, and Champaign, Illinois and Wabash, Indiana. In addition, it operates seven nursing homes, assisted living and independent living communities located in Winchester, Brazil, and Ellettsville, Indiana; in Wilmington, Newark, and Lewes, Delaware; and in Point Pleasant, New Jersey. This group is comprised of 1,309 total units/beds. All of these communities are managed by Exceptional Living Centers based in Lexington, Kentucky. Emerald does own a minority interest in the management company.

Under its Housing Group division, Emerald operates three affordable senior living communities located in Greeley, Colorado; Cleveland, Tennessee; and, Morristown, Tennessee comprised of 305 apartments. In addition, it operates one affordable housing property in Knoxville, Tennessee comprised of 51 apartments. Emerald is in the process of acquiring four affordable housing communities and one affordable senior housing community in the Knoxville area consisting of 315 units. These communities are managed by Emerald Housing Partners, a non-affiliated third party manager.

For the period ending June 30, 2014, the entity had consolidated revenues of \$125 million with a \$14 million positive cash flow. Cash and equivalents ended the period at \$27 million with Total Assets over \$127 million.

COMPILATION REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors
Emerald Shelter Group
Nashville, Tennessee

We have compiled the accompanying consolidated balance sheets of Emerald Shelter Group as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets (deficit) and cash flows for the years then ended, and the accompanying consolidating balance sheets, consolidating statements of operations and changes in net assets (deficit), consolidating statements of cash flows, and entities listed in the consolidating financial statements which are presented only for supplementary analysis purposes. We have not audited or reviewed the accompanying consolidated financial statements and supplementary information and, accordingly, do not express an opinion or provide any assurance about whether the consolidated financial statements and supplementary information are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of consolidated financial statements and supplementary information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements and supplementary information.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States. If the omitted disclosures were included in the consolidated financial statements, they might influence the user's conclusions about the Organization's financial position, results of operations, and cash flows. Accordingly these consolidated financial statements are not designed for those who are not informed about such matters.



Crowe Horwath LLP

South Bend, Indiana
December 23, 2014

EMERALD SHELTER GROUP
Nashville, Tennessee

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

EMERALD SHELTER GROUP
Nashville, Tennessee
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

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EMERALD SHELTER GROUP
CONSOLIDATED BALANCE SHEETS
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 27,403,766	\$ 13,372,571
Resident accounts receivable, net	13,002,016	19,580,285
Estimated third party settlements	50,698	154,630
Assets limited as to use, current portion	-	620,340
Prepaid expenses and other	<u>4,768,724</u>	<u>5,189,208</u>
Total current assets	45,225,204	38,917,034
Property and equipment		
Land and improvements	10,372,542	10,026,766
Buildings and improvements	87,775,290	92,026,033
Building and maintenance equipment	11,158,024	11,956,515
Furniture and fixtures	5,944,173	5,635,836
Equipment and furnishings	319,944	368,446
Transportation equipment	<u>972,459</u>	<u>898,688</u>
Total property and equipment	116,542,432	120,912,264
Accumulated depreciation	<u>54,285,719</u>	<u>56,142,585</u>
Net property and equipment	62,256,713	64,769,699
Other assets		
Deferred financing costs, net	3,648,955	4,245,492
Assets limited as to use, net of current portion	-	728,156
Escrow deposits and replacement reserve	7,277,398	7,326,388
Residual receipts reserve	1,586,520	1,585,630
Investments	184,002	1,107,841
Investment in MRC	3,884,832	1,953,299
Goodwill	3,725,757	3,725,757
Other long-term assets	<u>97,375</u>	<u>93,549</u>
Total other assets	<u>20,404,839</u>	<u>20,766,112</u>
	<u>\$ 127,886,756</u>	<u>\$ 124,452,845</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities		
Current maturities of long-term debt	\$ 1,766,845	\$ 6,418,801
Accounts payable	6,385,233	6,817,118
Accrued payroll and related benefits	2,990,869	3,613,376
Accrued interest payable	206,993	268,990
Deferred revenue	307,922	256,780
Estimated third party payor settlements	155,829	399,974
Miscellaneous current liabilities	<u>4,124,805</u>	<u>4,417,460</u>
Total current liabilities	15,938,496	22,192,499
Long-term liabilities		
Long-term debt, net of current portion	100,498,560	101,261,556
Interest on notes payable (long-term)	1,121,246	1,959,190
Other long-term liabilities	<u>323,351</u>	<u>441,523</u>
Total long-term liabilities	<u>101,943,157</u>	<u>103,662,269</u>
Total liabilities	117,881,653	125,854,768
Unrestricted net assets (deficit)	5,294,115	(6,274,585)
Noncontrolling interest in limited partnership	<u>4,710,988</u>	<u>4,872,662</u>
Total unrestricted net assets (deficit)	<u>10,005,103</u>	<u>(1,401,923)</u>
	<u>\$ 127,886,756</u>	<u>\$ 124,452,845</u>

See compilation report of independent accountants.

EMERALD SHELTER GROUP
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenue, gains, and other support		
Net resident service revenue	\$ 122,077,375	\$123,838,492
Contributions	211,422	119,895
Rent	2,004,060	1,446,365
Other revenue	<u>823,767</u>	<u>307,920</u>
Total unrestricted revenue, gains, and other support	125,116,624	125,712,672
Expenses		
Salaries, wages, and employee benefits	61,097,970	62,351,454
Officer's salaries and fees	703,879	1,010,200
Director's compensation	192,500	175,000
Contract labor	11,537,539	10,893,179
Supplies and other	18,105,010	19,009,577
Interest and fees	4,588,019	5,934,353
Management fees	5,924,160	6,360,900
Revenue assessment fees	5,595,392	6,165,227
Depreciation and amortization	4,497,721	4,794,540
Professional fees	3,318,356	2,973,408
Provision for doubtful accounts	677,654	870,477
Rent	<u>283,993</u>	<u>300,952</u>
Total expenses	<u>116,522,193</u>	<u>120,839,267</u>
Changes in net assets (deficit) from operations	8,594,431	4,873,405
Other changes in net assets (deficit)		
Investment income	92,772	117,659
Income from investment in AEHC	572,390	563,181
Loss on disposal of property and equipment	(8,298)	-
Gain on sale of property	1,918,995	-
Gain on debt forgiveness	1,137,218	-
Loss on debt extinguishment	<u>(900,482)</u>	<u>(1,761,818)</u>
Total other changes in net assets (deficit)	<u>2,812,595</u>	<u>(1,080,978)</u>
Change in net assets (deficit)	11,407,026	3,792,427
Net deficit, beginning of year	<u>(1,401,923)</u>	<u>(5,194,350)</u>
Net assets (deficit), end of year	<u>\$ 10,005,103</u>	<u>\$ (1,401,923)</u>

See compilation report of independent accountants.

EMERALD SHELTER GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets (deficit)	\$ 11,407,026	\$ 3,792,427
Adjustments to reconcile change in net assets (deficit) to cash from operating activities		
Provision for doubtful accounts	677,654	870,477
Depreciation and amortization	4,497,721	4,794,540
Income from investment in AEHC	-	(563,181)
Income from investment in MRC	(572,390)	-
Realized and unrealized gain on investments	(41,869)	(72,191)
Loss on disposal of property and equipment	8,298	-
Gain on sale of assets	(1,918,995)	-
Gain on debt forgiveness	(1,137,218)	-
Loss on debt extinguishment	900,481	1,761,818
Changes in assets and liabilities		
Resident accounts receivable, net	5,900,615	(5,160,055)
Accounts receivable/payable, related party	42,393	4,030
Estimated third party settlements	103,932	(127,384)
Prepaid expenses and other	(237,585)	(968,830)
Other long-term assets	(3,826)	-
Accounts payable	(654,899)	1,606,004
Accrued payroll and related benefits	(622,507)	(25,354)
Accrued interest payable	237,277	442,774
Estimated third party payor settlement	(244,145)	-
Deferred revenue	51,142	(40,902)
Miscellaneous current liabilities	365,414	494,510
Net cash from operating activities	<u>18,758,519</u>	<u>6,808,683</u>
Cash flows from investing activities		
Net change in assets limited as to use	396,270	648,747
Net change in escrow deposits and replacement reserve	(331,080)	3,036,823
Net change in residual receipts	(890)	(1,036)
Net change in other reserves	16,792	-
Purchase of AEHC Interest	(2,000,000)	-
Payments received on notes receivable from related parties	-	1,164,065
Purchases of investments	(78,637)	(1,173,011)
Sales of investments	1,044,345	137,361
Distributions received from AEHC	640,857	393,908
Capital expenditures	(4,187,818)	(3,870,893)
Net proceeds from sale of assets	4,478,550	-
Net change in escrow deposits and replacement reserver	363,278	-
Net cash from investing activities	<u>341,667</u>	<u>335,964</u>
Cash flows from financing activities		
Mortgage prepayment penalty	(211,036)	-
Proceeds from mortgage payable	6,937,712	-
Payoff of original mortgage payable	(7,034,532)	-
Payment of deferred financing costs	(188,647)	(1,626,560)
Proceeds from issuance of long-term debt	1,890,848	48,967,376
Principal payments on long-term debt	(6,430,679)	(48,424,853)
Member contributions	175,641	-
Member distributions	(175,641)	-
Payment of debt issue costs	(32,657)	-
Net cash from financing activities	<u>(5,068,991)</u>	<u>(1,084,037)</u>
Net change in cash and cash equivalents	14,031,195	6,060,610
Cash and cash equivalents at beginning of year	<u>13,372,571</u>	<u>7,311,961</u>
Cash and cash equivalents at end of year	<u>\$ 27,403,766</u>	<u>\$ 13,372,571</u>
Supplemental cash flow information		
Cash paid during the year for interest	\$ 4,862,454	\$ 4,834,966
Supplemental disclosure of non-cash transactions		
Transfer of fixed assets	187,626	-
Deferred financing costs included in accounts payable	-	51,150

See compilation report of independent accountants.

EMERALD SHELTER GROUP
ENTITIES LISTED IN THE CONSOLIDATING FINANCIAL STATEMENTS

Entities presented in the consolidating financial statements are comprised of the following entities:

- Hoosier Care West *
 - Walter Lawson Children's Home
 - Exceptional Care and Training Center
 - Swann Special Care Center
 - Randolph Nursing Home
 - Richland Bean Blossom (RBB), LLC
 - Vernon Manor Children's Home, LLC
 - ELC of Brazil, LLC
 - Loves Park Facility Company, LLC
 - Sterling Facility Company, LLC
 - Champaign Facility Company, LLC
 - Wabash Facility Company, LLC
 - Brazil Facility Company, LLC
 - Winchester Facility Company, LLC
 - RBB Facilities Company, LLC
 - Group Overhead
 - Resource Development Company
 - HC II Overhead
 - Clay County
- Delaware Health Corporation
 - Delaware Health Corporation *
 - Parkview Nursing Center
 - Harbor Healthcare and Rehabilitation Center
 - Parkview Nursing Center Company, LLC
 - Harbor Healthcare Center Company, LLC
- Hoosier Care III, Inc.
 - Churchman Village Center, LLC
- Victoria Health Corporation
- Claremont Health System, Inc.
- Highland Health System, Inc. *
- Hoosier Housing Investments *
- Laurelwood Senior Housing Corporation
- Cleveland Senior Housing Corporation
- Birchwood Senior Housing Corporation
- Flenniken Square Housing, LLC
- Hoosier Care Investments, LLC
- Health and Housing Support Services, Inc. *

* Activity for these entities includes investments in Hoosier Care Investments, LLC.

August 5, 2015

Douglass B. Smith, CPA
Chief Operating Officer
Emerald Shelter Group
5106 Maryland Way
Brentwood, TN 37027

RE: Spring Hill SNF Development Project

Dear Mr. Smith:

Lancaster Pollard is proud to serve as the investment and mortgage banker for Emerald Shelter Group's Spring Hill project. The financing for the development of the new nursing facility will be generated from the proceeds of a debt offering on behalf of Emerald Shelter Group underwritten by Lancaster Pollard. The projected interest rate is 5 percent over a term of 30 years.

The rate and terms are subject to market conditions at the time of the offering, as well as satisfactory preparation of required documents and opinions.

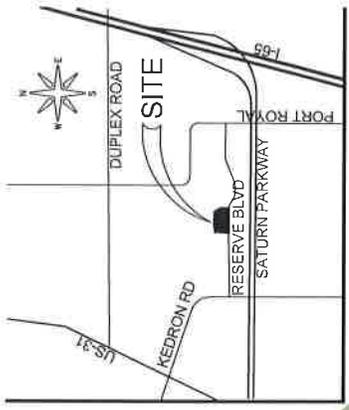
Please feel free to contact me at (614) 224-8800 if you need additional information

Sincerely,



Chris Blanda
Vice President

Cc: Mr. Nick Harshfield

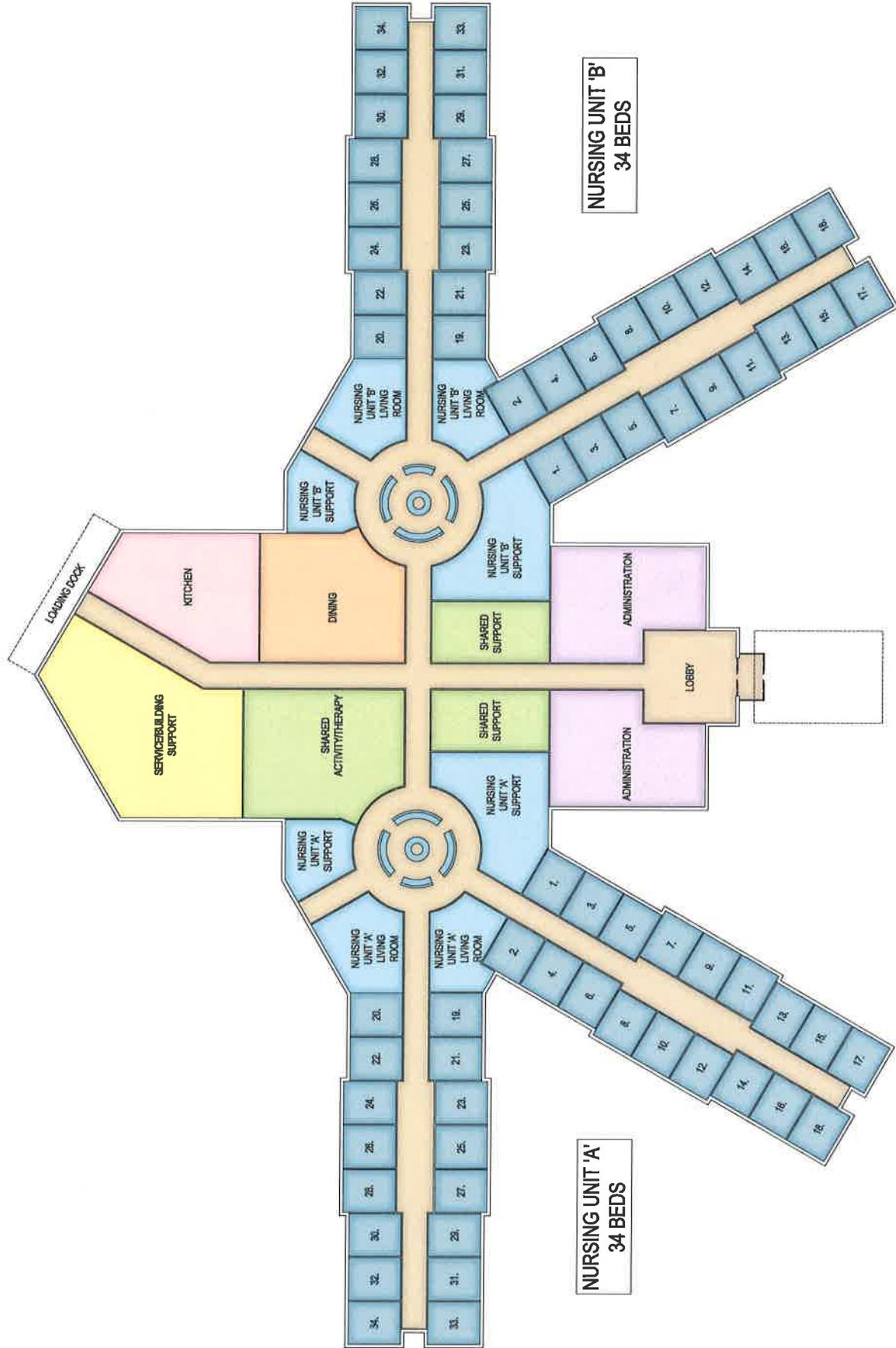


EXCEPTIONAL LIVING CENTERS - SKILLED NURSING FACILITY

SPRING HILL, TENNESSEE



SITE PLAN



NURSING UNIT 'B'
34 BEDS

NURSING UNIT 'A'
34 BEDS



FLOOR PLAN

SPRING HILL SENIOR LIVING

SPRING HILL, TENNESSEE

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c):
September 2015

Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

PHASE	DAYS REQUIRED	ANTICIPATED DATE (Month/Year)
1. Architectural and engineering contract signed	30	10-15
2. Construction documents approved by the Tennessee Department of Health	180	3-16
3. Construction contract signed	180	3-16
4. Building permit secured	210	4-16
5. Site preparation completed	330	8-16
6. Building construction commenced	360	9-16
7. Construction 40% complete	480	3-17
8. Construction 80% complete	630	8-17
9. Construction 100% complete (approved for occupancy)	750	12-17
10. *Issuance of license	780	2-18
11. Initiation of service	780	2-18
12. Final Architectural Certification of Payment	780	2-18
13. Final Project Report Form (HF0055)	810	4-18

*The license is in Inactive Status, but a new survey will be required for the replacement facility.

PROJECT COSTS CHART

(Emerald Spring Hill)

A.	Construction and equipment acquired by purchase:		
	1. Architectural and Engineering Fees	\$	417,000.00
	2. Legal, Administrative, Consultant Fees		\$623,000
	3. Acquisition of Site (5 acres)	\$	1,000,000.00
	4. Preparation of Site	\$	444,000.00
	5. Construction Costs	\$	6,823,000.00
	6. Contingency Fund	\$	363,000.00
	7. Fixed Equipment (Not included in Construction Contract)	\$	250,000.00
	8. Moveable Equipment (List all equipment over \$50,000.00)	\$	1,009,000.00
	9. Other (Specify) _____		
B.	Acquisition by gift donation, or lease:		
	1. Facility (Inclusive of building and land)		
	2. Building Only		
	3. Land Only		
	4. Equipment (Specify) _____		
	5. Other (Specify) _____		
C.	Financing Costs and Fees:		
	1. Interim Financing	\$	233,000.00
	2. Underwriting Costs	\$	52,000.00
	3. Reserve for One Year's Debt Service	\$	684,000.00
	4. Other (Specify) _____		
D.	Estimated Project Cost (A+B+C)	\$	11,898,000.00
E.	CON Filing Fee		
F.	Total Estimated Project Cost (D & E)	\$	11,898,000.00
	TOTAL	\$	11,898,000.00

PROJECT COSTS CHART (Original Rosewood Manor)

AUG 21 11 24 AM '24

A.	Construction and equipment acquired by purchase:		
	1. Architectural and Engineering Fees	\$	236,250.00
	2. Legal, Administrative, Consultant Fees	\$	20,000.00
	3. Acquisition of Site		
	4. Preparation of Site		
	5. Construction Costs		
	6. Contingency Fund		
	7. Fixed Equipment (Not included in Construction Contract)		
	8. Moveable Equipment (List all equipment over \$50,000.00)	\$	784,000.00
	9. Other (Specify) _____		
B.	Acquisition by gift donation, or lease:		
	1. Facility (Inclusive of building and land)	\$	9,604,628.00
	2. Building Only		
	3. Land Only		
	4. Equipment (Specify) _____		
	5. Other (Specify) _____		
C.	Financing Costs and Fees:		
	1. Interim Financing		
	2. Underwriting Costs		
	3. Reserve for One Year's Debt Service		
	4. Other (Specify) _____		
D.	Estimated Project Cost (A+B+C)	\$	10,644,878.00
E.	CON Filing Fee		\$24,098.06
F.	Total Estimated Project Cost (D & E)	\$	10,668,976.06
	TOTAL	\$	10,668,976.06



**STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY**

Frost Building, 3rd Floor
161 Rosa L. Parks Blvd.
Nashville, TN 37243
615/741-2364

ANNUAL PROGRESS REPORT
ANNUAL REVIEW FOLLOWING CERTIFICATION

Project Name: Rosewood Manor, Inc.

Certificate of Need #: CN0703-021AE

Legal Owner: Rosewood Manor, Inc.

Approval Date: July 25, 2007 (Original)

Project Description:

The replacement and relocation of the existing, 68 bed nursing home. The proposed location is an undeveloped, unaddressed 16.6 acre tract of land located north of Saturn Parkway, between Old Kedron Road and Port Royal Road.

******PLEASE SUBMIT EVIDENCE TO SUPPORT EACH ANSWER******

In a brief narrative, please describe the current stage of completion for the project (use another sheet of paper if necessary). Please note that this report will not be considered complete without this information.

Construction has not yet begun on this project. The applicant plans to file an extension request soon.

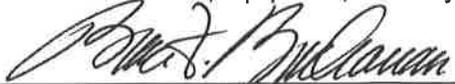
A. CONSTRUCTION PROJECTS

1. Anticipated date of project completion. This depends upon the Agency's ruling on the requested extension referenced above.
2. Provide written confirmation from the contractor documenting the stage of construction at the current time. N/A, construction has not begun.
3. If proposed construction costs have increased over ten (10%) percent please provide information as an attachment to this form. Please note that such an overrun could require additional action before the Agency. NA

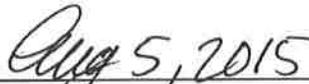
B. NON-CONSTRUCTION PROJECTS

1. Anticipated date of service implementation, acquisition or operation of the facility or equipment as certified.

2. Provide written confirmation from the institutional representative verifying the occupancy/opening date for the service, equipment, or facility.



Chief Executive Officer



Date



**STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY**

Frost Building, 3rd Floor
161 Rosa L. Parks Blvd.
Nashville, TN 37243
615/741-2364

ANNUAL PROGRESS REPORT
ANNUAL REVIEW FOLLOWING CERTIFICATION

Project Name: Rosewood Manor, Inc.

Certificate of Need #: CN0703-021AE

Legal Owner: Rosewood Manor, Inc.

Approval Date: July 27, 2011 Expiration Date: September 1, 2013

Project Description:

The replacement and relocation of the existing, 68 bed nursing home. Rosewood Manor is currently located at 1400 Rosewood Drive, Columbia (Maury County), TN and the proposed location is an undeveloped, unaddressed 16.6 acre tract of land located north of Saturn Parkway, between Old Kedron Road and Port Royal Road.

******PLEASE SUBMIT EVIDENCE TO SUPPORT EACH ANSWER******

In a brief narrative, please describe the current stage of completion for the project (use another sheet of paper if necessary). **Please note that this report will not be considered complete without this information.**

Construction has not yet begun on this project. The primary hold up has been the completion/extension of an access road to the property. The applicant has been and continues to be involved with all applicable and adjoining landowners in submitting engineering and design of the road proposals to the City. No issues are expected to arise in regards to the City approving these proposed plans of the access road. The applicant will be filing an extension request for this project. If approved, the applicant intends to share in the road development and construction, and pursue development of the project.

A. CONSTRUCTION PROJECTS

1. Anticipated date of project completion. _____
2. Provide written confirmation from the contractor documenting the stage of construction at the current time.
3. If proposed construction costs have increased over ten (10%) percent please provide information as an attachment to this form. Please note that such an overrun could require additional action before the Agency.

B. NON-CONSTRUCTION PROJECTS

1. Anticipated date of service implementation, acquisition or operation of the facility or equipment as certified. _____
2. Provide written confirmation from the institutional representative verifying the occupancy/opening date for the service, equipment, or facility.

Signature of Authorized Agent or Chief Operating Officer

Date

S.20-13



**STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY**

500 Deaderick Street, Suite 850
Nashville, TN 37243
615/741-2364

ANNUAL PROGRESS REPORT
ANNUAL REVIEW FOLLOWING CERTIFICATION

Project Name: Rosewood Manor

Certificate of Need #: CN0703-021AE

Legal Owner: Rosewood Manor, Inc.

Date Approved: July 27, 2011 (Original approval date July 22, 2009)

Project Description: The replacement and relocation of the existing, 68 bed nursing home. Rosewood Manor is currently located at 1400 Rosewood Drive, Columbia (Maury County), TN and the proposed location is an undeveloped, unaddressed 16.6 acre tract of land located north of Saturn Parkway, between Old Kedron Road and Port Royal Road, adjacent to the Spring Hill Hospital site, in Spring Hill (Maury County), TN

******PLEASE SUBMIT EVIDENCE TO SUPPORT EACH ANSWER******

In a brief narrative, please describe the current stage of completion for the project (use another sheet of paper if necessary). **Please note that this report will not be considered complete without this information.**

Construction has not yet begun on this project. The primary hold-up has been the completion/extension of an access road to the property, the development of which was stopped due to the reversal of the Spring Hill Hospital CON. The applicant continues discussions with city officials and area property owners, but no definitive plan has been agreed upon.

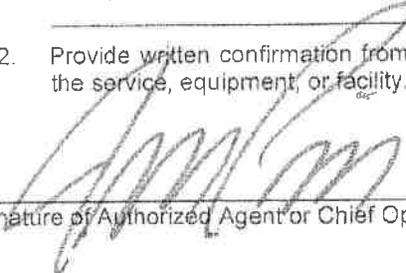
A. CONSTRUCTION PROJECTS

1. Anticipated date of project completion. September 1, 2013
2. Provide written confirmation from the contractor documenting the stage of construction at the current time.

Construction has not yet begun on this project.
3. If proposed construction costs have increased over ten (10%) percent please provide information as an attachment to this form. Please note that such an overrun could require additional action before the Agency.

B. NON-CONSTRUCTION PROJECTS

1. Anticipated date of service implementation, acquisition or operation of the facility or equipment as certified.
2. Provide written confirmation from the institutional representative verifying the occupancy/opening date for the service, equipment, or facility.



Signature of Authorized Agent or Chief Operating Officer

5/25/12

Date



**STATE OF TENNESSEE
HEALTH SERVICES AND DEVELOPMENT AGENCY**

500 Deaderick Street, Suite 850
Nashville, TN 37243
615/741-2364

ANNUAL PROGRESS REPORT
ANNUAL REVIEW FOLLOWING CERTIFICATION

Project Name: Rosewood Manor, Inc. Certificate of Need #: CN0703021A

Legal Owner: Rosewood Manor, Inc. Approval Date: July 25, 2007

Project Description:

The replacement and relocation of the existing, 68 bed nursing home, Rosewood Manor is currently located at 1400 Rosewood Drive, Columbia (Maury County), TN and the proposed location is an undeveloped, unaddressed 16.6 acre tract of land located north of Saturn Parkway, between Old Kedron Road and Port Royal Road, adjacent to what was previously the Spring Hill Hospital site, in Spring Hill (Maury County), TN. This CON was approved for a two (2) year extension of the expiration date on July 22, 2009.

******PLEASE SUBMIT EVIDENCE TO SUPPORT EACH ANSWER******

In a brief narrative, please describe the current stage of completion for the project (use another sheet of paper if necessary). **Please note that this report will not be considered complete without this information.**

This project has incurred a number of delays some of which relate directly to the now defunct Spring Hill Hospital and its non-development. No construction has begun on this project.

A. CONSTRUCTION PROJECTS

1. Anticipated date of project completion. September 2011
2. Provide written confirmation from the contractor documenting the stage of construction at the current time.
Not Applicable
3. If proposed construction costs have increased over ten (10%) percent please provide information as an attachment to this form. Please note that such an overrun could require additional action before the Agency. Not Applicable

B. NON-CONSTRUCTION PROJECTS- Project will be leased from builder/owner

1. Anticipated date of service implementation, acquisition or operation of the facility or equipment as certified.
September 2011
2. Provide written confirmation from the institutional representative verifying the occupancy/opening date for the service, equipment, or facility.

This project has incurred a number of delays some of which relate directly to the now defunct Spring Hill Hospital and its non-development. No construction has begun on this project.

Signature of Authorized Agent or Chief Operating Officer

March 1, 2010
Date



State of Tennessee

Health Services and Development Agency

Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

May 28, 2014

Jerry W. Taylor, Esq.
Stites & Harbison, PLLC
Sun Trust Plaza
401 Commerce Street, Suite 800
Nashville, TN 37219

RE: Rosewood Manor --CN0703-021AE

Dear Mr. Taylor:

As referenced in our recent letter, please find enclosed your revised Certificate of Need for the above-referenced application, to which modifications were approved at the August 28, 2013 meeting of the Tennessee Health Services and Development Agency.

Should you have any questions or require further information regarding this Certificate, please do not hesitate to contact this office.

Sincerely,

James B. Christoffersen
General Counsel

JBC/MAB

cc: Trent Sansing, Division of Health Statistics, Office of Policy, Planning & Assessment
Ann R. Reed, Health Care Facilities - Licensure
Bill Harmon, Director of Engineering, Health Care Facilities

STATE OF TENNESSEE
Health Services and Development Agency



Certificate of Need No. CN0703-021AE is hereby granted under the provisions of T.C.A. § 68-11-1601, *et seq.*, and rules and regulations issued thereunder by this Agency.

To: Rosewood Manor, Inc.
PO Box 10
Paris, TN 38363

For: Rosewood Manor

This Certificate is issued for: The replacement and relocation of the existing sixty-eight (68) bed nursing home. Rosewood Manor is currently located at 1400 Rosewood Drive, Columbia (Maury County), TN and the proposed location is an undeveloped, unaddressed 16.6 acre tract of land located north of Saturn Parkway, between Old Kedron Road and Port Royal Road, adjacent to the Spring Hill Hospital site, in Spring Hill (Maury County), TN.

* This Certificate is a replacement of the originally issued Certificate of Need pursuant to Agency Rule 0720-10-06 -- Expiration, Revocation, and Modification of issued Certificates. This project was originally approved on July 25, 2007 with an expiration date of September 1, 2009. 1st Request: Extension of expiration date for two (2) year from September 1, 2009 to September 1, 2011 was granted at the July 22, 2009 Health Services and Development Agency Meeting. 2nd Request: Extension of expiration date for an additional two (2) years from September 1, 2011 to September 1, 2013 was granted on July 27, 2011. 3rd Request: Extension of expiration date for three (3) years from September 1, 2013 to September 1, 2016 was granted on August 28, 2013.

On the premises located at: unaddressed site between Old Kedron Rd & Port Royal Road
Spring Hill (Maury County), TN 37174

For an estimated project cost of: \$10,668,976.00

The Expiration Date for this Certificate of Need is

* September 1, 2016

or upon completion of the action for which the Certificate of Need was granted, whichever occurs first. After the expiration date, this Certificate of Need is null and void.

Date Approved: July 25, 2007

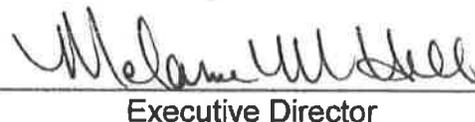
Date Issued: August 22, 2007

1st Date Reissued: September 23, 2009

2nd Date Reissued: August 24, 2011

3rd Date Reissued: May 28, 2014


Chairman


Executive Director