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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re: Northwest Senior Housing Corporation, <i>et al.</i> , ¹ Debtors.
--

Chapter 11
Case No. 22-30659 (MVL)
Jointly Administered

**UMB BANK, N.A.'S WITNESS AND EXHIBIT LIST
FOR DECEMBER 15, 2022 HEARING**

UMB Bank, N.A. (the "Trustee") hereby submits this Witness and Exhibit List for the December 15, 2022 hearing (the "Hearing") on the following matters:

- (i) *Second Amended Disclosure Statement for the Plan of Reorganization of the Plan Sponsors Dated December 12, 2022* [Docket No. 899] (the "Second Amended DS");
- (ii) *Motion of the Trustee and DIP Lender for Entry of an Order Approving Disclosure Statement and Granting Related Relief* [Docket No. 754] (the "DS Motion");
- (iii) *Motion of Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking Horse Asset*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.



- Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation and Sale Hearing; and (V) Granting Related Relief [Docket No. 755] (the “Bidding Procedures Motion”);*
- (iv) *Notice of Filing Revised and Supplemental Documents in Support of Motion of Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation and Sale Hearing; and (V) Granting Related Relief [Docket No. 872] (the “Revised Proposed Bidding Procedures Order”); and*
- (v) *Debtors’, Trustee and DIP Lender’s Motion for an Order (I) Establishing Voting Record Date and Other Deadlines; (II) Authorizing Kurtzman Carson Consultants LLC to Act as the Singular Voting Agent with Respect to the Competing Plans; (III) Approving Solicitation and Notice Procedures with Respect to Competing Plans; (IV) Approving Manner and Forms of Ballots, Notices and Related Documents; and (V) Granting Related Relief [Docket No. 767] (the “Solicitation Procedures Motion”).*

WITNESSES

The Trustee designates the following individual(s) who may be called as witness(es) at the Hearing (exclusive of those that may be used for impeachment purposes):

1. David Fields

The Trustee reserves the right to call any witnesses designated by any other party.

EXHIBITS

The Trustee designates the following exhibits that may be used at the Hearing (exclusive of those that may be used for impeachment purposes):

Exhibit Number	DESCRIPTION	J U D I C I A L N O T I C E	M A R K E D	O F F E R E D	O B J E C T	A D M I T	D A T E	Disp. After Trial
1.	Second Amended Disclosure Statement [Docket No. 899]							
2.	Trustee's Motion to Approve Disclosure Statement [Docket No. 754]							
3.	Trustee's Bidding Procedures Motion [Docket No. 755] (as may be amended, modified, or supplemented)							
4.	Revised Proposed Bidding Procedures Order [Docket No. 872] (as may be further amended, modified, or supplemented)							
5.	Joint Solicitation Procedures Motion [Docket No. 767] (as may be amended, modified, or supplemented)							

The Trustee asks that the Court take judicial notice of the pleadings and transcripts filed (including any and all schedules, amendments, exhibits, and other attachments thereto) in the proceedings before this Court. The Trustee reserves the right to use additional demonstrative exhibits as they deem appropriate in connection with the Hearing. The Trustee reserves the right to use any exhibits presented by any other party. The Trustee reserves the right to amend and/or supplement this exhibit list. The Trustee also reserves the right to use exhibits not listed herein for impeachment purposes at the Hearing.

Dated: December 12, 2022

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on December 12, 2022, a true and correct copy of the foregoing Witness & Exhibit List was served via electronic notification upon all parties that are registered or otherwise entitled to receive electronic notices in these cases pursuant to the ECF procedures in this District.

/s/ J. Frasher Murphy
J. Frasher Murphy

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**SECOND AMENDED DISCLOSURE STATEMENT FOR THE PLAN OF
REORGANIZATION OF THE PLAN SPONSORS DATED DECEMBER 12, 2022**

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Possession*

Dated: December 12, 2022

¹ The Debtors, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

DISCLAIMER

IF YOU ARE ENTITLED TO VOTE ON THE PLAN, YOU WILL RECEIVE A BALLOT WITH A COPY OF THIS DISCLOSURE STATEMENT. THE PLAN SPONSORS RECOMMEND YOU VOTE TO ACCEPT THE PLAN.

EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND BANKRUPTCY CODE SECTION 1125. NO HOLDER OF A CLAIM SHOULD RELY ON ANY INFORMATION RELATING TO THE DEBTORS, THE DEBTORS' PROPERTY, OR THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT AND THE RELATED EXHIBITS.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. ALTHOUGH THE PLAN SPONSORS BELIEVE AND HAVE MADE EVERY EFFORT TO ENSURE THAT THIS SUMMARY PROVIDES ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, THE SUMMARY DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED TO THE EXTENT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN AND THE SUMMARY OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL. ACCORDINGLY, EACH HOLDER OF A CLAIM SHOULD REVIEW THE PLAN IN ITS ENTIRETY.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1125 AND BANKRUPTCY RULE 3016 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER APPLICABLE NONBANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST THE DEBTORS.

HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE PLAN AND THE TRANSACTIONS CONTEMPLATED HEREBY.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT EXCEPT AS

EXPRESSLY INDICATED HEREIN. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE PLAN SPONSORS' AND THEIR PROFESSIONALS' KNOWLEDGE, INFORMATION, AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED, OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS THE PLAN SPONSORS' STATEMENT OF THE STATUS OF THE RESPECTIVE MATTER.

ALL OF THE PROJECTED RECOVERIES TO CREDITORS CONTAINED IN THIS DISCLOSURE STATEMENT ARE BASED UPON THE ANALYSES PERFORMED BY THE PLAN SPONSORS AND THEIR PROFESSIONALS. ALTHOUGH THE PLAN SPONSORS HAVE MADE EVERY EFFORT TO VERIFY THE ACCURACY OF THE INFORMATION PRESENTED HEREIN AND IN THE EXHIBITS ATTACHED HERETO, THE PLAN SPONSORS CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE INFORMATION.

THE PLAN SPONSORS RECOMMEND THAT CREDITORS SUPPORT AND VOTE TO ACCEPT THE PLAN. THE PLAN SPONSORS CONTEND THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTORS. ACCORDINGLY, THE PLAN SPONSORS ASSERT THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.

EXHIBITS

- Exhibit 1 Second Amended Plan of Reorganization of the Plan Sponsors Dated December 12, 2022
- Exhibit 2 Liquidation Analysis
- Exhibit 3 Lifespace Settlement and Contribution Agreement
- Exhibit 4 Lifespace Resident Contribution Schedule

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I. EXECUTIVE SUMMARY

This Executive Summary provides an overview of this Disclosure Statement and the material terms of, and the transactions proposed by, the *Second Amended Plan of Reorganization of the Plan Sponsors Dated December 12, 2022* (as may be further amended, supplemented, or otherwise modified from time to time, the “**Plan**”). The Plan is supported by: (i) UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”), (ii) UMB Bank, N.A., in its capacity as lender under the DIP Credit Agreement (the “**DIP Lender**” and, together with the Trustee, the “**Initial Plan Sponsors**”), (iii) Northwest Senior Housing Corporation d/b/a Edgemere (“**Edgemere**”), (iv) Senior Quality Lifestyles Corporation (“**SQLC**” and together with Edgemere, the “**Debtors**” and together with the Initial Plan Sponsors, the “**Plan Sponsors**”), (v) Lifespace Communities, Inc. (“**Lifespace**”), and (vi) the Official Committee of Unsecured Creditors (the “**Committee**”).² A copy of the Plan is attached hereto as Exhibit 1.³ The Plan Sponsors urge all parties to read this Executive Summary in conjunction with the remainder of this Disclosure Statement and the Plan. The rules of interpretation set forth in Section 1 of the Plan shall govern the interpretation of this Disclosure Statement.

A. Introduction.

Edgemere is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community (the “**Community**”) on land owned by Intercity Investments Properties, Inc. (the “**Landlord**”) in Dallas, Texas.⁴ The Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

As discussed in greater detail below, prior to the Petition Date, the Debtors experienced liquidity constraints that threatened the viability of the Community. On April 14, 2022, Edgemere and SQLC commenced their Chapter 11 Cases seeking relief under Chapter 11 of the Bankruptcy Code. Based upon a Bankruptcy Court order dated October 13, 2022, the Initial Plan Sponsors were granted authority to file a proposed plan of reorganization to resolve outstanding Claims against, and Interests in, the Debtors. On November 2, 2022, the Initial Plan Sponsors filed the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* [Docket No. 752] (the “**Initial Plan**”) and the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* [Docket No. 753] (the “**Initial Disclosure Statement**”). Thereafter, settlement discussions among the Initial Plan Sponsors, the Debtors, Lifespace and the Committee resulted in the filing of the Plan and this Disclosure Statement, as further described herein.

The overarching goal of the Plan is to ensure the ongoing viability of the Community such that it can successfully operate for the remainder of the Ground Lease, all while meeting Resident expectations with respect to quality of service and care. To accomplish this goal, the Plan will

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

³ Copies of the Plan, this Disclosure Statement, and all other documents related to the Chapter 11 Cases are available for review without charge on the bankruptcy case website at <https://kcellc.net/edgemere>.

⁴ SQLC is a legacy entity with no business operations but is an obligor under the Original Bonds, and thus, a member of the Obligated Group.

implement the Sale Transaction, pursuant to which substantially all the Debtors' assets will be sold to a Purchaser who will continue running the Community as a going concern.

An initial Purchaser has been selected by the Initial Plan Sponsors and the parties have agreed to an Asset Purchase Agreement, with the initial Purchaser's offer subject to higher and better bids, including through a potential Auction, pursuant to bidding and sale procedures to be filed with the Bankruptcy Court. The initial Purchaser has offered to purchase the Community for \$48.5 million, subject to certain adjustments set forth in the Asset Purchase Agreement. The remaining assets of the Estates shall be transferred to a Litigation Trust to be liquidated for the benefit of creditors.

Consultants have concluded that the Community cannot continue to operate solely as an entrance fee community. An entrance fee model, in the opinion of such consultants, is not feasible and will exacerbate the financial struggles of Edgemere. Accordingly, the Asset Purchase Agreement contemplates the conversion of the Community to a rental model. Pursuant to the Asset Purchase Agreement, all entrance-fee Residency Agreements will be rejected and, subject to regulatory approvals and/or requirements, all Current Residents will be offered a new monthly rental agreement which shall provide similar services to Current Residents as provided prior to the Closing Date.

The Plan will also establish a Litigation Trust, into which all assets of the Debtors not purchased through the Sale Transaction, including the Landlord Litigation and other Retained Causes of Action, will be transferred. The Litigation Trustee will prosecute and liquidate the Litigation Trust Assets, with the proceeds from such liquidation distributed on a Pro Rata basis to Holders of Allowed General Unsecured Claims pursuant to the terms and conditions of the Plan and the Litigation Trust Agreement, which will be included in the Plan Supplement.

The Plan will also include a settlement of all potential Estate, Trustee, DIP Lender and Resident claims against Lifespace in exchange for (i) a \$16.5 million payment (the "**Lifespace Bond Contribution**") to the Trustee on the Effective Date for Distribution to holders of the Original Bonds, pursuant to the terms of the Original Bond Documents, and (ii) subject to certain conditions, annual payments (the "**Lifespace Resident Contributions**") made into a trust (the "**Residents Trust**"), pursuant to the schedule attached hereto as Exhibit 4, which funds shall be used to pay participating Residents for claims relating to their Residency Agreements (the "**Participating Resident Refund Claims**") as further described herein. In exchange for the Lifespace Resident Contributions and the releases provided under the Plan, Lifespace will be entitled to a Pro Rata distribution of Litigation Trust Assets (the "**Lifespace Resident Claim**"), in accordance with the terms of the Plan and the Litigation Trust Agreement.

B. Overview of Financial Challenges Precipitating the Chapter 11 Filings.

As discussed in greater detail herein, Edgemere relies on revenue generated by existing and new Residents to, among other things, maintain its day-to-day operations, service its debt obligations and honor Resident obligations. However, as has become common in the senior living industry and in particular among continuing care retirement communities ("**CCRC**"), Edgemere has faced challenges that have threatened the Debtors' ability to honor their obligations and maintain operational stability. To address certain of those issues, in June 2019, Lifespace

completed an affiliation with SQLC, and Edgemere became an affiliate of Lifespace. However, Edgemere continued to face financial pressure. The Debtors' financial distress has been further exacerbated by actions taken by the Debtors' Landlord, which led to the initiation of adversary proceeding number 22-03040 (the "**Adversary Proceeding**") against the Landlord and its consultant Kong Capital, LLC ("**Kong**"), which Adversary Proceeding is discussed further below. The Landlord and Kong deny that any of their actions contributed to the Debtors' financial distress and dispute all claims asserted in the Landlord Litigation.

C. The Plan and Proposed Sale Transaction.

The Plan contemplates the sale of substantially all of the property in the Estates to a Purchaser, free and clear of all Liens, Claims, charges, or other encumbrances, pursuant to the terms of an Asset Purchase Agreement. The proposed sale process will subject the initial Purchaser's bid of \$48.5 million, subject to certain adjustments set forth in the Asset Purchase Agreement, to higher and better bids, with an Auction to be conducted if a competing qualified bid is received. The Asset Purchase Agreement contemplates the rejection of all Residency Agreements, provided that any Purchaser shall offer to all Current Residents a monthly rental agreement which, subject to regulatory approvals and/or requirements, shall provide similar services to Current Residents as provided prior to the Closing Date.

Upon the Closing of the Sale Transaction, all Net Sale Proceeds therefrom, after payments required under the Plan to pay any unpaid Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Dallas County Claim, the Diminution Claim and the U.S. Trustee Fees, shall be paid to the Trustee for Distribution to holders of the Original Bonds, pursuant to the terms of the Original Bond Documents.

D. Creation of the Litigation Trust and Appointment of the Litigation Trustee and Litigation Trust Oversight Committee.

Upon the Effective Date, a Litigation Trust will be formed, into which various Assets of the Debtors, including the Landlord Litigation, shall be transferred. The Litigation Trust shall be established for the purposes of (i) liquidating any non-Cash Litigation Trust Assets; (ii) maximizing recovery of the Litigation Trust Assets for the benefit of the holders of Litigation Trust Interests; (iii) distributing the proceeds of the Litigation Trust Assets to holders of the Litigation Trust Interests in accordance with the Plan and the Litigation Trust Agreement; (iv) prosecuting or otherwise resolving the Retained Causes of Action, including the Landlord Litigation, for the benefit of the holders of the Litigation Trust Interests; and (v) winding down the Chapter 11 Cases as provided in the Plan and the Litigation Trust Agreement.

The Litigation Trustee will act for the benefit of holders of Litigation Trust Interests in a fiduciary capacity. Holders of Litigation Trust Interests shall consist of Holders of Allowed General Unsecured Claims. Holders of Litigation Trust Interests shall receive a Pro Rata share of the Litigation Trust Interests, and associated Distributions, in accordance with the terms of the Plan and the Litigation Trust Agreement.

E. Lifespace Settlement and Contributions.

Lifespace has agreed to enter into the Lifespace Settlement and Contribution Agreement (in substantially the form attached hereto as Exhibit 3), in which Lifespace shall agree to make annual payments to the Residents Trust pursuant to the schedule attached hereto as Exhibit 4. If Participating Resident Refund Claims in any year exceed the amounts available in the Residents Trust, such excess Participating Resident Refund Claims will be paid, in the order they were triggered, upon replenishment of the Residents Trust on the next Lifespace annual payment date. Participating Current Residents (defined below) with life care benefits under their current Residency Agreements shall have the option to utilize amounts owed on their Refund Claims (defined below) to pay any increases in monthly costs resulting from their moving to a higher level of care, in exchange for a dollar-for-dollar reduction in their Resident Claim. In addition, Participating Current Residents may utilize amounts owed on their Refund Claims to pay their entire monthly costs upon a determination that such Participating Current Resident is indigent and unable to pay rental obligations for a dollar-for-dollar reduction in their Resident Claim until that Resident Claim is exhausted.

Lifespace has further agreed to pay \$16.5 million to the Trustee on the Effective Date for Distribution to current holders of the Original Bonds, pursuant to the terms of the Original Bond Documents, as a settlement of any potential claims the Trustee may have against Lifespace.

In exchange for the Lifespace Bond Contribution and the Lifespace Resident Contributions, Lifespace and the other Plan Sponsors, including the Debtors, shall be Released Parties under the Plan.

NOTWITHSTANDING ANYTHING HEREIN, OR IN THE PLAN, OR IN ANY OTHER AGREEMENT OR DISCLOSURE TO THE CONTRARY, the Purchaser shall have no obligation, duty or other requirement to participate in any aspect of the Residents Trust, including accepting any payments from the Residents Trust, other than to provide periodic reporting to the Residents Trust as required under the Asset Purchase Agreement. Any future rental agreement with any Current Resident will not relate in any way to the Residents Trust, the Lifespace Settlement and Contribution Agreement, or any other provision of the Plan, including but not limited to any payments or adjustments contemplated to Participating Current Residents described herein or otherwise.

F. Residents Trust.

Upon the Effective Date, a Residents Trust will be formed. The Residents Trust shall be established for the purposes of receiving (i) the Lifespace Resident Contributions, and (ii) the Estates' rights to enforce the terms of the Lifespace Settlement and Contribution Agreement (collectively, with earnings on deposits, the "**Residents Trust Assets**"); and distributing the proceeds of the Residents Trust Assets to Participating Former Residents and Participating Current Residents in accordance with the terms of the Plan and that certain Residents Trust Agreement, between the Committee and the Debtors, which will be included in the Plan Supplement (the "**Residents Trust Agreement**").

The Residents Trust Trustee will act for the benefit of holders of the Residents Trust Interests in a fiduciary capacity. Holders of Residents Trust Interests shall consist of Participating Former Residents and Participating Current Residents. Holders of Residents Trust Interests shall receive distributions from the Residents Trust in accordance with the terms of the Plan and the Residents Trust Agreement.

The Lifespace Resident Contributions will be made in annual payments outlined on Exhibit 4 as necessary to pay Participating Residents Refund Claims. The Lifespace Resident Contributions may be deferred under certain financial circumstances more specifically outlined in the Lifespace Settlement and Contribution Agreement in substantially the form attached hereto as Exhibit 3, which generally provides for deferral if any portion of any annual Lifespace Resident Contribution would cause Lifespace Days Cash on Hand to fall below 250 days, in which case such portion can be deferred to the following year. If any such deferral remains outstanding after two years, then it must be paid by Lifespace in full the following year (year three). However, any portion of any payment of the Lifespace Resident Contribution that would cause Lifespace to default under that certain Lifespace Master Trust Indenture (as defined in the Lifespace Settlement and Contribution Agreement) may be deferred until such payment would not trigger a default thereunder.

The Residents Trust Trustee will distribute funds directly to Participating Former Residents and Participating Current Residents pursuant to the terms of the Residents Trust Agreement, and generally as described below.

As stated above, all existing Residency Agreements will be rejected, which triggers a rejection damages claim by both Former Residents and Current Residents against Edgemere in the amount of the contractual refund and any other obligations of Edgemere under the rejected Residency Agreements (the “**Refund Claims**”). The Residents do not need to vacate the Community for Refund Claims to arise under the rejected Residency Agreements. Refund Claims receive the following treatment under the Plan:

Former Residents who do not OPT OUT of the releases under the Plan (referred to as the “**Participating Former Residents**”), will receive payment of their Refund Claim within sixty (60) days of the Refund Trigger Date.

Current Residents who do not OPT OUT of the releases under the Plan (referred to as the “**Participating Current Residents**”), will receive payment of their Refund Claim from the Residents Trust within sixty (60) days of the Refund Trigger Date.

“**Refund Trigger Date**” is defined as the date (a) that a Resident vacates the Community, (b) the Residents Trust is informed that such Resident’s unit is re-leased to a new Resident,⁵ and (c) the Residents Trust contains sufficient funds for payment of such Resident’s Refund Claim.

⁵ The Residents Trust shall be informed of units which have been re-leased semi-annually by the Purchaser, which shall be the date the Residents Trust is deemed informed of units which have been re-leased for purposes of the Refund Trigger Date.

Participating Former Residents and Participating Current Residents are projected to receive 100% of their Refund Claims from the Residents Trust.

Residents who OPT OUT of the releases under the Plan shall receive a Class 4 General Unsecured Claim in the amount of their Refund Claim.

The new Residency Agreements will not contain life care benefits. However, Participating Current Residents with life care benefits under their existing rejected Residency Agreements will have the option of having the Residents Trust pay any future increase in their monthly fees after the Effective Date resulting from moving to a higher level of care which payments will reduce their Refund Claim dollar for dollar.

G. Entrance Fee Escrow.

As of the Petition Date, the Entrance Fee Escrow held \$15,844,326. As of October 31, 2022, the Entrance Fee Escrow balance held for the benefit of Residents, which excludes interest earned, is \$16,494,326. Within ten (10) days of the Effective Date, funds in the Entrance Fee Escrow shall be returned to those respective Residents that deposited such funds, pursuant to the terms of the Escrow Agreement, in full satisfaction of the Escrow Resident Claims.

H. Purpose of this Disclosure Statement.

The Plan Sponsors have prepared this Disclosure Statement as required by Bankruptcy Code section 1125 and Bankruptcy Rule 3016(c). It is being distributed to assist holders of Claims and Interests in evaluating the Plan, the manner in which Claims and Interests will be treated under the Plan, and whether the Plan satisfies the requirements for confirmation set forth under Bankruptcy Code section 1129. The purpose of this Disclosure Statement is to assist those entitled to vote on the Plan to make an informed judgment when choosing whether to accept or reject the Plan.

This Disclosure Statement describes the background of the Debtors and the significant events leading up to the filing of their Chapter 11 Cases on the Petition Date. It also summarizes the Plan, which divides Claims and Interests into Classes and provides for the treatment of Allowed Claims.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. To the extent that the information provided in this Disclosure Statement and the Plan (including the Plan Supplement) conflict, the terms of the Plan (including the Plan Supplement) will control.

I. The Solicitation Materials.

Only record holders of Claims in Classes 2, 4, 5 and 6 (the “**Voting Classes**”) are entitled to vote on the Plan. Holders of Claims in Voting Classes will receive a solicitation package that will include the following materials (collectively, the “**Solicitation Materials**”):

- a Ballot, which will include the voting instructions, and a postage-prepaid return envelope;
- a copy of this Disclosure Statement with all exhibits, including the Plan, and any other supplements or amendments to these documents, and the Disclosure Statement Order, excluding exhibits;
- a copy of the Confirmation Hearing Notice; and
- any supplemental documents filed with the Bankruptcy Court and any documents that the Bankruptcy Court orders to be included in the Solicitation Materials, including any letters in support of the Plan.

In lieu of the foregoing Solicitation Materials, the Debtors will distribute the following to holders who are not in Voting Classes:

- a form of non-voting status (subject to Court approval);
- a form permitting Residents and other third parties to OPT OUT of the Lifespace Settlement and third-party releases and other provisions set forth under Section 8 of the Plan; and
- a copy of the Confirmation Hearing Notice.

J. The Plan.

1. Purpose and Effect of the Plan.

Chapter 11 of the Bankruptcy Code allows debtors to reorganize or to liquidate and wind up their affairs for the benefit of the debtors and their creditors. Upon the commencement of a chapter 11 case, an estate is created comprised of all the legal and equitable interests of a debtor as of the date the petition is filed, which typically remain in control of the debtor as a debtor-in-possession.

Pursuant to Bankruptcy Code section 362, the filing of a chapter 11 petition imposes an automatic stay of all attempts by creditors or third parties to collect or enforce prepetition claims against a debtor or otherwise interfere with its property or business, unless relief from the automatic stay is obtained from the bankruptcy court.

The Bankruptcy Code is designed to encourage the parties in interest in a chapter 11 proceeding to negotiate the terms of a chapter 11 plan so that it may be confirmed. A chapter 11 plan is the vehicle for satisfying or otherwise addressing the claims against and the interests in the

debtor. Confirmation of a chapter 11 plan makes it binding on the debtor and all of its creditors and the prior obligations owed by the debtor to such parties are compromised in exchange for the obligations specified in the plan.

2. Analysis of Recoveries to Holders of Claims and Interests under the Plan.

The Plan provides for a comprehensive restructuring of the Debtors’ obligations to Holders of Claims and Interests.

After a careful review of current operations and liquidity, prospects as an ongoing business, and estimated recoveries to creditors in alternative scenarios, the Plan Sponsors concluded that the Plan will maximize recoveries to the Debtors’ stakeholders by effectuating the Sale Transaction and stabilizing the Community by providing for the conversion to a rental model. As set forth more fully below, the Plan Sponsors along with Lifespace and the Committee believe that the Plan provides the best recoveries possible for the Debtors’ stakeholders and recommend that, if you are entitled to vote, you vote to accept the Plan.

3. Classification and Treatment of Claims and Interests Under the Plan.

Section 3 of the Plan describes the Classes of Claims and Interests and their treatment under the Plan, which is summarized herein. Allowed Claims (other than Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Dallas County Claim, the Escrow Resident Claims, the Diminution Claim and U.S. Trustee Fees) are placed in the following Classes and will receive the following treatment under the Plan:

Summary of Classification and Treatment of Claims Under the Plan

Class	Claim	Estimated Allowed Claims	Status	Voting Rights
1	Other Priority Claims	\$19,182.99	Unimpaired	Deemed to Accept
2	Bond Claims	\$111,728,919.22	Impaired	Entitled to Vote
3	Other Secured Claims	\$0	Unimpaired	Deemed to Accept
4	General Unsecured Claims	\$206,313,419 ⁶	Impaired	Entitled to Vote
5	Participating Former Resident Refund Claims	\$37,101,059.29	Impaired	Entitled to Vote

⁶ Includes (i) an estimated Bond Deficiency Claim of \$60,902,439.22 based upon the initial Purchaser’s offer and the Lifespace Bond Contribution (after payment of other amounts set forth in the Plan), (ii) the \$143,910,979.78 Lifespace Resident Claim (subject to opt-out adjustment), and (iii) vendor claims of approximately \$1,500,000.

6	Participating Current Resident Refund Claims	\$106,809,920.49	Impaired	Entitled to Vote
7	Intercompany Claims	\$5,221,798.74	Impaired	Deemed to Reject
8	Interests in Debtors	N/A	Impaired	Deemed to Reject

4. Summary of Voting Requirements for Plan Confirmation.

a. **In General.**

Creditors should refer only to this Disclosure Statement and the Plan to determine whether to vote to accept or reject the Plan. Under the Bankruptcy Code, only holders of Claims that are “impaired” are entitled to vote to accept or reject the Plan. Under Bankruptcy Code section 1124 of the, a class of claims or interests is deemed to be “impaired” unless (1) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder thereof; or (2) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan, among other things, cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default. An Impaired class of creditors votes to accept a plan if the holders of at least two-thirds (2/3) in dollar amount, and more than one-half (1/2) in number, of those creditors that actually cast ballots vote to accept such plan. *See* 11 U.S.C. § 1124. Classes that are not Impaired are not entitled to vote and are deemed to accept a plan. Classes that are not entitled to a Distribution and will not retain property under a plan are deemed to reject a plan.

A class of interest holders is deemed to accept a plan if the holders of at least two-thirds (2/3) in amount of those interest holders that actually cast ballots vote to accept such plan. A class of interest holders is Impaired, not entitled to vote, and deemed to reject the plan if the plan treats such holders by providing that they will retain no property and receive no distributions under the plan.

Pursuant to the Bankruptcy Code, only holders of Claims and Interests who *actually* vote on the Plan will be counted for purposes of determining whether the required number of acceptances have been obtained. Failure to deliver a properly completed Ballot to the Voting Agent by the Voting Deadline will result in an abstention, which means such vote will not be counted.

5. Impaired Classes Entitled to Vote.

The holders of Claims in Classes 2, 4, 5 and 6 are Impaired under the Plan and, thus, such holders are entitled to vote to accept or reject the Plan. However, holders of Claims in Class 7 and holders of Interests in Class 8 will receive no Distribution under the Plan and, thus, are deemed to vote to reject the Plan, as discussed below.

6. Unimpaired Classes Deemed to Accept the Plan.

The holders of Claims in Classes 1 and 3 are Unimpaired under the Plan and, thus, such holders are not entitled to vote as such Class is deemed to accept the Plan.

7. Classes Deemed to Reject the Plan and Do Not Vote.

Holders of Claims in Class 7 and Interests in Class 8 will receive no Distributions on account of such Claims or Interests. Thus, under Bankruptcy Code section 1126(g), Classes 7 and 8 are deemed to have rejected the Plan and the vote of holders of Classes 7 and 8 Claims will not be solicited. *See* 11 U.S.C. § 1126(g).

8. Voting Deadline.

The Voting Agent will assist the Plan Sponsors with the transmission of the Solicitation Materials and the tabulation of votes with respect to the Plan. Holders of Claims classified in voting Classes will have the right to vote to accept or reject the Plan. To be counted, votes *must* be submitted in accordance with the voting instructions, which require such votes to be made in writing and prior to January 20, 2023 at 4:00 p.m. (prevailing Central Time) (the “**Voting Deadline**”). The record date for determining which holders may vote on the Plan is December 15, 2022 (the “**Voting Record Date**”).

9. Voting Instructions.

Bankruptcy Code section 1126(c) defines “acceptance” of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the allowed claims in that class, counting only those claims that actually vote to accept or to reject such plan. *See* 11 U.S.C. § 1126(c).

As stated above, to be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed, and timely delivered by the Voting Deadline.

Most holders of Claims related to the Original Bonds will submit votes by completing a Ballot and returning it to their specified bank, broker, nominee or other intermediary (a “**Nominee**”). Each Nominee may provide specific instructions to beneficial holders of Bond Claims related with respect to how to complete and submit a Ballot. Such holders will be instructed to return their Ballot to the Nominee to enable the Nominee to complete and submit a master Ballot to the Voting Agent so that it is received by the Voting Deadline. Beneficial holders of Claims related to the Original Bonds should carefully follow the instructions that accompany their Ballot to ensure that it is properly received by the Nominee with sufficient time for the Nominee to complete a master Ballot that can be delivered to the Voting Agent by the Voting Deadline. Voting instructions are more fully described in the Ballots.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, revocation, or withdrawal of Ballots will be determined by the Plan Sponsors in their sole discretion and such determination will be final and binding unless otherwise ordered by the Bankruptcy Court. Once a party delivers a valid Ballot for the acceptance or rejection of the Plan, such party may not withdraw or revoke such acceptance

or rejection without the Plan Sponsors' written consent or an order of the Bankruptcy Court. The Plan Sponsors also reserve the right to reject any and all Ballots not in proper form, if the acceptance of which would, in the opinion of the Plan Sponsors with the advice of its counsel, be unlawful.

The Plan Sponsors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions therein) by the Plan Sponsors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Plan Sponsors (or the Bankruptcy Court) determines. Neither the Plan Sponsors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities are cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

If a holder of a Claim casts more than one Ballot with respect to the same Claim prior to the Voting Deadline, the last valid Ballot timely received shall be deemed to reflect the voter's intent and shall supersede and revoke any earlier received Ballot. If a holder of a Claim simultaneously casts inconsistent duplicate Ballots with respect to the same Claim, such Ballots shall not be counted.

10. Additional Information.

If you have any questions about (i) the procedure for voting with respect to your Claim, (ii) the Solicitation Materials that you have received, or (iii) obtaining or replacing a Ballot, the Plan, this Disclosure Statement, or any exhibits to such documents, please contact the Voting Agent by (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing at EdgemereInfo@kccllc.com with a reference to "Edgemere" in the subject line.

11. The Confirmation and Sale Hearing.

The Initial Plan Sponsors filed a motion to approve this Disclosure Statement [Docket No. 754], wherein the Initial Plan Sponsors requested, among other things, that the Bankruptcy Court schedule a hearing to consider approval of the Sale Transaction and confirmation of the Plan (the "**Confirmation Hearing**") and to approve the proposed form of notice of such Confirmation Hearing. Subject to the Bankruptcy Court's approval, the Plan Sponsors will provide such notice to all necessary parties in accordance with applicable law.

The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on any master service list ordered by the Bankruptcy Court and any entities which filed objections to the Plan, without further notice to parties in interest. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures

2. Management by Lifespace.

Pursuant to that certain Management Services Agreement, dated August 15, 2019, between Edgemere and Lifespace (the “**Management Agreement**”), Lifespace serves as the exclusive manager of the day-to-day operations of Edgemere. The services provided by Lifespace include: (i) determining operating policies, procedures, and standards; (ii) developing advertising, marketing, and sales plan, (iii) establishing food and beverage policies; (iv) establishing all employment policies, including wage and salary terms, benefits, retirement plan, and bonuses; (v) hiring, promoting, supervising, directing, training, transferring, and discharging all of Edgemere’s employees; (vi) negotiating and consummating such agreements as Lifespace deems necessary or advisable for furnishing all utilities, services, supplies, food, beverages, equipment, and other materials and supplies for the maintenance and operation of the Community; (vii) establishing such bank accounts as needed for operation and maintenance of the Community according to GAAP; (viii) developing an annual business plan and an annual budget, specifically including, but not limited to, (a) capital improvements, (b) furniture, fixtures, and equipment, (c) employee compensation and taxes, (d) Community operating costs and administrative expenses, (e) taxes, insurance, bonds, and other expenses, (f) revenues, and (g) fees, rates, and other costs and charges to Residents; (ix) managing and overseeing the Community’s investment portfolio, if any, through an investment advisor selected by Lifespace; (x) providing cash management, accounting, bookkeeping and record keeping software and services for the Community, specifically including, but not limited to (a) Resident billings, (b) accounts payable, (c) accounts receivable, and (d) general ledger records; (xi) providing risk management and compliance services; and (xii) providing other services as may be required by the Community and mutually agreed to by the parties to the Management Agreement from time to time in connection with the development and operation of the Community’s business.

Pursuant to the Management Agreement, Edgemere pays to Lifespace compensation for the performance of the foregoing listed services (the “**Corporate Overhead Fee**”), as defined and set forth in the Management Agreement.

3. CCRC Regulators.

The CCRC industry nationwide is regulated by various state and federal agencies. Each state has a different regulatory scheme governing CCRCs. As a Medicare-certified CCRC operating in the State of Texas, Edgemere is regulated by, among others, the Centers for Medicare and Medicaid Services, the State of Texas Department of Health and the Texas Department of Insurance.

4. Original Bonds.

The development of the Community was financed through the issuance of bonds. At the request of Edgemere and pursuant to that certain Indenture of Trust, dated May 1, 2015 (the “**2015 Bond Indenture**”), between the Tarrant County Cultural Education Facilities Finance Corporation (the “**Issuer**”) and the Bank of New York Mellon Trust Company, National Association, as initial bond trustee, the Issuer authorized and issued the Retirement Community Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) consisting of: (a) Series 2015A bonds in the original aggregate principal amount of \$53,600,000 (the “**Series 2015A Bonds**”); and

5. Other Debt.

Based on filings by the Debtors in these Chapter 11 Cases, as of April 14, 2022, Edgemere had the following approximate liabilities (other than obligations relating to the Original Bonds): (i) \$1,321,000 of trade accounts payable; (ii) \$1,500,000 of non-contingent Resident refund claims; (iii) \$158,000,000 of entrance fee liabilities (including contingent and untriggered liabilities); and (iv) \$5,351,798.91 of liabilities to non-debtor Affiliates.

III. EVENTS LEADING TO THE CHAPTER 11 CASES

The Debtors rely on revenue generated by existing and new residents to, among other things, maintain day-to-day operations, service debt obligations and honor Resident obligations. However, for some time Edgemere has faced challenges that have threatened its ability to honor its obligations and maintain operational stability, including optimal occupancy levels.

In June 2019, Lifespace entered into an affiliation agreement pursuant to which Lifespace became the new sole member of Edgemere.

When the COVID-19 pandemic began, it severely disrupted the senior living industry, especially because older adults are particularly vulnerable to the effects of COVID-19. As a result, Edgemere incurred significant, additional costs, including those necessary to retain qualified staff and purchase personal protective equipment. In addition to increasing costs, the pandemic caused occupancy rates to drop. In response, Edgemere engaged professionals, including restructuring counsel, who retained consultants, including FTI Consulting, Inc. (“FTI”) to assist with efforts to stabilize Edgemere’s operations and financial circumstances.

In addition to negotiating with the Trustee and the Landlord toward a restructuring of the debt under the Original Bonds and the Ground Lease, the Debtors implemented a new escrow structure to allow the Community to continue an improved marketing program while providing new Residents who choose to enter into a Residency Agreement that their deposits and entrance fees would be protected during Edgemere’s time of financial distress. As of September 27, 2021, any new entrance fees received were deposited into an escrow account pursuant to the Escrow Agreement. This change is typical among distressed “entrance fee model” CCRCs as a safeguard to protect new Resident deposits and entrance fees and encourage and promote new sales.

By the fourth quarter of 2021, the Debtors’ sales performance had improved in comparison to the fourth quarter of 2020. Nevertheless, liquidity constraints persisted, in part, because deposits and entrance fees received on or after September 27, 2021 were not available to cover operating expenses.

In September 2021, the Debtors did not make the monthly rent payment under the Ground Lease. Following the Ground Lease default, the parties agreed to commence negotiations regarding a potential Ground Lease restructuring. To evaluate such a restructuring, Edgemere provided Landlord confidential information pursuant to that certain Confidentiality and Non-Disclosure Agreement, dated September 7, 2021 (the “NDA”) which NDA restricted the Landlord’s ability to use confidential information provided pursuant to the NDA.

Over the next several months, the Debtors, Lifespace, the Trustee, and the Landlord engaged in discussions regarding the Original Bonds and the Ground Lease, with the purported aim of reaching a global resolution that would permit the Community to stabilize and continue its mission while also satisfying obligations to the Landlord and the Trustee. Throughout this process, in reliance on the NDA, the Debtors shared confidential information with the Landlord. The Landlord acknowledges that certain of the information it received pursuant to the NDA was confidential and proprietary, but asserts that most of the information was available through non-confidential sources. The Debtors, Lifespace, the Trustee, and the Landlord also negotiated a forbearance agreement to facilitate the restructuring discussions. This forbearance agreement required, among other things, that Edgemere would provide a Ground Lease restructuring term sheet to the Landlord and, in turn, the Landlord would provide substantive responses thereto. The Landlord denies it was required to provide a response to any term sheet related to the Ground Lease. Edgemere complied by providing the contemplated term sheet; the Landlord did not respond. The Debtors assert that the Landlord received monetary benefits under the forbearance agreement and obtained Edgemere's confidential information, subject to the NDA, after which the Landlord repudiated the forbearance agreement and refused to provide a substantive response to the term sheet; the Landlord denies these assertions or any wrongdoing.

Additionally, as alleged in the Complaint commencing the Landlord Litigation, the Landlord, directly or through its consultant Kong, improperly disclosed and otherwise used Edgemere's confidential information in violation of the NDA, including causing the Dallas Morning News ("DMN") to publish negative news articles about Edgemere based on confidential information provided by the Landlord and/or Kong.⁷ The Landlord and Kong deny each of these statements as set forth in its answer to the Complaint. *See* Adv. Docket No. 130. Immediately after the first DMN article was published, inquiries from prospective residents completely dried up. As a result, the Debtors filed these Chapter 11 Cases.

In the lead up to the Chapter 11 Cases and thereafter, the Debtors and their advisors explored various ways to improve the Community's financial performance, including by evaluating different entrance fee and rental models. Various consultants have concluded that the Community can no longer operate as an entrance fee model and that the best way to stabilize the Community is to transition to a rental model.

IV. THE CHAPTER 11 CASES

A. First Day Pleadings.

On the Petition Date, the Debtors commenced the Chapter 11 Cases by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. In conjunction therewith, the Debtors filed certain "first day motions." Among other things, the Debtors requested that the Bankruptcy Court enter orders (i) protecting Resident and patient confidentiality; (ii) authorizing the Debtors to continue their cash management system, including intercompany accounting protocol and procedure; (iii) permitting the Debtors to pay employees on account of prepetition work and services rendered and to continue benefit and compensation programs throughout the Chapter 11 Cases; (iv) prohibiting utility companies from discontinuing services; (v) allowing the

⁷ The Landlord and Kong dispute the allegations in the Complaint.

Debtors to continue to escrow entrance fees and maintaining Resident refund programs; and (vi) paying prepetition taxes and fees; and (vii) maintaining insurance policies and paying related obligations. *See* Docket Nos. 10, 11, 15, 17, 18, 19, and 20. These motions were supported by the *Declaration of Nick Harshfield in Support of Chapter 11 Petition and First Day Pleadings* [Docket No. 7].

The Bankruptcy Court conducted hearings and entered Orders with respect to each of the first day motions. *See* Docket Nos. 98, 220, 221, 223, 224, 323, and 393.

B. Cash Collateral and DIP Financing.

On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Use of Cash Collateral, (II) Authorizing Post-Petition Financing, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling the Final Hearing and Approving the Form and Method of Notice thereof, and (VI) Granting Related Relief* [Docket No. 35]. Thereafter, the Bankruptcy Court entered the DIP Orders, which include the *Final Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; and (4) Granting Liens, Security Interests and Superpriority Claims* (as further amended, the “**DIP Orders**”) [Docket No. 421].

The DIP Orders, among other things, allow the Debtors to (i) use the Trustee's Cash Collateral to maintain the Community and pay necessary business operations expenses, and (ii) obtain financing through the DIP Facility on the terms set forth in the DIP Credit Agreement and in the DIP Orders. The DIP Orders also granted the DIP Lender first priority security interests (senior to all other liens, including those securing the Bond Claims) on substantially all of the Debtors' assets to secure the DIP Facility Claims, and granted the Trustee Supplemental Liens on substantially all of the Debtors' assets to the extent of Diminution (as each are defined in the DIP Orders), along with a superpriority administrative expense claim to the extent of Diminution.

C. Schedules, Statements, and Rule 2015.3 Reports.

On April 19, 2022, following a hearing on the Debtors' motion requesting an extension of the filing deadline, the Bankruptcy Court entered its *Order Extending the Time to File (I) Schedules of Assets and Liabilities, (II) Statements of Financial Affairs, and (III) Reports of Financial Information Required under Bankruptcy Rule 2015.3* [Docket No. 90].

On May 17, 2022, the Debtors filed their *Schedules and Statements of Financial Affairs*. *See* Docket Nos. 240 and 241; Case No. 22-30660, Docket Nos. 19 and 20. On June 1, 2022, Edgemere filed its *Initial Periodic Report of Debtors pursuant to Bankruptcy Rule 2015.3* [Docket No. 346]. On June 24, 2022, SQLC filed its *Initial Periodic Report of Debtor Senior Quality Lifestyles Corporation pursuant to Bankruptcy Rule 2015.3* [Case No. 22-30660, Docket No. 23].

D. Retention of Debtors' Professionals.

The Bankruptcy Court has approved the Debtors' retention and employment of the following Professionals in these Chapter 11 Cases: (i) Polsinelli PC, as restructuring counsel [Docket No. 226]; (ii) FTI, as financial advisor [Docket No. 227]; (iii) Kurtzman Carson

Consultants LLC as claims, noticing, and solicitation agent [Docket Nos. 110]; and (iv) Assessment Technologies, Ltd. d/b/a A.T. Tax Advisory, as property tax consultant [Docket No. 434].

E. Patient Care Ombudsman.

The U.S. Trustee appointed Susan N. Goodman as the Patient Care Ombudsman (the “PCO”) in these Chapter 11 Cases pursuant to Bankruptcy Code section 333. *See* Docket No. 137. On June 2, 2022, the PCO filed the *Patient Care Ombudsman’s First Interim Report*. *See* Docket No. 364. On August 2, 2022, the PCO filed the *Patient Care Ombudsman’s Second Interim Report*. *See* Docket No. 504. On October 4, 2022, the PCO filed the *Patient Care Ombudsman’s Third Interim Report*. *See* Docket No. 681.

F. Appointment of the Committee.

The U.S. Trustee appointed an official committee of unsecured creditors (the “Committee”) pursuant to Bankruptcy Code section 1102(a)(1). *See* Docket Nos. 135, 142, and 150. The Committee is comprised of the following: Donald R. Trice, James Eckelberger, James A. Smith, Erle A. Nye, Jane Sommerhalder Wilson, and Steve Helbing.⁸ The Bankruptcy Court has approved the Committee’s retention and employment of the following Professionals in these Chapter 11 Cases: (i) Foley & Lardner LLP, as Committee counsel [Docket No. 429]; and (ii) Ankura Consulting Group, LLC, as the Committee’s financial advisor [Docket No. 514].

G. The Adversary Proceeding

As noted above, the Debtors allege their financial distress has been further exacerbated by actions taken by the Landlord. As a result, on the Petition Date Edgemere filed its complaint (the “Complaint”) against the Landlord and its consultant Kong, commencing the Adversary Proceeding in the Chapter 11 Cases. Edgemere alleges in the Complaint that the Landlord and Kong engaged in an unlawful scheme to destroy the Community. The Complaint alleges causes of action against the Landlord and Kong for breach of contract, promissory fraud, tortious interference with existing and prospective contractual and business relations, civil conspiracy, equitable subordination, and reformation of the Ground Lease. On September 7, 2022, the Landlord and Kong answered the Complaint denying the allegations, asserting affirmative defenses, and asserting three counterclaims: fraudulent inducement, slander of title, and breach of lease. The Landlord Litigation remains ongoing and will be transferred to the Litigation Trust under the Plan.

H. Challenges.

On July 12, 2022, the Committee filed the *Original Complaint*, commencing Case No. 22-03073-mvl and challenging the Bond Claims and related Liens under Bankruptcy Code section 544 (the “Committee Challenge”). The Committee Challenge has been abated on multiple occasions, most recently on November 29, 2022 for an additional sixty days. Furthermore, challenges were filed by certain former Residents and their estates against the Initial Plan Sponsors’ Liens, security interests, and adequate protection granted under the DIP Orders and the

⁸ Pamela Siviglia is no longer a member of the Committee.

Entrance Fee Escrow Order (collectively, the “**Resident Challenges**”). See Docket Nos. 448, 449, 456, 457, 467, 544. On September 2, 2022, the Court abated the Resident Challenges pending further notice of the parties. See Docket No. 605. Upon the Effective Date, the Committee Challenge and the Resident Challenges will be dismissed with prejudice.

I. Termination of Exclusivity.

Pursuant to the *Motion of Debtors for Entry of an Order Extending the Exclusivity Period for the Filing of a Chapter 11 Plan* [Docket No. 534], the Debtors sought to extend the period by which only the Debtors could file a chapter 11 plan to February 8, 2023. Such motion was objected to by the Landlord [Docket No. 602], the Committee [Docket No. 634] and the Initial Plan Sponsors [Docket No. 639]. Following a hearing on the motion, the Bankruptcy Court held the Debtors’ exclusivity period would terminate on October 26, 2022, and that, beginning on October 27, 2022, the Initial Plan Sponsors and/or Lifespace could each file chapter 11 plans.

J. Competing Plans.

On November 2, 2022, the Initial Plan Sponsors filed the Initial Plan and the Initial Disclosure Statement, along with other supporting documents. Also on November 2, 2022, the Debtors and the Committee filed the *Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 750] (the “**Debtors’ Plan**”) and the *Disclosure Statement in Support of Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 751] (the “**Debtors’ Disclosure Statement**”).

K. Global Resolution Resulting in Second Amended Plan and Disclosure Statement.

Since the filing of the competing plans, the Plan Sponsors, Lifespace and the Committee have worked to reach a global resolution that would allow for a largely consensual plan process. Following a series of negotiations, the Plan Sponsors, Lifespace and the Committee agreed to modify the Initial Plan Sponsors’ Plan and Disclosure Statement as set forth herein, including to incorporate the Lifespace Bond Contribution and the Lifespace Resident Contributions, and the Debtors and Committee agreed to withdraw the Debtors’ Plan and Debtors’ Disclosure Statement.

L. Initial Purchaser Disclosures

Bay 9 Holdings LLC has been identified as the initial Purchaser under the Plan. The initial Purchaser is ultimately owned, directly or indirectly, by one or more funds managed or advised by Lapis Advisers, LP (“**Lapis**”), who is also a holder of the Original Bonds. Lapis is a San Francisco based investment firm with over a decade of experience in successful healthcare turnarounds in the municipal bond space, having raised over \$1.2 billion in aggregate investor commitments. Since its inception in 2009, Lapis has invested in over forty life plan and rental senior living communities, including several communities located in Texas. Through its equity ownership, Lapis has significant experience in investing in, operating, and turning around senior living special situations and is uniquely situated to ensure the Community maintains its quality of care to Residents and meets its obligations under the Plan, including as to employees, assumed Executory Contracts and assumed liabilities pursuant to the Asset Purchase Agreement.

Backed by Lapis, the initial Purchaser has the committed financial resources necessary to both close on an all-cash purchase of the Community as contemplated by the Asset Purchase Agreement, and to maintain and successfully operate the Community on a go-forward basis. More specifically, the initial Purchaser has access to committed funds in excess of the \$48.5 million purchase price for acquisition of the Community. Additionally, the initial Purchaser is committed to maintaining and improving the Community. The initial Purchaser is in the process of developing a detailed capital improvement plan to advance those goals, which plan has been informed by an extensive assessment of the Community undertaken by Arch Consultants, Ltd. While details of its capital improvement plan continue to be developed, if the initial Purchaser is the ultimate Purchaser, it anticipates dedicating several million dollars to capital expenditure improvements over time, such as HVAC improvements, roofing, exterior and interior updates, and system updates. These capital improvements are in addition to typical apartment refurbishments and upgrades made when a unit is leased to a new resident.

As part of its commitment to ensuring that the Community will thrive if purchased by the initial Purchaser, the initial Purchaser has identified The Long Hill Company (“**Long Hill**”) to serve as the third-party manager of the Community. The initial Purchaser and Long Hill have dedicated significant resources to jointly develop appropriately conservative financial projections to ensure a successful transition to new ownership and management for the Community. Long Hill specializes in turnaround management and, for over twenty years, has served as a traditional full-service manager, court-appointed receiver, and advisory consultant. Long Hill’s management team has a long track record of stabilizing troubled situations in skilled nursing, assisted living, hospice, and continuing care communities. Long Hill’s transactions have ranged from single-site projects to large portfolios across multiple states.

Long Hill and its subsidiaries provide full-service management services to seventeen senior living communities, eleven of which are located in Texas and are comprised of 1,262 units of independent living, assisted living and memory care. A member of Long Hill’s key management team has served as a board member for a chain of twenty-two skilled nursing facilities in Texas. Another key management team member has served as the CEO of a hospice organization with multiple Texas sites of care. While review of the future needs of the Community is ongoing, Long Hill anticipates retaining many of the on-site leadership team members at the Community to provide continuity in care and programming to current and future Residents. Based upon Long Hill’s track record, commitment to quality patient care and the depth and knowledge of its team, the initial Purchaser is confident that Long Hill will provide a reliable and successful management of the Community.

V. THE CHAPTER 11 PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT 1.

The Claims against the Debtors are divided into Classes according to their seniority and other criteria. The Classes of Claims and Interests against the Debtors and their Estates and the funds and other property to be distributed under the Plan are described more fully below.

THE PLAN SPONSORS BELIEVE THAT THE PLAN AFFORDS CREDITORS THE POTENTIAL FOR THE GREATEST REALIZATION OF THE VALUE OF THE DEBTORS' ASSETS.

A. Treatment of Claims and Interests Under the Plan.

1. Unclassified Administrative and Priority Claims.

a. **Administrative Claims.**

Unless a holder of an Allowed Administrative Claim and the Plan Sponsors before the Effective Date agree to less favorable treatment, each holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Allowed Administrative Claim in Cash: (i) if such Allowed Administrative Claim is based on liabilities that the Debtors incurred in the ordinary course of business after the Petition Date, on the Effective Date or in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim, in the Plan Sponsors' discretion, and without any further action by any holder of such Allowed Administrative Claim; (ii) if such Allowed Administrative Claim is due on the Effective Date, or, if such Allowed Administrative Claim is not due as of the Effective Date, on the date that such Allowed Administrative Claim becomes due or as soon as reasonably practicable thereafter; (iii) if an Administrative Claim is not Allowed as of the Effective Date, on the date that is no later than thirty (30) days after the date on which an order allowing such Administrative Claim becomes a Final Order of the Bankruptcy Court or as soon as reasonably practicable thereafter; or (iv) at such time and upon such terms as set forth in a Final Order of the Bankruptcy Court.

To be eligible to receive Distributions under the Plan on account of an Administrative Claim that is not otherwise Allowed by the Plan, a request for payment of an Administrative Claim must be filed with the Bankruptcy Court on or before the Administrative Claims Bar Date. Any Administrative Claim that is not asserted in accordance herewith shall be deemed disallowed under the Plan and shall be forever barred against the Debtors, the Debtors' Estates, or any of the Debtors' Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. For the avoidance of doubt, holders of the DIP Facility Claims, the Escrow Resident Claims and the Diminution Claim shall not be required to file an Administrative Claim for the allowance and satisfaction of such Claims.

b. **Professional Claims.**

All Professionals seeking payment of Professional Claims shall (i) file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred in the Chapter 11 Cases by the date that is forty-five (45) days after the Effective Date and (ii) be paid (a) the full unpaid amount as is Allowed by the Bankruptcy Court within five (5) Business Days after the date that such Claim is Allowed by order of the Bankruptcy Court, or (b) upon such other terms as may be mutually agreed upon between the holder of such an Allowed Professional Claim and the Plan Sponsors; provided however that Professional Claims shall be cumulatively capped at \$1.5 million from the period of December 1, 2022 through the Effective Date, with holders of Professional Claims sharing Pro Rata in the \$1.5 million in the event

Professional Claims exceed the cap. Any Professional Claim that is not asserted in accordance with Section 2.2 of the Plan or that exceed the cap shall be deemed disallowed under the Plan and shall be forever barred against the Plan Sponsors, the Debtors' Estates, or any of the Debtors' Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. All Professionals seeking payment of Professional Claims for amounts arising through November 30, 2022 shall file their respective interim fee applications for allowance of compensation for services rendered and reimbursement of expenses incurred in the Chapter 11 Cases through November 30, 2022 within twenty-one (21) days of entry of the Confirmation Order.

c. **Priority Tax Claims.**

In accordance with Bankruptcy Code section 1123(a)(1), Priority Tax Claims have not been classified and are treated as described in Section 2 of the Plan. Unless otherwise agreed by the holder of an Allowed Priority Tax Claim, any Person holding an Allowed Priority Tax Claim will receive, as determined by the Plan Sponsors in their sole discretion and in full satisfaction of such Claim, payment in Cash in full on the later of (i) the Effective Date, or as soon as reasonably practicable thereafter as determined by the Litigation Trustee, or (ii) the first Business Day after the date that is thirty (30) calendar days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable.

d. **U.S. Trustee Fees.**

U.S. Trustee Fees will be paid in full by the Debtors and the Litigation Trustee, as applicable, as they become due and owing.

e. **Escrow Resident Claims.**

As of the Petition Date, the Entrance Fee Escrow held \$15,844,326. As of October 31, 2022, the Entrance Fee Escrow balance held for the benefit of Residents, which excludes interest earned, is \$16,494,326. Within ten (10) days of the Effective Date, funds in the Entrance Fee Escrow shall be returned to those respective Residents that deposited such funds, pursuant to the terms of the Escrow Agreement, in full satisfaction of the Escrow Resident Claims.

f. **DIP Facility Claims.**

The DIP Facility Claims shall be deemed Allowed Secured Claims and superpriority Administrative Claims in the full amount due and owing under the DIP Credit Agreement as of the Effective Date. The DIP Facility Claims shall be satisfied in full from Cash available on the Effective Date.

g. **Diminution Claim.**

The Diminution Claim shall be deemed an Allowed superpriority Administrative Claim in the full amount due and owing under the DIP Orders as of the Effective Date. The Diminution Claim shall be satisfied in full from Cash available on the Effective Date. Such Diminution Claim is at least the amount due under the DIP Facility.

h. **Dallas County Claim.**

The 2022 tax claim of Dallas County, in the amount of \$26,856.19 (the “**Dallas County Claim**”), shall be deemed an Allowed Secured Claim as of the Effective Date. The Dallas County Claim shall be satisfied in full from Cash available on the Effective Date.

2. Classification of Claims and Interests.

Except as set forth in the Plan, all Claims against and Interests in the Debtors are placed in a particular Class. The Debtors have not classified Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Dallas County Claim, the Escrow Resident Claims, the Diminution Claim or U.S. Trustee Fees.

Subject to all other applicable provisions of the Plan (including its Distribution provisions), classified Claims shall receive the treatment described in Section 3 of the Plan. The Plan will not provide any Distributions on account of a Claim to the extent that such Claim has been disallowed, released, withdrawn, waived, or otherwise satisfied or paid as of the Effective Date, including, without limitation, payments by third parties.

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which of those Classes are: (i) Impaired or Unimpaired by the Plan; (ii) entitled to vote to accept the Plan; (iii) deemed to reject the Plan; or (iv) deemed to accept the Plan.

Class	Claim	Estimated Allowed Claims	Status	Voting Rights
1	Other Priority Claims	\$19,182.99	Unimpaired	Deemed to Accept
2	Bond Claims	\$111,728,919.22	Impaired	Entitled to Vote
3	Other Secured Claims	\$0	Unimpaired	Deemed to Accept
4	General Unsecured Claims	\$206,313,419 ⁹	Impaired	Entitled to Vote
5	Participating Former Resident Refund Claims	\$37,101,059.29	Impaired	Entitled to Vote
6	Participating Current Resident Refund Claims	\$106,809,920.49	Impaired	Entitled to Vote
7	Intercompany Claims	\$5,221,798.74	Impaired	Deemed to Reject

⁹ Includes (i) an estimated Bond Deficiency Claim of \$60,902,439.22 based upon the initial Purchaser’s offer and the Lifespace Bond Contribution (after payment of other amounts set forth in the Plan), (ii) the \$143,910,979.78 Lifespace Resident Claim (subject to opt-out adjustment), and (iii) vendor claims of approximately \$1,500,000.

8	Interests in Debtors	N/A	Impaired	Deemed to Reject
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3. Treatment of Claims and Interests.

a. **Other Priority Claims (Class 1).**

In accordance with the Proofs of Claim on file, there are asserted priority claims in the amount of \$19,182.99. To the extent that such Claims have been or will be Allowed, Class 1 Claims will be Unimpaired and not entitled to vote on the Plan. Except to the extent that a holder of an Allowed Other Priority Claim has agreed to a different treatment of such Claim, each such holder shall receive, in full satisfaction of such Allowed Other Priority Claim, Cash in an amount equal to such Allowed Other Priority Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date; (ii) the date the Other Priority Claim becomes an Allowed Claim; or (iii) the date for payment provided by any agreement or arrangement between the Plan Sponsors and the holder of the Allowed Other Priority Claim.

b. **Bond Claims (Class 2).**

Class 2 is Impaired and entitled to vote on the Plan. This Class consists of all Bond Claims and includes all Claims of the holders of the Series 2015 Bonds and the Series 2017 Bonds, which Claims shall be deemed Allowed pursuant to the Plan in the aggregate principal amount of \$109,185,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$2,543,919.22. On the Effective Date, the Net Sale Proceeds after payment of Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Dallas County Claim, the Diminution Claim and U.S. Trustee Fees, shall be paid to the Trustee, which funds shall be disbursed to holders of the Bond Claims in accordance with the Original Bond Documents. Further, the Lifespace Bond Contribution will be paid to the Trustee on the Effective Date, which funds shall be disbursed to holders of the Bond Claims in accordance with the Original Bond Documents. Assuming no competing qualified bids are received and the Sale Transaction with the initial Purchaser closes, Holders of Bond Claims are estimated to receive Distributions of approximately 40% of their Bond Claims. The Bond Deficiency Claim shall be treated on a Pro Rata basis with holders of Allowed General Unsecured Claims.

c. **Other Secured Claims (Class 3).**

This Class consists of all Other Secured Claims against the Debtors. In accordance with Debtors' books and records, no Class 3 Claims exist. To the extent that such Claims have been or will be asserted and Allowed, Class 3 Claims will be Unimpaired and not entitled to vote on the Plan. In full satisfaction of an Allowed Other Secured Claim, on the later of the Effective Date and the date on which the Other Secured Claim is Allowed, each holder of an Allowed Other Secured Claim shall receive, at the sole and exclusive option of the Plan Sponsors: (i) Cash equal to the amount of such Claim; (ii) return of the underlying collateral related to their Claims; or (iii) treatment of such Allowed Other Secured Claim in any other manner that renders the Claim Unimpaired, including Reinstatement.

d. **General Unsecured Claims (Class 4).**

Class 4 is Impaired and entitled to vote on the Plan. This Class consists of all General Unsecured Claims, including Class 5 and 6 Refund Claims of Residents who OPT OUT of the Lifespace Settlement and the releases under Section 8 of the Plan, and including vendor claims of approximately \$1,500,000, the Bond Deficiency Claim and the Lifespace Resident Claim. Allowed General Unsecured Claims shall be paid a Pro Rata share of the Litigation Trust Proceeds. Holders of Allowed General Unsecured Claims are estimated to receive Distributions ranging from 0% to 50% of their Allowed General Unsecured Claims, depending on the outcome of the Landlord Litigation and the liquidation of other Litigation Trust Assets.

e. **Participating Former Resident Refund Claims (Class 5).**

Class 5 is Impaired and entitled to vote on the Plan. This Class consists of the Refund Claims of Participating Former Residents, who, for the avoidance of doubt, no longer reside at Edgemere as of the Voting Record Date. The Residency Agreements of Former Residents shall be rejected, and the holders of Allowed Class 5 Claims who OPT OUT of the Lifespace Settlement and the releases under Section 8 of the Plan shall receive a Class 4 General Unsecured Claim in an amount equal to their Refund Claim. Former Residents who do not OPT OUT of the Lifespace Settlement and the releases under Section 8 of the Plan (i.e. Participating Former Residents) shall receive Cash from the Residents Trust within sixty (60) days of the Refund Trigger Date in an amount equal to their Refund Claim.

f. **Participating Current Resident Refund Claims (Class 6).**

Class 6 is Impaired and entitled to vote on the Plan. This Class consists of the Refund Claims of Participating Current Residents, who, for the avoidance of doubt, reside at Edgemere, as of the Voting Record Date. The Residency Agreements of Current Residents shall be rejected, and the holders of Allowed Class 6 Claims who OPT OUT of the Lifespace Settlement and the releases under Section 8 of the Plan shall receive a Class 4 General Unsecured Claim in an amount equal to their Refund Claim. Current Residents who do not OPT OUT of the Lifespace Settlement and the releases under Section 8 of the Plan (i.e. Participating Current Residents) shall receive payment of their Refund Claim from the Residents Trust within sixty (60) days of the Refund Trigger Date in an amount equal to their Refund Claim.

g. **Intercompany Claims (Class 7).**

Class 7 is Impaired and not entitled to vote on the Plan. This Class consists of all Claims held by Lifespace against the Debtors. Class 7 Claims shall be waived and released and Lifespace, as holder of such Claims, shall receive no Distribution on account of Class 7 Claims.

h. **Interest in Debtors (Class 8).**

Class 8 is Impaired and deemed to reject the Plan. This Class consists of Interests of Lifespace in the Debtors, which Interests shall be terminated on the Effective Date.

4. Subordinated Claims.

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective Distributions and treatments under the Plan take into account the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, Bankruptcy Code section 510(b), or otherwise. For purposes of Bankruptcy Rule 7001(8), the Plan provides for subordination. The Litigation Trustee, as set forth herein, shall have the right to subordinate any Claim in accordance with any contractual, legal, or equitable subordination relating thereto under the Bankruptcy Code as long as such treatment is consistent with the terms of the Litigation Trust Agreement. Subordinated Claims shall not receive a Distribution under the Plan until any and all senior Allowed Claims are paid in full.

B. Cramdown.

If all applicable requirements for confirmation of the Plan are met as set forth in Bankruptcy Code section 1129(a) except subsection (8) thereof, the Plan Sponsors shall request that the Bankruptcy Court confirm the Plan in accordance with Bankruptcy Code section 1129(b) on the bases that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims or Interests that is Impaired hereunder, and has not accepted or is deemed to reject, the Plan.

C. Means for Implementation of the Plan.

1. Sale Transaction.

a. Sale Transaction. Consistent with the Asset Purchase Agreement, substantially all of the property in the Estates shall be sold to the Purchaser (including such Purchaser to be identified as the winning bidder following an Auction), free and clear of all Liens, Claims, charges or other encumbrances pursuant to section 1123(a)(5)(D) of the Bankruptcy Code, with all such Liens, Claims, charges or other encumbrances attaching automatically to the Net Sale Proceeds in the same manner, extent, validity and priority as existed on the Closing Date, with the Net Sale Proceeds to be distributed pursuant to the Plan; provided, however, that ad valorem personal property tax liens arising and attaching to the subject property by operation of law on January 1, 2023 shall remain attached to the Assets and ad valorem personal property taxes for tax year 2023 shall be the responsibility of the Purchaser, subject to being Pro Rated pursuant to Section 2.6 of the Asset Purchase Agreement and subject to any defenses available under applicable Texas Law; the Taxing Authorities shall retain the right to enforce their liens and take all actions provided by applicable Texas Law. An initial Purchaser has been identified, whose purchase offer in the amount of \$48.5 million (subject to the adjustments in the Asset Purchase Agreement) is subject to higher and better bids. If a competing qualified bid is received by January 13, 2023 at 4:00 p.m. (prevailing Central Time), an Auction shall be held on January 17, 2023 at 10:00 a.m. (prevailing Central Time) to determine the ultimate Purchaser. Upon the Closing of the Sale Transaction, all Net Sale Proceeds therefrom after payments required under the Plan to pay any unpaid Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Dallas County Claim, Diminution Claim and the U.S. Trustee Fees, shall be

paid to the Trustee for Distribution to holders of Original Bonds, pursuant to the terms of the Original Bond Documents.

b. Monthly Rental Agreements. The Asset Purchase Agreement contemplates the rejection of all Residency Agreements, provided that, subject to regulatory approvals and/or requirements, any Purchaser shall offer to all Current Residents a monthly rental agreement which shall provide similar services to Current Residents as provided prior to the Closing Date.

c. Transition to Purchaser. The Asset Purchase Agreement contemplates both the rejection of the Management Agreement, and the Purchaser receiving all regulatory approvals to operate the Purchased Assets at or prior to the Closing Date. Prior to the Closing Date, the Debtors and Lifespace shall provide prompt and reasonable assistance in connection with the approval or implementation of the Asset Purchase Agreement or any ancillary agreements, including, without limitation, providing information in connection with Purchaser's seeking of regulatory approvals necessary to own and operate the Community.

d. [Injunction Against Solicitation. The Asset Purchase Agreement contemplates that the Purchaser will continue to operate the Community as a senior living community. In consideration for being a Released Party, Lifespace, on behalf of itself and any of its affiliates, subsidiaries, representatives, or agents, agrees that, without the prior written consent of Purchaser, (i) from the Confirmation Date and until the second anniversary of the Effective Date, Lifespace shall not hire or solicit for employment any individual that was an employee of the Community at any time from November 2, 2022 to the Effective Date; provided, however, Lifespace shall not be prohibited from hiring any individual that responds to a general public solicitation made by Lifespace regarding employment opportunities that is not specifically targeted at such persons, and (ii) shall not solicit by direct contact (as opposed to marketing to the public generally) any individuals that are or were Residents of the Community at any time from November 2, 2022 to the Closing Date for movement or relocation to any other senior living community located in Texas; provided, however, Lifespace shall not be prohibited from responding to any direct inquiry from a Resident regarding potential movement or relocation to such other senior living community in Texas.]¹⁰

e. Transfer of Assets to Litigation Trust. On the Effective Date, all of the Estates' assets not sold in the Sale Transaction shall be transferred to the Litigation Trust and administered as set forth more fully below.

2. Creation of the Litigation Trust and Appointment of the Litigation Trustee and Litigation Trust Oversight Committee.

Upon the Plan Effective Date, a Litigation Trust will be formed, into which various Causes of Action of the Debtors, including all Retained Causes of Action, shall be transferred. The Litigation Trust shall commence, pursue and liquidate all of the Litigation Trust Assets, including the Landlord Litigation, for the benefit of holders of Litigation Trust Interests. Holders of Litigation Trust Interests shall consist of Holders of an Allowed General Unsecured Claim.

¹⁰ The Purchaser has requested this provision.

a. Creation of the Litigation Trust. On or prior to the Effective Date, the Debtors shall execute the Litigation Trust Agreement. On the Effective Date, the Litigation Trust shall become effective and shall be deemed to be valid, binding and enforceable in accordance with the terms and provisions of the Plan and the Litigation Trust Agreement. After the Effective Date, the Litigation Trust Agreement may be amended in accordance with its terms without further order of the Bankruptcy Court. The Litigation Trust Agreement shall be satisfactory in form and substance to the Plan Sponsors.

b. Purpose of the Litigation Trust. The Litigation Trust shall be established for the purposes of (i) liquidating any non-Cash Litigation Trust Assets; (ii) maximizing recovery of the Litigation Trust Assets for the benefit of the holders of Litigation Trust Interests; (iii) distributing the proceeds of the Litigation Trust Assets to holders of the Litigation Trust Interests in accordance with the Plan and the Litigation Trust Agreement, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary for, and consistent with, the liquidating purpose of the Litigation Trust; (iv) prosecuting or otherwise resolving the Retained Causes of Action for the benefit of the holders of the Litigation Trust Interests; and (v) winding down the Chapter 11 Cases as provided in the Plan.

c. Funding of the Litigation Trust. On the Effective Date, Cash in the amount of \$500,000 will be funded Pro Rata by the Trustee and Lifespace. The Cash will be set aside for the sole purpose of paying Litigation Trust Expenses to be incurred by the Litigation Trust.

d. Transfer of Litigation Trust Assets to the Litigation Trust. As of the Effective Date, pursuant to the provisions of sections 1141(b) and (c) of the Bankruptcy Code, the Debtors and the Estates shall preserve, transfer and assign all of their respective right, title and interest in and to all of the Litigation Trust Assets, which shall automatically vest in the Litigation Trust free and clear of all Claims, Liens, encumbrances, charges, Interests and other interests, subject only to the Allowed Claims of the holders of Litigation Trust Interests as set forth in the Plan and in the Litigation Trust Agreement.

e. Appointment of the Litigation Trustee. On the Effective Date, the Litigation Trustee shall be deemed the Estates' representative solely with respect to the Litigation Trust Assets in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in the Plan and Litigation Trust Agreement solely with respect to the Litigation Trust Assets, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Bankruptcy Rule 2004.

f. Governance of Litigation Trust. The Litigation Trust shall be governed by the Litigation Trust Agreement and administered by the Litigation Trustee who shall report to the Litigation Trust Oversight Committee in accordance with the terms of the Plan and the Litigation Trust Agreement.

g. Tax Treatment. Except to the extent allocable to Disputed Claims, consistent with the principles of Revenue Procedure 94-45, 1994-2 C.B. 684, as of the Effective Date, for federal income tax purposes, (i) the Debtors will be deemed to transfer the Litigation Trust Assets to the holders of the Litigation Trust Interests, (ii) the holders of the Litigation Trust Interests will be deemed to transfer such Assets to the Litigation Trust, (iii) the Litigation Trust

will be treated as a “liquidating trust,” as defined in Treasury Regulation section 301.7701-4(d), and as a “grantor trust” within the meaning of Internal Revenue Code sections 671-679 and (iv) the holders of the Litigation Trust Interests will be treated as the “grantors” of the Litigation Trust.

h. Securities Registration Exemption. The Plan Sponsors intend that the Litigation Trust Interests shall not be deemed “securities” under applicable laws, but to the extent such units are deemed to be “securities,” the Plan Sponsors believe the issuance of such units under the Plan is exempt, pursuant to section 1145 of the Bankruptcy Code (except with respect to an entity that is an “underwriter” as defined in section 1145(b) of the Bankruptcy Code).

i. Rights, Powers and Duties of the Litigation Trust and the Litigation Trustee. The Litigation Trustee will act for the benefit of holders of Litigation Trust Interests in a fiduciary capacity and shall have comparable authority as a bankruptcy trustee of the Debtors, as the exclusive representative of the Estates under section 1123(a)(5)(B) of the Bankruptcy Code or any corresponding federal or state laws with respect to the Litigation Trust Assets and shall succeed to all of the Debtors’ and the Estates’ rights with respect thereto, subject to the provisions of the Plan and the Litigation Trust Agreement. The Litigation Trust is the successor to the Debtors and their Estates. The powers, rights and duties of the Litigation Trustee shall arise on the Effective Date and shall include, all subject to the terms and conditions of the Litigation Trust Agreement, the following:

- i. commencing, pursuing and liquidating all of the Litigation Trust Assets;
- ii. engaging attorneys, consultants, agents, employees and any other professional persons to assist the Litigation Trustee with respect to the Litigation Trustee’s responsibilities;
- iii. paying the fees and expenses of the attorneys, consultants, agents, employees and other professional persons engaged by the Litigation Trust and paying all other expenses;
- iv. compromising and settling Claims without notice or Bankruptcy Court approval;
- v. calculating and implementing Distributions of Litigation Trust Assets for the benefit of the holders of the Litigation Trust Interests;
- vi. resolving issues involving Claims and Interests in accordance with the Plan;
- vii. consulting with members of the Litigation Trust Oversight Committee regarding the prosecution and/or settlement of Retained Causes of Action and reporting to the Litigation Trust Oversight Committee regarding such matters, and seeking approval from the Litigation Trust Oversight Committee regarding the prosecution and/or settlement of each Cause of Action, to the extent set forth in the Litigation Trust Agreement;

- viii. investing Cash in accordance with section 345 of the Bankruptcy Code, and withdrawing and making Distributions of Cash to holders of Litigation Trust Interests holding and paying taxes and other obligations incurred by the Litigation Trustee in connection with winding down the Estates in accordance with the Plan;
- ix. coordinating the turnover of property, if any, subject to rejected executory contracts or abandonment or liquidation of any Litigation Trust Assets;
- x. taking possession of all books, records, and files of the Debtors and their Estates; and providing for the retention and storage of such books, records, and files until such time as the Litigation Trust determines, in accordance with the Litigation Trust Agreement, that retention of same is no longer necessary or required;
- xi. overseeing compliance with the accounting, finance and reporting obligations;
- xii. paying taxes or other obligations incurred by the Litigation Trust;
- xiii. preparing financial statements and U.S. Trustee post-confirmation quarterly reports, and filing such reports on the docket of the Chapter 11 Cases until such time as a final decree has been entered;
- xiv. overseeing the filing of final tax returns, refund requests, audits and other corporate dissolution documents, as required;
- xv. performing any additional corporate actions as necessary to carry out the wind down and liquidation of the Estates;
- xvi. exercising such other powers as may be vested in or assumed by the Litigation Trustee pursuant to the Plan, the Litigation Trust Agreement or other Order of the Bankruptcy Court or as may be needed or appropriate to carry out the provisions of the Plan; and
- xvii. undertaking all administrative functions of the Chapter 11 Cases, including the payment of fees payable to the U.S. Trustee and the ultimate closing of the Chapter 11 Cases..

j. Litigation Trust Interests. Holders of Allowed General Unsecured Claims shall, by operation of the Plan, receive a Pro Rata share of the Litigation Trust Interests in accordance with the terms of and priorities set forth in the Plan. Litigation Trust Interests shall also be reserved for holders of Disputed Claims which, if Allowed, would be entitled to participate in Distributions from the Litigation Trust, and such reserved Litigation Trust Interests shall be held by the Litigation Trustee pending allowance or disallowance of such Claims. No other Person shall have any interest, legal, beneficial or otherwise, in the Litigation Trust Assets upon the assignment and transfer of such assets to the Litigation Trust. As set forth in the Litigation Trust

Agreement, Distributions from the Litigation Trust on account of Litigation Trust Interests shall be made from the Litigation Trust Assets after paying, reserving against or satisfying, among other things, the Litigation Trust Expenses. The Litigation Trust Interests shall be uncertificated and shall be nontransferable except upon death of the holder or by operation of law. Holders of Litigation Trust Interests shall have no voting rights with respect to such interests.

k. Pending Adversary Proceedings. Without the need for filing any motion for such relief, in connection with the Litigation Trust Assets, the Litigation Trust or the Litigation Trustee (as applicable) hereby shall be deemed substituted for the applicable Debtor (i) in all pending matters including, but not limited to, motions, contested matters and adversary proceedings in the Bankruptcy Court; and (ii) with respect to any Retained Causes of Action pending before the Bankruptcy Court or any other court.

l. Preservation of Right to Conduct Investigations. The preservation for the Litigation Trust of any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 is necessary and relevant to the liquidation and administration of the Litigation Trust Assets. Accordingly, any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 held by the Debtors prior to the Effective Date shall vest with the Litigation Trust and shall continue until dissolution of the Litigation Trust.

3. Creation of the Residents Trust and Appointment of the Residents Trust Trustee and Residents Trust Oversight Committee.

Upon the Plan Effective Date, a Residents Trust will be formed. The Residents Trust shall receive and distribute the Lifespace Resident Contributions pursuant to the terms of the Lifespace Settlement and Contribution Agreement, the Plan and the Residents Trust Agreement. Holders of Residents Trust Interests shall consist of Participating Former Residents and Participating Current Residents.

a. Creation of the Residents Trust. On or prior to the Effective Date, the Committee and the Debtors shall execute the Residents Trust Agreement. On the Effective Date, the Residents Trust shall become effective and shall be deemed to be valid, binding and enforceable in accordance with the terms and provisions of the Plan and the Residents Trust Agreement. After the Effective Date, the Residents Trust Agreement may be amended in accordance with its terms without further order of the Bankruptcy Court. The Residents Trust Agreement shall be satisfactory in form and substance to the Committee and Lifespace.

b. Purpose of the Residents Trust. The Residents Trust shall be established for the purposes of (i) receiving the Lifespace Resident Contributions and the Estates' rights to enforce the terms of the Lifespace Settlement and Contribution Agreement; and (ii) distributing the proceeds of the Residents Trust Assets to Participating Former Residents and Participating Current Residents in accordance with the terms of the Plan and the Residents Trust Agreement. The trustee of the Residents Trust (the "**Residents Trust Trustee**") will act for the benefit of holders of Residents Trust Interests in a fiduciary capacity. Holders of Residents Trust Interests shall consist of Holders of Participating Former Residents and Participating Current Residents. Holders of Residents Trust Interests shall receive a distribution from the Residents Trust in accordance with the terms of the Plan and the Residents Trust Agreement.

c. Funding of the Residents Trust. Residents Trust expenses incurred by the Residents Trust shall be paid from Residents Trust Assets.

d. Transfer of Rights under the Lifespace Settlement and Contribution Agreement to the Residents Trust. As of the Effective Date, pursuant to the provisions of sections 1141(b) and (c) of the Bankruptcy Code, the Debtors and the Estates shall preserve, transfer and assign all of their respective right, title and interest in and under the Lifespace Settlement and Contribution Agreement, which shall automatically vest in the Residents Trust and Residents Trust Trustee free and clear of all Claims, Liens, encumbrances, charges, Interests and other interests, subject only to the Allowed Claims of the holders of Residents Trust Interests as set forth in the Plan and in the Residents Trust Agreement.

e. Appointment of the Residents Trust Trustee. On the Effective Date, the Residents Trust Trustee shall be appointed by a three-member committee appointed by the Committee (the “**Residents Trust Oversight Committee**”) and shall be deemed the Estates’ representative solely with respect to the Residents Trust Assets in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in the Plan and Residents Trust Agreement solely with respect to the Residents Trust Assets, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Bankruptcy Rule 2004.

f. Governance of Residents Trust. The Residents Trust shall be governed by the Residents Trust Agreement and administered by the Residents Trust Trustee who shall report to the Residents Trust Oversight Committee in accordance with the terms of the Plan and the Residents Trust Agreement.

g. Tax Treatment. Except to the extent allocable to Disputed Claims, consistent with the principles of Revenue Procedure 94-45, 1994-2 C.B. 684, as of the Effective Date, for federal income tax purposes, (i) the Debtors will be deemed to transfer the Residents Trust Assets to the holders of the Residents Trust Interests, (ii) the holders of the Residents Trust Interests will be deemed to transfer such Assets to the Residents Trust, (iii) the Residents Trust will be treated as a “liquidating trust,” as defined in Treasury Regulation section 301.7701-4(d), and as a “grantor trust” within the meaning of Internal Revenue Code sections 671-679 and (iv) the holders of the Residents Trust Interests will be treated as the “grantors” of the Residents Trust.

h. Securities Registration Exemption. The Plan Sponsors intend that the Residents Trust Interests shall not be deemed “securities” under applicable laws, but to the extent such units are deemed to be “securities,” the Plan Sponsors believe the issuance of such units under the Plan is exempt, pursuant to section 1145 of the Bankruptcy Code (except with respect to an entity that is an “underwriter” as defined in section 1145(b) of the Bankruptcy Code).

i. Rights, Powers and Duties of the Residents Trust and the Residents Trust Trustee. The Residents Trust Trustee will act for the benefit of holders of Residents Trust Interests in a fiduciary capacity and shall have comparable authority as a bankruptcy trustee of the Debtors, as the exclusive representative of the Estates under section 1123(a)(5)(B) of the Bankruptcy Code or any corresponding federal or state laws with respect to the Residents Trust Assets and shall succeed to all of the Debtors’ and the Estates’ rights with respect thereto, subject to the provisions

of the Plan and the Residents Trust Agreement. The Residents Trust is the successor to the Debtors and their Estates. The powers, rights and duties of the Residents Trust Trustee shall arise on the Effective Date and shall include, all subject to the terms and conditions of the Residents Trust Agreement, the following:

- i. engaging attorneys, consultants, agents, employees and any other professional persons to assist the Residents Trust Trustee with respect to the Residents Trust Trustee's responsibilities;
- ii. paying the fees and expenses of the attorneys, consultants, agents, employees and other professional persons engaged by the Residents Trust and paying all other expenses;
- iii. calculating and implementing Distributions of Residents Trust Assets for the benefit of the holders of the Residents Trust Interests;
- iv. consulting with members of the Residents Trust Oversight Committee regarding the administration of the Residents Trust pursuant to the terms of the Plan and the Lifespace Settlement and Contribution Agreement;
- v. investing Cash in accordance with section 345 of the Bankruptcy Code, and withdrawing and making Distributions of Cash to holders of Residents Trust Interests holding and paying taxes and other obligations incurred by the Residents Trust Trustee in connection with winding down the Estates in accordance with the Plan;
- vi. overseeing compliance with the accounting, finance and reporting obligations;
- vii. paying taxes or other obligations incurred by the Residents Trust; and
- viii. exercising such other powers as may be vested in or assumed by the Residents Trust Trustee pursuant to the Plan, the Residents Trust Agreement or other Order of the Bankruptcy Court or as may be needed or appropriate to carry out the provisions of the Plan.

j. Residents Trust Interests. Holders of Allowed Class 5 and 6 Claims that do not OPT OUT of the Lifespace Settlement and the releases under Section 8 of the Plan shall, by operation of the Plan, receive a Pro Rata share of the Residents Trust Interests in accordance with the terms of and priorities set forth in the Plan. Residents Trust Interests shall also be reserved for holders of Disputed Claims which, if Allowed, would be entitled to participate in Distributions from the Residents Trust, and such reserved Residents Trust Interests shall be held by the Residents Trust Trustee pending allowance or disallowance of such Claims. No other Person shall have any interest, legal, beneficial or otherwise, in the Residents Trust Assets upon the assignment and transfer of such assets to the Residents Trust. As set forth in the Residents Trust Agreement, Distributions from the Residents Trust on account of Residents Trust Interests shall be made from

the Residents Trust Assets after paying, reserving against or satisfying, among other things, the Residents Trust Expenses. The Residents Trust Interests shall be uncertificated and shall be nontransferable except upon death of the holder or by operation of law. Holders of Residents Trust Interests shall have no voting rights with respect to such interests.

4. Entrance Fee Escrow.

As of the Petition Date, the Entrance Fee Escrow held \$15,844,326. As of October 31, 2022, the Entrance Fee Escrow balance held for the benefit of Residents, which excludes interest earned, is \$16,494,326. Within ten (10) days of the Effective Date, funds in the Entrance Fee Escrow shall be returned to those respective Residents that deposited such funds, pursuant to the terms of the Escrow Agreement.

5. Section 1146 Exemption from Certain Taxes and Fees.

Pursuant to Bankruptcy Code section 1146(a), any transfer of property and any issuance, transfer, or exchange of a security in connection with or pursuant to the Plan shall not be subject to any stamp, mortgage recording, or other similar tax, charge, or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax, charge, or governmental assessment and, as applicable, to accept for filing and recordation instruments or other documents pursuant to such transfer of property or to permit the issuance, transfer, or exchange of a security without the payment of any such tax, charge, or governmental assessment. Such exemption specifically applies, without limitation, to (i) the sale of the Assets pursuant to the Asset Purchase Agreement effectuated under the Plan; (ii) the creation and recordation of any mortgage, deed of trust, lien, or other security interest; (iii) the making or assignment of any lease or sublease; and (iv) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; or (d) assignments executed in connection with any transaction occurring under the Plan.

6. Preservation of Causes of Action of the Debtors.

In accordance with Bankruptcy Code section 1123(b), and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, the Exculpated Claims against the Exculpated Parties and the Debtor Released Claims against the Released Parties), the Litigation Trustee shall be vested with the authority to enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtors, whether arising before or after the Petition Date, and the Litigation Trustee's right(s) to commence, prosecute, or settle such Causes of Action shall be consistent with the terms of the Litigation Trust Agreement. The Litigation Trustee is the sole party that may pursue such Causes of Action, as appropriate, in accordance with the best interests of the holders of the Litigation Trust Interests. No Person may rely on the absence of a specific reference in the Plan or this Disclosure Statement to any Cause of Action against such Person as any indication that the Debtors or the Litigation Trustee, as applicable, will not pursue any and all available Causes of Action against such Person. Except with respect to Causes of Action as to which the Debtors have released any Person on or before the Effective Date (including pursuant to the Releases by the Debtors or otherwise), the Litigation Trustee, as applicable,

expressly reserves all rights to prosecute any and all Causes of Action of the Debtors against any Person, except as otherwise expressly provided in the Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or by an order of the Bankruptcy Court, the Litigation Trustee expressly reserves all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation or consummation of the Plan. For the avoidance of doubt, nothing in Section 4.7 of the Plan shall affect the “Releases by the Debtors” provided in Section 8.2 of the Plan.

D. Assumption and Rejection of Executory Contracts and Unexpired Leases.

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions or rejections of such Executory Contracts or Unexpired Leases as set forth in the Plan or the Plan Supplement, all pursuant to Bankruptcy Code sections 365(a) and 1123. Unless otherwise indicated, all assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Closing Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order and assigned to a Purchaser shall vest in and be fully enforceable by the Purchaser in accordance with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in the Plan, the Plan Sponsors reserve the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Plan Supplement at any time before the Effective Date. After the Effective Date, the Purchaser shall have the right to terminate, amend, or modify any contracts, leases, or other agreements without approval of the Bankruptcy Court, subject to the terms thereof. For the avoidance of doubt, Section 5 of the Plan shall apply to all Executory Contracts and Unexpired Leases except as otherwise provided herein and to the extent addressed and decided by an order of the Bankruptcy Court.

1. Rejection of Residency Agreements.

On the Closing Date and as set forth in the Asset Purchase Agreement, the Debtors shall reject the Residency Agreements of all Residents. Any Current Resident that desires to remain at the Community may do so, subject to regulatory approvals and/or requirements, by entering into a new monthly rental agreement which agreements will provide similar services to such Current Resident as provided under their prior Residency Agreement.

Notwithstanding anything herein to the contrary, for the sake of clarity and to avoid confusion, upon the rejection of the Residency Agreements, the holders of Refund Claims (the “**Resident Claimants**”) are not required to file Rejection Claims if such Resident Claimants agree with the proposed amount of the respective Resident Claimant’s Refund Claim, as set forth in the Resident Claim Cover Letter accompanying the Resident Claimant’s Ballot. Unless an additional Rejection Claim is filed by any Resident Claimants, all Resident Claimants shall be deemed to hold Allowed Class 5 or Class 6 Claims (unless they OPT OUT of the Lifespace Settlement and the releases under Section 8 of the Plan, in which case they would hold Allowed Class 4 Claims) in the amount of their Refund Claim, as set forth in the Resident Claim Cover Letter accompanying each Resident Claimant’s respective Ballot and/or solicitation materials, without the need to file a Rejection Claim for such Refund Claim. If any Resident Claimants disagree with the amount of

their respective Refund Claim, as set forth in the Resident Claim Cover Letter accompanying each Resident Claimant's respective Ballot, then the Resident Claimants shall be required to file a Rejection Claim on or before the Rejection Damages Bar Date.

2. Assumption and Rejection of Executory Contracts and Unexpired Leases; Cure Provisions.

Any provisions or terms of the Debtors' Executory Contracts or Unexpired Leases to be assumed under the Sale Transaction that are, or may be, alleged to be in default, shall be satisfied solely by cure or by a waiver of cure agreed upon between the Purchaser and the applicable counterparty. Except with respect to Executory Contracts or Unexpired Leases in which the Purchaser and the applicable counterparties have stipulated in writing to payment of cure or with respect to Residency Agreements or the Ground Lease, the following procedures shall be established for determining cure with respect to the proposed assumed Executory Contracts or Unexpired Leases (the "**Proposed Assumed Contracts**"):

a. Within five (5) days after entry of the Bidding Procedures Order, the Plan Sponsors will file with the Bankruptcy Court and serve a notice to the counterparties to Executory Contracts and Unexpired Leases, other than Residents that are party to a Residency Agreement as of the Petition Date (each, a "**Non-Resident Contract Counterparty**"), setting forth the Plan Sponsors' calculation of each Non-Resident Contract Counterparty's cure amount, if any, that would be owing to such Non-Resident Contract Counterparty if the Debtors were to assume or assume and assign such Executory Contract or Unexpired Lease, and alerting such Non-Resident Contract Counterparty that its agreement may be assumed and assigned to the Purchaser (the "**Cure and Possible Assumption and Assignment Notice**"). Any Non-Resident Contract Counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice, must file an objection (a "**Cure Objection**") no later than December 19, 2022 at 4:00 p.m. (prevailing Central Time), which Cure Objection must be served on the following by e-mail: (a) counsel for the Initial Plan Sponsors, Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (b) RBC Capital Advisors, David Fields, david.fields@rbccm.com; (c) counsel for the Debtors, Trinitee G. Green, tggreen@polsinelli.com and Jeremy Johnson, Jeremy.johnson@polsinelli.com, and (d) counsel for the Committee, Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark Moore, mmoore@foley.com (collectively, the "**Notice Parties**").

b. If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party will be forever barred from objecting to the proposed cure amount. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Plan Sponsor are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtors' ability to assign the agreement to the Purchaser, will be determined at the Confirmation Hearing.

c. After the conclusion of the Auction, the Plan Sponsors shall file with the Bankruptcy Court and serve on the Notice Parties and Contract Counterparties a further notice (the "**Assumption Notice**") identifying the Purchaser, stating which Executory Contracts or Unexpired

Leases may be assumed and assigned to the Purchaser, and providing such Contract Counterparties with the Purchaser's assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance or assumption and/or assignment of its Executory Contract or Unexpired Lease set forth in the Assumption Notice must file an objection with the Bankruptcy Court (a "**Contract Objection**") and serve the Contract Objection on the Notice Parties prior to the Confirmation Hearing. If a Contract Counterparty does not file a Contract Objection prior to the Confirmation Hearing, such party will be forever barred from objecting to the adequacy of the assurance to be provided by the Purchaser and assumption and assignment to the Purchaser. Where a Contract Counterparty files a Contract Objection prior to the Confirmation Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Purchaser or raised issues regarding the potential assumption and assignment will be determined at the Confirmation Hearing.

d. For the avoidance of doubt, this section does not address Residency Agreements although the Residency Agreements are Executory Contracts. As provided above, any Purchaser must provide detail regarding the treatment of Residency Agreements with the Debtors' Current Residents. To the extent a potential Purchaser includes the assumption of the Residency Agreements, the potential Purchaser will be required to satisfy the related cure costs and provide adequate assurance of future performance. The Assumption Notice shall include a description of the Purchaser's proposed treatment of Residency Agreements.

e. Except as specified herein, assumption or assumption and assignment of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults on the part of the Debtors or the Estates, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed or assumed and assignment Executory Contract or Unexpired Lease at any time prior to the effective date of assumption or assumption and assignment. Unless assumed and assigned under the Asset Purchase Agreement, on the Closing Date the Debtors shall reject all Executory Contracts and Unexpired Leases. Resulting Rejection Claims will be treated as Class 4 General Unsecured Claims.

3. Assumption of the Ground Lease.

On the Closing Date and as set forth in the Asset Purchase Agreement, the Ground Lease shall be assumed, subject to the rights of the Litigation Trustee as set forth in the Plan and assigned to the Purchaser. The Landlord shall have an Allowed Administrative Claim for the amounts due and owing from the Petition Date through the Effective Date, subject to final approval of the Bankruptcy Court and the rights of parties in interest to challenge the asserted Administrative Claim amount. Nothing herein shall be construed as a waiver of the Litigation Trustee, the Plan Sponsors, the Committee or any third parties to pursue any and all Claims against the Landlord. The issues concerning the cure and the adequate assurance of future performance with respect to the Ground Lease shall be governed by the Bidding Procedures Order. The cure amount associated with the Ground Lease shall be funded from the Net Sale Proceeds into the Cure Escrow pending further order of the Bankruptcy Court as to the Allowed amount of such cure amount, with any balance following such order being distributed to the Trustee for distribution to holders of Bond Claims.

4. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed no later than the Rejection Damages Bar Date; *provided, that* any such Claims arising from the rejection of an Unexpired Lease shall be subject to the cap on rejection damages imposed by Bankruptcy Code section 502(b)(6). Any Claims arising from the rejection of an Executory Contract or Unexpired Lease that is not timely filed with the Bankruptcy Court (other than Refund Claims) will be automatically disallowed and forever barred from assertion and shall not be enforceable against the Debtors, the Estates, or the Debtors' property, without the need for any objection by any party or further notice to, action by, or order or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases, other than with respect to Resident Claimants, shall be classified as Class 4 General Unsecured Claims and shall be treated in accordance with the Plan.

5. Insurance Policies.

Notwithstanding anything herein to the contrary, as of the Closing Date, and unless specifically rejected by the Purchaser, the Debtors shall assume all of the Insurance Policies, including director and officer and general liability policies, identified by the Plan Sponsors in the Plan Supplement pursuant to Bankruptcy Code section 365(a). Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the Insurance Policies.

6. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated, or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtors.

7. Reservation of Rights.

Nothing contained in the Plan or the Plan Supplement shall constitute an admission that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtors have any liability thereunder.

8. Nonoccurrence of Effective Date.

If the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases under Bankruptcy Code section 365(d)(4), unless such deadline(s) have expired.

E. Conditions Precedent to Confirmation and the Effective Date.

1. Conditions Precedent to Confirmation.

It shall be a condition precedent to the confirmation of the Plan, such that the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived pursuant to the provisions of the Plan:

a. The proposed Confirmation Order shall be in form and substance reasonably satisfactory in all respects to the Plan Sponsors, Lifespace and the Purchaser; and

b. The Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto shall be, in form and substance acceptable in all respects to the Plan Sponsors and Lifespace.

2. Conditions Precedent to the Effective Date.

It shall be a condition precedent to the Effective Date that each of the following provisions, terms, and conditions shall have been satisfied or waived pursuant to the provisions of the Plan:

a. The Bankruptcy Court shall have entered the Confirmation Order containing findings of fact and conclusions of law satisfactory to the Plan Sponsors, Lifespace and Purchaser, which Confirmation Order shall not be subject to any stay, and which Confirmation Order shall include or provide, among other things:

i. all provisions, terms and conditions of the Plan and related documents are approved; and

ii. all Executory Contracts or Unexpired Leases assumed and assigned by the Debtors during the Chapter 11 Cases including under the Plan shall remain in full force and effect for the benefit of the Purchaser or their assignee(s) notwithstanding any provision in such contract or lease (including those described in Bankruptcy Code sections 365(b)(2) and (f)) that prohibits such assignment or transfer or that enables, permits, or requires termination of such contract or lease;

b. The Bankruptcy Court shall have entered a Final Order approving this Disclosure Statement as containing adequate information within the meaning of Bankruptcy Code section 1125;

c. On the occurrence of the Effective Date, the conditions to effectiveness of the Sale Transaction shall have been satisfied or waived and the Closing Date has occurred;

d. All actions, documents, certificates, and agreements necessary to implement the Plan, including, without limitation, the Asset Purchase Agreement and documents related to the Sale Transaction, shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws;

e. All payments and transfers to be made on the Effective Date shall be made or duly provided for;

f. All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained; and

g. All other actions, documents and agreements necessary to implement the Plan shall be in form and substance acceptable to the Plan Sponsors, and shall have been effected or executed.

3. Effect of Failure of Conditions.

If the Effective Date does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or this Disclosure Statement shall: (i) constitute a waiver or release of any claims by the Plan Sponsors or Claims by or against the Debtors or Lifespace; (ii) prejudice in any manner the rights of the Plan Sponsors, any holders of Claims, or any other Person; or (iii) constitute an admission, acknowledgment, offer, or undertaking by the Plan Sponsors or any other Person in any respect.

F. Effect of Confirmation.

1. Compromise and Settlement of Claims, Interests and Controversies.

Pursuant to Bankruptcy Code section 1123 and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, including with respect to any challenges to the Bond Claims, or any Distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Code section 363 and Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Litigation Trustee may compromise and settle Claims against the Debtors and Causes of Action against other Persons.

2. Releases by the Debtors.

PURSUANT TO BANKRUPTCY CODE SECTION 1123(B), AS OF THE EFFECTIVE DATE, AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN

THE PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE INVESTMENT AND SERVICE OF THE RELEASED PARTIES TO FACILITATE THE EXPEDITIOUS REORGANIZATION OF THE DEBTORS AND THE IMPLEMENTATION OF THE RESTRUCTURING CONTEMPLATED BY THE PLAN, THE RELEASED PARTIES ARE DEEMED RELEASED AND DISCHARGED BY THE DEBTORS, THE REORGANIZED DEBTOR, AND THE ESTATES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, ENFORCEMENT RIGHTS AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT THE DEBTORS, THE REORGANIZED DEBTOR, THE ESTATES, OR THE RELEASED PARTIES WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST, OR OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, REPRESENTATION, OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THIS DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY, OR THE SALE TRANSACTION (COLLECTIVELY, THE “DEBTOR RELEASED CLAIMS”), OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY OR A FORMER OFFICER OR DIRECTOR OF THE DEBTORS THAT CONSTITUTES WILLFUL MISCONDUCT (INCLUDING FRAUD) OR GROSS NEGLIGENCE. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE RELEASE SET FORTH ABOVE DOES NOT RELEASE ANY PARTY WITH POST-EFFECTIVE DATE OBLIGATIONS UNDER THE PLAN OR ANY DOCUMENT, INSTRUMENT, OR AGREEMENT (INCLUDING THE PLAN SUPPLEMENT) EXECUTED TO IMPLEMENT THE PLAN FROM THOSE POST-EFFECTIVE DATE OBLIGATIONS. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE AND THE RESIDENTS TRUST TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE ANY DEBTOR RELEASED CLAIM(S) FOR THE BENEFIT OF ANY PARTY AS SUCH CLAIMS ARE RELEASED PURSUANT TO THE PLAN AND, AS SUCH, DO NOT AND WILL NOT CONSTITUTE LITIGATION TRUST OR RESIDENTS TRUST ASSETS.

3. Releases by Holders of Claims.

AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR THE

CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE REORGANIZED DEBTOR, THE ESTATES, LIFESPACES, THE INITIAL PLAN SPONSORS, AND ALL OTHER RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, ENFORCEMENT RIGHTS, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, REPRESENTATION, OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THE DISCLOSURE STATEMENT, ANY PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY, OR THE SALE TRANSACTION (COLLECTIVELY, "CREDITOR RELEASED CLAIMS"). FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE AND THE RESIDENTS TRUST TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE CREDITOR RELEASED CLAIMS.

4. Exculpation.

UPON THE EFFECTIVE DATE, THE PLAN SPONSORS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THE PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, THE FILING OF THE CHAPTER 11 CASES, THE

PURSUIT OF CONFIRMATION OF THE PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, THE DISTRIBUTION OF PROPERTY UNDER THE PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE AND THE RESIDENTS TRUST TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE ANY CLAIMS DESCRIBED IN SECTION 8 OF THE PLAN AGAINST ANY EXCULPATED PARTY.

5. Discharge of Claims.

PURSUANT TO BANKRUPTCY CODE SECTION 1141(D), AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE BAR DATE ORDER, IN THE PLAN, OR IN ANY CONTRACT, INSTRUMENT, OR OTHER AGREEMENT OR DOCUMENT CREATED PURSUANT TO THE PLAN, THE DISTRIBUTIONS, RIGHTS, AND TREATMENT THAT ARE PROVIDED IN THE PLAN SHALL BE IN FULL AND FINAL SATISFACTION, SETTLEMENT, RELEASE, AND DISCHARGE, EFFECTIVE AS OF THE EFFECTIVE DATE, OF ALL CLAIMS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, WHETHER KNOWN OR UNKNOWN, AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THE PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE, ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THE PLAN. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE

EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN.

6. Injunction.

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THE PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH RIGHTS, CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, RELIEF OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN.

THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN

COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE LITIGATION TRUST, ALL OTHER RELEASED PARTIES AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS, AGENTS AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NO RELEASES OR EXCULPATIONS CONTAINED HEREIN SHALL RELEASE LIFESPACE FROM ITS OBLIGATIONS TO THE RESIDENTS TRUST CONTAINED IN THE LIFESPACE SETTLEMENT AND CONTRIBUTION AGREEMENT, WHICH SHALL BE PRESERVED AND ASSIGNED TO THE RESIDENTS TRUST AND THE RESIDENTS TRUST TRUSTEE PURSUANT TO THE TERMS OF THE PLAN.

7. Protection Against Discriminatory Treatment.

Consistent with Bankruptcy Code section 525 and the Supremacy Clause of the U.S. Constitution, all Persons, including Governmental Units, shall not discriminate against the Litigation Trustee or the Purchaser or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against, the Litigation Trustee, the Purchaser or another Person with whom the Litigation Trustee or Purchaser have been associated, solely because the Debtors have been debtors under Chapter 11, have been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

8. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to Bankruptcy Code sections 105 or 362 or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays contained in the Plan or the Confirmation Order shall be in full force and effect in accordance with their terms.

9. Release of Liens.

Except as otherwise provided in the Plan or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Litigation Trustee. For the avoidance of doubt, except as otherwise provided in the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

G. Modification, Revocation or Withdrawal of the Plan.

1. Modification and Amendments.

Except as otherwise specifically provided herein, the Plan Sponsors reserve the right to modify the Plan and seek confirmation consistent with the Bankruptcy Code and, as appropriate, not re-solicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in Bankruptcy Code section 1127 of the and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Plan Sponsors expressly reserve their rights to alter, amend, or modify materially the Plan one or more times, after confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan or remedy any defect or omission, or reconcile any inconsistencies in the Plan, this Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. For the avoidance of doubt, nothing in Section 10.1 of the Plan shall be deemed to supplant or supersede the requirements of Bankruptcy Rule 3019.

2. Effect of Confirmation on Modifications.

Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to Bankruptcy Code section 1127(a) and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

3. Revocation or Withdrawal of the Plan.

The Initial Plan Sponsors reserve the right to revoke or withdraw the Plan before the Effective Date. If the Initial Plan Sponsors revoke or withdraw the Plan, or if confirmation does not occur, then: (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of any Executory Contract or Unexpired Lease effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (iii) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Plan Sponsors or any other Person; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Plan Sponsors or any other Person.

H. Retention of Jurisdiction.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases and all matters arising out of or related to the Chapter 11 Cases and the Plan, including, without limitation, jurisdiction to:

- i. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;
- ii. decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- iii. resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which any Debtor is party or with respect to which the Debtors may be liable in any manner and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, including Rejection Claims, cure Claims pursuant to Bankruptcy Code section 365, or any other matter related to such Executory Contract or Unexpired Lease, (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed, (iii) the Litigation Trust or Purchaser amending, modifying, or supplementing, after the Effective Date, any Executory Contracts or Unexpired Leases on the list of Executory Contracts and Unexpired Leases to be assumed or rejected, and (iv) any dispute regarding whether a contract or lease is or was executory or unexpired;
- iv. ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

- v. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtors that may be pending on the Effective Date;
- vi. adjudicate, decide, or resolve any and all matters related to any Cause of Action;
- vii. adjudicate, decide, or resolve any and all matters related to the Asset Purchase Agreement;
- viii. adjudicate, decide, or resolve any and all matters related to Bankruptcy Code section 1141;
- ix. resolve any avoidance or recovery actions under Bankruptcy Code sections 105, 502(d), 542 through 551, and 553;
- x. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the consummation of the Plan or any Person's obligations incurred in connection with the Plan;
- xi. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of the Plan;
- xii. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the discharge, releases, injunctions, exculpations, indemnifications, and other provisions contained in the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- xiii. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- xiv. adjudicate any and all disputes arising from or relating to Distributions under the Plan;
- xv. adjudicate any and all disputes arising from or relating to the Lifespace Settlement and Contribution Agreement;
- xvi. consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
- xvii. determine requests for the payment of Claims entitled to priority pursuant to Bankruptcy Code section 507;
- xviii. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

- xix. hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- xx. hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;
- xxi. enforce all orders previously entered by the Bankruptcy Court;
- xxii. hear any other matter not inconsistent with the Bankruptcy Code; and
- xxiii. enter an order concluding or closing the Chapter 11 Cases.

I. Miscellaneous Provisions.

1. Immediate Binding Effect.

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all holders of Claims or Interests (irrespective of whether such holders of Claims or Interests are deemed to have accepted the Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, exculpation, discharges, and injunctions described in the Plan, each Person acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

2. Additional Documents.

On or before the Effective Date, the Plan Sponsors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, subject to the consent of the Trustee. The Debtors and all holders of Claims receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

3. Dissolution of the Committee.

On the Effective Date, the Committee shall dissolve, and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases.

4. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the Plan, any statement or provision contained in the Plan, or any action taken or not taken by the Plan Sponsors or other Person with

respect to the Plan, this Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Plan Sponsors or other Person with respect to the holders of Claims or Interests before the Effective Date.

5. Successors and Assigns.

The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiary, or guardian, if any, of such Person.

6. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Plan Sponsors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to Bankruptcy Code section 1125(e), the Plan Sponsors and their respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under the Plan, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan.

7. Closing of the Chapter 11 Cases.

The Litigation Trustee shall, promptly after the full administration of the Chapter 11 Cases, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

8. Notices.

All notices or requests in connection with the Plan shall be in writing and given by mail and email addressed to:

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY AND POPEO, PC**

Daniel S. Bleck
Eric Blythe
Kaitlin R. Walsh
One Financial Center
Boston, MA 02111
Telephone: (617) 546-6000
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

-and-

HAYNES AND BOONE, LLP

J. Frasher Murphy
Thomas J. Zavala
2323 Victory Avenue, Suite 700
Dallas, TX 75219
Telephone: (214) 651-5000
frasher.murphy@haynesboone.com
tom.zavala@haynesboone.com

-and-

POLSINELLI PC

Jeremy Johnson
600 3rd Avenue, 42nd Floor
New York, New York 10016
Telephone: (212) 684-0199
jeremy.johnson@polsinelli.com

and

Trinitee G. Green
2950 N. Harwood Street, Suite 2100
Dallas, Texas 75201
Telephone: (214) 397-0030
tggreen@polsinelli.com

-and-

Northwest Senior Housing Corporation

d/b/a Edgemere
Attn: Nick Harshfield
4201 Corporate Drive
West Des Moines, IA 50266

All notices and requests to Persons holding any Claim in any Class shall be sent to them at their last known address or to the last known address of their attorney of record in these Chapter 11 Cases. Any such holder of a Claim may designate in writing any other address for purposes of Section 12.8 of the Plan, which designation will be effective upon receipt by the Plan Sponsors.

9. Headings.

The headings used in the Plan are inserted for convenience only and neither constitute a portion of the Plan nor in any manner affect the construction of the provisions of the Plan.

10. Severability.

If, prior to confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation.

11. Validity and Enforceability.

The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Should any provision in the Plan be determined by the Bankruptcy Court or any appellate court to be unenforceable following the Effective Date, such determination shall in no way limit the enforceability and operative effect of any and all other provisions of the Plan.

12. Plan Supplement.

Any exhibits or schedules not filed with the Plan may be contained in the Plan Supplement and the Plan Sponsors reserve the right to alter, modify, or amend the Plan Supplement through and to the Confirmation Hearing.

13. Tax Consequences for Holders of Claims.

Generally, a Holder of a Claim should in most, but not all circumstances, recognize gain or loss equal to the difference between the “amount realized” by such Holder in exchange for its Claim and such Holder’s adjusted tax basis in the Claim. The “amount realized” is equal to the sum of the Cash and the fair market value of any other consideration received under a plan of reorganization in respect of a Holder’s Claim. The tax basis of a Holder in a Claim will generally

be equal to the Holder's cost. To the extent applicable, the character of any recognized gain or loss (e.g., ordinary income, or short-term or long-term capital gain, or loss) will depend upon the status of the Holder, the nature of the Claim in the Holder's hands, the purpose and circumstances of its acquisition, the Holder's holding period of the Claim, and the extent to which the Holder previously claimed a deduction for the worthlessness of all or a portion of the Claim. Generally, if the Claim is a capital asset in the Holder's hands, any gain or loss realized generally will be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the Holder has held such Claim for more than one year.

A Holder who received Cash (or potentially other consideration) in satisfaction of its Claims may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for United States federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Plan on account of its Claim.

14. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Texas, without giving effect to the principles of conflicts of laws, shall govern the rights, obligations, construction, and implementation of the Plan and the restructuring transactions consummated or to be consummated in connection therewith.

15. Request for Confirmation.

The Plan Sponsors request entry of a Confirmation Order under Bankruptcy Code section 1129(a) and, to the extent necessary, Bankruptcy Code section 1129(b).

16. Reservation of Rights in Favor of Governmental Units

Governmental Units, Texas Health and Human Services Commission and Texas Department of Insurance, have indicated that they will object to any Order confirming the Plan that does not include the following language:

“Nothing in this Order or the Plan discharges, releases, precludes, or enjoins: (i) any liability to any governmental unit as defined in 11 U.S.C. § 101(27) (“Governmental Unit”) that is not a “claim” as defined in 11 U.S.C. § 101(5) (“Claim”); (ii) any Claim of a Governmental Unit arising on or after the Confirmation Date; (iii) any police or regulatory liability to a Governmental Unit that any entity would be subject to as the owner or operator of property after the Confirmation Date; or (iv) any liability to a Governmental Unit on the part of any non-debtor. Nor shall anything in this Order or the Plan enjoin or otherwise bar a

Governmental Unit from asserting or enforcing, outside this Court, any liability described in the preceding sentence. Notwithstanding any provision of the Plan, this Order, or any implementing or supplementing plan documents, Governmental Units' setoff rights under federal law as recognized in section 553 of the Bankruptcy Code, and recoupment rights, shall be preserved and are unaffected. Nothing in this Order or the Plan divests any tribunal of any jurisdiction it may have under police or regulatory law to interpret this Order or the Plan to adjudicate any defense asserted under this Order or the Plan.”

Dallas County has also requested the following language be added to the Plan:

“Notwithstanding any other provisions of this Plan, any agreements approved hereby, or any other orders in these Chapter 11 Cases, any statutory liens (collectively, the “**Tax Liens**”) held by Dallas County or any other ad valorem tax authority (the “**Taxing Authorities**”) for prepetition and postpetition taxes shall not be primed nor made subordinate to any liens granted to any party hereby to the extent such Tax Liens are valid, senior, perfected, and unavoidable, and all parties’ rights to object to the priority, validity, amount, and extent of the claims and liens asserted by the Taxing Authorities are fully preserved. With respect to the Tax Authorities’ prepetition Secured Claims for ad valorem property Taxes for the 2022 tax year, to the extent such Claims are Allowed, the Taxing Authorities’ prepetition Claims shall be paid in full with all applicable and accrued interest no later than the earlier of the Closing of the Sale Transaction or the Effective Date or otherwise in the ordinary course of business unless an objection to the Claim has been filed. The Taxing Authorities’ Claims shall be paid with interest from the Petition Date through the Effective Date and from the Effective Date through the date of payment in full at the applicable state statutory rate of 1% per month pursuant to 11 U.S.C. §§ 506(b), 511, and 1129. In the event of a claim objection, the Taxing Authorities’ Claims shall be entitled to interest that accrues while the Claim objection is pending. The Taxing Authorities shall retain their Liens until all Taxes and related interest, penalties, and fees (if any) have been paid in full. In the event of a default under this Plan, the Taxing Authorities shall send notice of default to counsel for the Debtors/Reorganized Debtors and the Purchaser, as applicable, via facsimile or electronic mail, and the Debtors and/or Purchaser shall have 15 days from the date of such notice to cure said default. After the Effective Date, in the event of failure to cure the default timely, the Taxing Authorities shall be entitled to pursue collection of all amounts owed pursuant to applicable nonbankruptcy law from the Debtors/Reorganized Debtors or the Purchaser, as applicable, without further recourse to the Bankruptcy Court.”

VI. RISK FACTORS IN CONNECTION WITH THE PLAN

The Holders of Claims and Interests against the Debtors should read and carefully consider the following risk factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. Bankruptcy Considerations.

Although the Plan Sponsors believe the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

In addition, the occurrence of the Effective Date is conditioned on the satisfaction (or waiver) of the conditions precedent set forth in Section 9 of the Plan, including conditions relating to the Asset Purchase Agreement and other documents related to the Sale Transaction, and there can be no assurance that such conditions will be satisfied or waived. In the event the conditions precedent described in the Plan have not been satisfied, or waived (to the extent possible) by the Plan Sponsors or applicable parties (as provided for in the Plan) as of the Effective Date, including the failure of the Closing Date to occur, then the Confirmation Order will be vacated, no Distributions will be made pursuant to the Plan, and the Plan Sponsors and all holders of Claims and Interests will be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred.

Bankruptcy Code section 1122 provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Plan Sponsors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each Class of Claims and Interests encompass Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. Risks Related to the Sale.

The Plan contemplates that the Sale Transaction will be consummated with the Purchaser and that the Net Sale Proceeds from the Sale Transaction will be distributed to certain Holders of Claims in accordance with the Plan. Although the Initial Plan Sponsors and initial Purchaser have agreed on the form Asset Purchase Agreement, there is no guarantee that the initial or any other Purchaser will close on the transaction. Moreover, there is no guarantee that the Purchaser will obtain the requisite approval from regulatory authorities in connection with the Sale Transaction.

C. Litigation Risks.

The Plan contemplates recoveries by the Litigation Trust with respect to the Retained Causes of Action. Litigation, by its nature, is uncertain and the Plan Sponsors cannot predict or guaranty that the Litigation Trustee will be successful.

D. Additional Factors.

1. No Duty to Update Disclosures.

The Plan Sponsors have no duty to update the information contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, or unless the Plan Sponsors are

required to do so pursuant to an order of the Bankruptcy Court. Delivery of this Disclosure Statement after the date hereof does not imply that the information contained herein has remained unchanged.

2. Representations Outside this Disclosure Statement.

This Disclosure Statement contains representations concerning or related to the Debtors and the Plan that are subject to approval by the Bankruptcy Court. Please be advised that any representations or inducements outside this Disclosure Statement and any related documents which are intended to secure your acceptance or rejection of the Plan should not be relied upon by Holders of Claims that are entitled to vote to accept or reject the Plan.

3. No Admission.

The information and representations contained herein shall not be construed to constitute an admission of, or be deemed evidence of, any legal effect of the Plan on the Plan Sponsors or Holders of Claims and Interests.

4. Tax and Other Related Considerations.

A discussion of potential tax consequences of the Plan is provided in Section IX hereof; however, the content of this Disclosure Statement is not intended and should not be construed as tax, legal, business or other professional advice. Holders of Claims and/or Interests should seek advice from their own independent tax, legal or other professional advisors based on their own individual circumstances.

VII. PLAN CONFIRMATION AND CONSUMMATION

A. The Confirmation Hearing.

Bankruptcy Code section 1128(a) requires the Bankruptcy Court, after appropriate notice, to hold a Confirmation Hearing. On, or as promptly as practicable after the filing of the Plan and this Disclosure Statement, the Plan Sponsors will request, pursuant to the requirements of the Bankruptcy Code and the Bankruptcy Rules, that the Bankruptcy Court schedule the Confirmation Hearing. Notice of the Confirmation Hearing (the “**Confirmation Hearing Notice**”) will be provided to all known Creditors or their representatives. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Pursuant to Bankruptcy Code section 1128(b), any party in interest may object to confirmation of a plan of reorganization or liquidation. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Plan Sponsors, the basis for the objection and the specific grounds of the objection, and must be filed with the Bankruptcy Court, together with proof of service thereof, and served upon: (i) counsel for the Initial Plan Sponsors, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck; (ii) counsel for the Committee, Foley

& Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn: Stephen A. McCartin, Thomas C. Scannell, and Mark C. Moore; (iii) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green and 600 3rd Avenue, 42nd Floor, New York, NY 10016, Attn: Jeremy R. Johnson; (iv) counsel for Lifespace, Cooley LLP, 110 North Wacker Drive, Suite 4200, Chicago, Illinois 60606, Attn: Eric. E. Walker; (v) the Office of the United States Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert; and (vi) such other parties as the Bankruptcy Court may order, so as to be actually received no later than the date and time designated in the Confirmation Hearing Notice.

Bankruptcy Rule 9014 governs objections to confirmation of the Plan.

UNLESS AN OBJECTION TO CONFIRMATION OF THE PLAN IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND FILED WITH THE BANKRUPTCY COURT, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT IN DETERMINING CONFIRMATION OF THE PLAN.

B. Plan Confirmation Requirements Under the Bankruptcy Code.

In order for the Plan to be confirmed, the Bankruptcy Code requires that the Bankruptcy Court determine that the Plan complies with the technical requirements of Chapter 11 and that the disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and the Chapter 11 Cases. The Bankruptcy Code also requires that: (1) the Plan be accepted by the requisite votes of Creditors except to the extent that confirmation despite dissent is available under Bankruptcy Code section 1129(b); (2) the Plan is feasible (that is, there is a reasonable probability that the Debtors will be able to perform their obligations under the Plan without needing further reorganizations not contemplated by the Plan); and (3) the Plan is in the “best interests” of all Creditors (that is, Creditors will receive at least as much under the Plan as they would receive in a hypothetical liquidation case under chapter 7 of the Bankruptcy Code). To confirm the Plan, the Bankruptcy Court must find that all of the above conditions are met, unless the applicable provisions of Bankruptcy Code section 1129(b) are employed to confirm the Plan, subject to satisfying certain conditions, over the dissent or deemed rejections of Classes of Claims.

1. Best Interests of Creditors.

The Bankruptcy Code requires that, with respect to an Impaired class of claims or interests, each holder of an Impaired claim or interest in such class either (i) accepts the plan or (ii) receives or retains under the plan property of a value, as of the effective date of the plan, that is not less than the amount (value) such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

The Plan Sponsors, with the assistance of their professionals, have prepared the Liquidation Analysis attached hereto as Exhibit 2. The Liquidation Analysis is based upon a hypothetical liquidation in a chapter 7 case. In preparing the Liquidation Analysis, the Plan Sponsors have taken into account the nature, status and underlying value of its Assets, the ultimate realizable value of its Assets, and the extent to which such Assets are subject to liens and security interests. In addition, the Liquidation Analysis also reflects the required time and resources necessary to

effectuate an orderly wind down of the Community, which provides critical care to residents and must comply with numerous federal and state regulations.

Based upon the Liquidation Analysis, the Plan Sponsors believe that liquidation under chapter 7 would result in smaller distributions, if any, being made to Creditors than those provided for in the Plan because of: (a) the likelihood that the Debtors' Assets would have to be sold or otherwise disposed of in an orderly fashion; (b) additional administrative expenses attendant to the appointment of a trustee and the trustee's employment of attorneys and other professionals; and (c) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtors' operations. In the opinion of the Plan Sponsors, the recoveries projected to be available in a chapter 7 liquidation are not likely to afford the holders of Claims as great a realization potential as afforded to them under the Plan.

Accordingly, the Plan Sponsors believe that in a chapter 7 liquidation, holders of Claims would receive less than such holders would receive under the Plan. There can be no assurance, however, as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Plan Sponsors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

2. Feasibility of the Plan.

Pursuant to section 1129(a)(11) of the Bankruptcy Code, a plan proponent must demonstrate that a bankruptcy court's confirmation of a plan is not likely to be followed by the liquidation or need for further financial reorganization of the debtor or its successor under the plan, unless such liquidation or reorganization is proposed under the plan. The Plan contemplates the sale of substantially all of the Debtors' Assets to a Purchaser and transfer of remaining Assets, including the Retained Causes of Action, to the Litigation Trust to be liquidated and distributed to Holders of Litigation Trust Interests in accordance with the Plan and Litigation Trust Agreement. Therefore, the Bankruptcy Court's confirmation of the Plan is not likely to be followed by liquidation or the need for any further reorganization.

3. Acceptance by Impaired Classes.

The Bankruptcy Code requires, as a condition to confirmation, that, except as described below, each class of claims or equity interests that is Impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. As a general matter under the Bankruptcy Code, a class is "impaired," unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such claim or equity interest; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives Cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of Impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds (2/3) in amount and a majority in number actually voting cast their ballots in favor of acceptance. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

Any Class of Claims that is not occupied as of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. If no votes to accept or reject the Plan are received with respect to a Class whose votes have been solicited under the Plan (other than a Class that is deemed eliminated under the Plan), such Class shall be deemed to have voted to accept the Plan.

4. Additional Requirements for Nonconsensual Confirmation.

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by all Impaired classes, as long as: (a) the plan otherwise satisfies the requirements for confirmation; (b) at least one Impaired class of claims has accepted it without taking into consideration the votes of any insiders in such class; and (c) the plan is “fair and equitable” and does not “discriminate unfairly” as to any Impaired class that has not accepted the plan. These so called “cramdown” provisions are set forth in Bankruptcy Code section 1129(b).

5. No Unfair Discrimination.

The “no unfair discrimination” test requires that the plan not provide for unfair treatment with respect to classes of claims or interests that are of equal priority, but are receiving different treatment under the plan.

6. Fair and Equitable.

The fair and equitable requirement applies to classes of claims of different priority and status, such as secured versus unsecured. The plan satisfies the fair and equitable requirement if no class of claims receives more than 100% of the allowed amount of the claims in such class. Further, if a class of claims is considered a dissenting class (“**Dissenting Class**”), i.e., a Class of Claims that is deemed to reject the Plan because the required majorities in amount and number of votes is not received from the Class, the following requirements apply:

a. Class of Secured Claims.

Each holder of an Impaired secured claim either: (i) retains its liens on the subject property, to the extent of the allowed amount of its secured claim and receives deferred Cash payments having a value, as of the effective date of the plan, of at least the allowed amount of such claim; (ii) has the right to credit bid the amount of its claim if its property is sold and retains its liens on

holder of an Allowed Claim with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

B. Alternative Plan Pursuant to Chapter 11 of the Bankruptcy Code.

If the Plan is not confirmed, the Plan Sponsors may propose a different plan, which might involve an alternative means for the reorganization or liquidation of the Debtors' Assets. However, the Plan Sponsors believe that the terms of the Plan provide for an orderly and efficient restructuring of the Debtors' obligations and will result in the realization of the most value for holders of Claims against the Debtors' Estates.

IX. RECOMMENDATION AND CONCLUSION

The Plan Sponsors believe the Plan is in the best interests of the Estates, creditors and other interested parties and urge the holders of Claims entitled to vote to accept the Plan and to evidence such acceptance by properly voting and timely returning their Ballots.

[Remainder of page intentionally left blank.]

Dated: December 12, 2022

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy

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Possession*

EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

SECOND AMENDED PLAN OF REORGANIZATION OF THE PLAN SPONSORS
DATED DECEMBER 12, 2022

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Dated: December 12, 2022

¹ The Debtors, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

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INTRODUCTION²

On April 14, 2022, Edgemere and SQLC commenced their Chapter 11 Cases, seeking relief under Chapter 11 of the Bankruptcy Code. The major constituencies in these Chapter 11 Cases have reached a global resolution which is set forth in this *Second Amended Plan of Reorganization of the Plan Sponsors Dated December 12, 2022* (as may be further amended, supplemented, or otherwise modified from time to time, the “**Plan**”). This Plan is supported by the following parties (collectively, the “**Plan Supporters**”): (i) UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”), (ii) UMB Bank, N.A., in its capacity as lender under the DIP Credit Agreement (the “**DIP Lender**” and, together with the Trustee, the “**Initial Plan Sponsors**”), (iii) Northwest Senior Housing Corporation d/b/a Edgemere (“**Edgemere**”), (iv) Senior Quality Lifestyles Corporation (“**SQLC**” and together with Edgemere, the “**Debtors**” and together with the Initial Plan Sponsors, the “**Plan Sponsors**”), (v) Lifespace Communities, Inc. (“**Lifespace**”), and (vi) the Official Committee of Unsecured Creditors (the “**Committee**”). The Plan Sponsors propose this Plan pursuant to Bankruptcy Code sections 1125 and 1129 for the resolution of outstanding Claims against, and Interests in, the Debtors.

Reference is made to the Disclosure Statement for a discussion of the Debtors’ history and assets, a summary and analysis of this Plan, and certain related matters, including the Distributions to be made under this Plan and the risk factors relating to consummation of this Plan. No materials other than the Disclosure Statement, this Plan, the Plan Supplement, and any and all exhibits and/or schedules attached thereto or hereto have been authorized by the Plan Sponsors for use in soliciting votes of acceptance with respect to this Plan.

Copies of this Plan and the Disclosure Statement and all other documents related to the Chapter 11 Cases are available for review without charge, on the website for the Chapter 11 Cases at: <https://kccllc.net/edgemere>.

This Plan will implement the Sale Transaction, pursuant to which substantially all the Debtors’ assets will be sold to a Purchaser who will continue running the Community as a going concern. An initial Purchaser has been selected by the Plan Sponsors and the parties have agreed to an Asset Purchase Agreement, with the initial Purchaser’s offer subject to higher and better bids, including through a potential Auction, pursuant to bidding and sale procedures to be filed with the Bankruptcy Court. The initial Purchaser has offered to purchase the Community for \$48.5 million, subject to certain adjustments set forth in the Asset Purchase Agreement. The remaining assets of the Estates shall be transferred to a Litigation Trust to be liquidated for the benefit of creditors.

Consultants have concluded that the Community cannot continue to operate solely as an entrance fee community. An entrance fee model, in the opinion of such consultants, is not feasible and will exacerbate the financial struggles of Edgemere. Accordingly, the Asset Purchase Agreement contemplates the conversion of the Community to a rental model. Pursuant to the Asset Purchase Agreement, all entrance-fee Residency Agreements will be rejected and, subject to regulatory approvals and/or requirements, all Current Residents will be offered a new monthly

² Capitalized terms used but not defined shall have the meanings ascribed to them in Section 1.A or Section 8 of this Plan.

rental agreement which shall provide similar services to Current Residents as provided prior to the Closing Date.

This Plan will also establish a Litigation Trust, into which all assets of the Debtors not purchased through the Sale Transaction, including the Landlord Litigation and other Retained Causes of Action, will be transferred. The Litigation Trustee will prosecute and liquidate the Litigation Trust Assets, with the proceeds from such liquidation distributed on a Pro Rata basis to Holders of Allowed General Unsecured Claims pursuant to the terms and conditions of this Plan and the Litigation Trust Agreement, which will be included in the Plan Supplement.

This Plan includes a settlement of all potential Estate, Trustee, DIP Lender and Resident claims against Lifespace in exchange for (i) a \$16.5 million payment to the Trustee on the Effective Date for Distribution to current holders of the Original Bonds, pursuant to the terms of the Original Bond Documents, and (ii) subject to certain conditions, annual payments made into a Residents Trust, pursuant to the schedule attached to the Disclosure Statement as Exhibit 4, which funds shall be used to pay Participating Residents for Refund Claims as further described herein. In exchange for the Lifespace Resident Contributions and the releases provided under Section 8 of this Plan, Lifespace will be entitled to a Pro Rata distribution of Litigation Trust Assets, in accordance with the terms of this Plan and the Litigation Trust Agreement.

NOTWITHSTANDING ANYTHING HEREIN, OR IN THIS PLAN, OR IN ANY OTHER AGREEMENT OR DISCLOSURE TO THE CONTRARY, the Purchaser shall have no obligation, duty or other requirement to participate in any aspect of the Residents Trust, including accepting any payments from the Residents Trust, other than to provide periodic reporting to the Residents Trust as required under the Asset Purchase Agreement. Any future rental agreement with any Current Resident will not relate in any way to the Residents Trust, the Lifespace Settlement and Contribution Agreement, or any other provision of this Plan, including but not limited to any payments or adjustments contemplated to Participating Current Residents described herein or otherwise.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THIS PLAN ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT FILED CONTEMPORANEOUSLY HERewith IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN.

SECTION 1. DEFINITIONS AND INTERPRETATION

A. Definitions.

The following terms used herein shall have the respective meanings below:

1.1 “*2015 Bond Documents*” means the 2015 Bond Indenture and any bonds, loan agreement, mortgage, security agreement, document, agreement, or instrument executed or delivered in connection with the issuance of the Series 2015 Bonds, including the 2015 Loan Agreement.

1.2 “*2015 Bond Indenture*” means that certain Indenture of Trust, dated May 1, 2015, by and between the Issuer and the Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2015 Bonds were issued.

1.3 “*2015 Loan Agreement*” means that certain Loan Agreement, dated May 1, 2015, by and between the Issuer and Edgemere, pursuant to which the Issuer loaned the proceeds of the Series 2015 Bonds to Edgemere.

1.4 “*2017 Bond Documents*” means the 2017 Bond Indenture, and any bonds, loan agreement, mortgage, security agreement, document, agreement, or instrument executed or delivered in connection with the issuance of the Series 2017 Bonds, including the 2017 Loan Agreement.

1.5 “*2017 Bond Indenture*” means that certain Indenture of Trust, dated March 1, 2017, between the Issuer and Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2017 Bonds were issued.

1.6 “*2017 Loan Agreement*” means that certain Loan Agreement, dated March 1, 2017, by and between the Issuer and Edgemere, pursuant to which the Issuer loaned the proceeds of the Series 2017 Bonds to Edgemere.

1.7 “*Administrative Claim*” means any Claim against any Debtor for costs and expenses of administration of the Chapter 11 Cases pursuant to Bankruptcy Code sections 503(b), 507(a)(2), or 507(b), including: (i) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date, of preserving the Estates and operating the Debtors’ businesses; (ii) Allowed Professional Claims; (iii) all Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to Bankruptcy Code sections 503(b)(3), (4), and (5); and (iv) all fees and charges assessed pursuant to 28 U.S.C. § 1930(a)(6).

1.8 “*Administrative Claims Bar Date*” means the date by which Administrative Claims must be filed, which shall be set by separate order of the Court pursuant to a separate motion.

1.9 “*Affiliate*” means, with respect to any Entity, an “affiliate” as defined in Bankruptcy Code section 101(2) as if such entity were a debtor.

1.10 “*Allowed*” means with respect to Claims: (i) any Claim, proof of which is timely filed by the applicable Bar Date; (ii) any Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely filed; or (iii) any Claim Allowed pursuant to this Plan or a Final Order of the Bankruptcy Court; provided, that with respect to any Claim described in clauses (i) and (ii) above, such Claim shall be considered Allowed only if and to the extent that, with respect to such Claim, no objection to the allowance thereof has been interposed within the applicable period of time, as may be extended by the Bankruptcy Court from time to time, fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim shall have been Allowed by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely filed, is not considered Allowed and shall be expunged without further action by the Litigation Trustee and without further notice to any party or action, approval, or order of the Bankruptcy Court. An Allowed Claim (i) includes a Disputed Claim to the extent such Disputed Claim becomes Allowed after the Effective Date and (ii) shall be net of any valid setoff exercised with respect to such Claim pursuant to the provisions of the Bankruptcy Code and applicable law; provided, however, such setoff shall not otherwise be applicable to the amounts owed with respect to the Original Bonds. Unless otherwise specified in this Plan, Bankruptcy Code section 506(b), or by Final Order of the Bankruptcy Court, “Allowed” Claims shall not, for purposes of Distributions under this Plan, include interest on such Claim accruing from and after the Petition Date. For the avoidance of doubt, the Trustee shall hold an Allowed Claim in an amount of \$111,728,919.22 as of the Petition Date, plus unliquidated, accrued, and unpaid fees and expenses of the Trustee and its professionals incurred through the Petition Date.

1.11 “*Asset Purchase Agreement*” means that certain agreement, substantially in the form attached hereto in Exhibit 1, between Edgemere and Bay 9 Holdings LLC or its designee for a sale of substantially all the Debtors’ Assets.

1.12 “*Assets*” means all interests, legal or equitable, in property, real, personal, tangible and intangible, of the Debtors as defined in Bankruptcy Code section 541(a).

1.13 “*Assumption Notice*” shall have the meaning set forth in Section 5 of this Plan.

1.14 “*Auction*” has the meaning set forth in the Bidding Procedures Order.

1.15 “*Avoidance Actions*” means all actions, causes of action, suits, choses in action, and claims of the Debtors and/or the Estates against any entity or Person, whether direct, indirect, derivative, or otherwise arising under Bankruptcy Code section 510 or to avoid a transfer of property or recover property pursuant to Bankruptcy Code sections 542 through 550 or applicable non-bankruptcy law.

1.16 “*Ballot*” means the ballots upon which holders of Impaired Claims entitled to vote to accept or reject this Plan may indicate their acceptance or rejection in accordance with applicable rules and instructions regarding voting.

1.17 “*Bankruptcy Code*” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

1.18 “*Bankruptcy Court*” means the United States Bankruptcy Court for the Northern District of Texas, having jurisdiction over the Chapter 11 Cases or, if the Bankruptcy Court ceases to exercise jurisdiction over the Chapter 11 Cases, such court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases in lieu of the United States Bankruptcy Court for the Northern District of Texas.

1.19 “*Bankruptcy Rules*” means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time.

1.20 “*Bar Date(s)*” means the Claims Bar Date, the Governmental Bar Date, or the Rejection Damages Bar Date, as applicable; and “*Bar Dates*” means a collective reference to the Claims Bar Date, the Governmental Bar Date, and the Rejection Damages Bar Date.

1.21 “*Bar Date Order*” means, collectively, the Bankruptcy Court’s Order (I) Establishing Bar Dates, (II) Approving Form and Manner of Notice Thereof, and (III) Approving Procedures for Filing Proofs of Claims [Docket No. 325] and Order (I) Establishing Bar Dates, (II) Approving Form and Manner of Notice Thereof, and (III) Approving Procedures for Filing Proofs of Claims [Docket No. 386].

1.22 “*Bid Deadline*” has the meaning set forth in the Bidding Procedures Order.

1.23 “*Bidding Procedures Order*” means the Bankruptcy Court’s order establishing the sale procedures with respect to the Sale Transaction.

1.24 “*Bond Claims*” means the Series 2015 Bond Claims and the Series 2017 Bond Claims.

1.25 “*Bond Deficiency Claim*” means the Bond Claims minus the amount paid to the Trustee pursuant to the Sale Transaction.

1.26 “*Business Day*” means any day, other than a Saturday, Sunday or “legal holiday” as defined in Bankruptcy Rule 9006(a).

1.27 “*Cash*” means the legal tender of the United States of America or the equivalent thereof.

1.28 “*Causes of Action*” means any claims, causes of action (including Avoidance Actions), demands, actions, suits, obligations, liabilities, cross-claims, counterclaims, offsets, or setoffs of any kind or character whatsoever, in each case now owned or hereafter acquired by the Debtors and/or their Estates, and in each case, whether known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, under statute, in contract, in tort, in law, or in equity, or pursuant to any other theory of law, federal or state, whether asserted or assertable directly or derivatively in law or equity or otherwise by way of claim,

counterclaim, cross-claim, third party action, action for indemnity or contribution or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date, including the Landlord Litigation and other Retained Causes of Action.

1.29 “*Chapter 11*” means chapter 11 of the Bankruptcy Code.

1.30 “*Chapter 11 Cases*” means (i) when used with reference to a particular Debtor, the case under chapter 11 of the Bankruptcy Code commenced by such Debtor in the Bankruptcy Court, and (ii) when used with reference to both Debtors, the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court being jointly administered under Case No. 22-30659.

1.31 “*Claim*” means a “claim,” as that term is defined in Bankruptcy Code section 101(5).

1.32 “*Claims Bar Date*” means July 21, 2022 at 4:00 Prevailing Central Time, the general bar date by which entities, other than Governmental Units, shall file Proofs of Claim.

1.33 “*Class*” means a category of holders of Claims or Interests as set forth in Section 3 hereof pursuant to Bankruptcy Code section 1122(a).

1.34 “*Closing*” means the closing on the transactions contemplated by the Sale Transaction pursuant to the Asset Purchase Agreement.

1.35 “*Closing Date*” has the meaning given to such term in the Asset Purchase Agreement.

1.36 “*Committee*” means the official committee of creditors appointed by the U.S. Trustee in the Chapter 11 Cases pursuant to Bankruptcy Code section 1102 [Docket Nos. 135 and 150].

1.37 “*Community*” means the continuing care retirement community, located in Dallas, Texas, known as “Edgemere.”

1.38 “*Confirmation Date*” means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021.

1.39 “*Confirmation Hearing*” means the hearing(s) before the Bankruptcy Court under Bankruptcy Code section 1128 at which the Plan Sponsors seek entry of the Confirmation Order, as such hearing(s) may be adjourned or continued from time to time.

1.40 “*Confirmation Order*” means the Bankruptcy Court order confirming this Plan pursuant to Bankruptcy Code section 1129.

1.41 “*Contract Objection*” shall have the meaning set forth in Section 5 of this Plan.

1.42 “*Creditor Released Claims*” has the meaning set forth in Section 8.3 of this Plan.

1.43 “*Cure Escrow*” means the escrow account established to hold asserted cure obligations associated with the Ground Lease pending a Bankruptcy Court determination as to the Allowed cure amount.

1.44 “*Cure and Possible Assumption and Assignment Notice*” shall have the meaning set forth in Section 5 of this Plan.

1.45 “*Cure Objection*” shall have the meaning set forth in Section 5 of this Plan.

1.46 “*Current Resident*” means a Resident that resides at the Community as of the Voting Record Date pursuant to a Residency Agreement.

1.47 “*Dallas County Claim*” means the 2022 tax claim of Dallas County in the amount of \$26,856.19 plus accrued interest.

1.48 “*Debtor Released Claims*” has the meaning set forth in Section 8.2 of this Plan.

1.49 “*Debtors*” means, collectively, Edgemere and SQLC.

1.50 “*Diminution Claim*” means the Trustee’s claim for Diminution as defined in and arising under the DIP Orders.

1.51 “*DIP Credit Agreement*” means that certain Priming Superpriority Debtor-in-Possession Credit Agreement between the Debtors and the DIP Lender, together with any amendments, modifications or supplements thereto, which was approved pursuant to the DIP Orders.

1.52 “*DIP Facility Claims*” means a Claim held by the DIP Lender for all debts, indebtedness, obligations, covenants, and duties of payment and performance arising under or relating to the DIP Credit Agreement or the DIP Orders, including any and all accrued but unpaid interest and any unpaid fees or charges arising under the DIP Credit Agreement.

1.53 “*DIP Lender*” means the lender under the DIP Credit Agreement.

1.54 “*DIP Orders*” means the *Bankruptcy Court’s First Interim Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing the Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and Superpriority Claims; and (5) Scheduling a Final Hearing* [Docket No. 112]; *Second Interim Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing the Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and Superpriority Claims; and (5) Scheduling a Final Hearing* [Docket No. 228]; *Third Interim Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing the Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and*

Superpriority Claims; and (5) Scheduling a Final Hearing [Docket No. 350]; bridge orders extending the deadline in paragraph 22(ii) of the Third Interim DIP Order [Docket Nos. 398 and 415]; and *Final Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing the Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; and (4) Granting Liens, Security Interests and Superpriority Claims* [Docket No. 421] (as may be amended, modified or supplemented).

1.55 “*Disclosure Statement*” means the Disclosure Statement, as may be modified or amended, accompanying and describing this Plan.

1.56 “*Disclosure Statement Order*” means the Bankruptcy Court’s order approving the Disclosure Statement.

1.57 “*Disputed*” means, with respect to any Claim or Interest, or any portion thereof that is not yet Allowed, including (i) any Claim evidenced by a Proof of Claim that, on its face, is contingent or unliquidated; (ii) any Claim that is subject to an objection filed by the Claims Objection Deadline or a request for estimation, in each case that has not been withdrawn, resolved, or ruled on by a Final Order of the Bankruptcy Court; (iii) any Claim or Interest scheduled by the Debtors as contingent, unliquidated or disputed, (iv) any Claim or Interest evidenced by a Proof of Claim which amends a Claim or Interest scheduled by the Debtors as contingent, unliquidated or disputed, and (v) any Claim or Interest that is not an Allowed Claim or Allowed Interest or a Disallowed Claim or a Disallowed Interest; provided, however, that Refund Claims are not Disputed on account of being scheduled by the Debtors as contingent or unliquidated and the Bond Claims are not Disputed notwithstanding any pending challenges or claims.

1.58 “*Distribution*” means Cash, property, interests in property or other value distributed to holders of Allowed Claims, or their designated agents, under this Plan.

1.59 “*Distribution Record Date*” means, other than with respect to public securities cancelled by this Plan, the Effective Date or such other date as may be designated in the Confirmation Order.

1.60 “*Edgemere*” means Northwest Senior Housing Corporation.

1.61 “*Effective Date*” means the date which is the first Business Day on which the conditions set forth in Section 9 of this Plan have been satisfied or waived.

1.62 “*Entity*” shall have the meaning set forth in Bankruptcy Code section 101(15).

1.63 “*Entrance Fee Escrow*” means the escrow account holding entrance fees received from Residents on or after September 27, 2021, which account is maintained by Regions Bank, as escrow agent, on behalf of such Residents pursuant to the Escrow Agreement.

1.64 “*Entrance Fee Escrow Order*” means the Bankruptcy Court’s Final Order (I) Authorizing the Debtors to Continue (A) Escrowing Entrance Fees in the Ordinary Course and (B) Refunding Certain Entrance Fees During the Chapter 11 Case and (II) Granting Related Relief [Docket No. 393].

1.65 “*Escrow Agreement*” means that certain Escrow Agreement, dated September 27, 2021, by and among Edgemere, the Trustee, and Regions Bank, as escrow agent.

1.66 “*Escrow Resident Claims*” means the Claims of Residents to funds in the Entrance Fee Escrow pursuant to the Escrow Agreement.

1.67 “*Estates*” means the estates of the Debtors created by the Chapter 11 Cases pursuant to Bankruptcy Code section 541.

1.68 “*Exculpated Party*” means each of: (i) the Purchaser, (ii) the Plan Sponsors, (iii) the Issuer, (iv) the Committee and the members of the Committee, (v) Lifespace and (vi) with respect to each of the foregoing Entities in clauses (i) through (v), such Entity and its current and former predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and all of their respective current and former officers, directors, principals, shareholders, members, partners, managers, employees, attorneys, advisors, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals.

1.69 “*Executory Contract*” means all contracts and leases to which any Debtor is a party that is subject to assumption or rejection under Bankruptcy Code section 365.

1.70 “*Former Resident*” a Resident that no longer resides at the Community as of the Voting Record Date.

1.71 “*Final Order*” means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Cases that has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending and stayed, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought and a stay of the order or judgment has been granted, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, to petition for certiorari, or to move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rules 9023 or 9024, may be filed relating to such order shall not cause such order to not be a Final Order.

1.72 “*General Unsecured Claim*” means any Claim, other than Administrative Claims, Secured Claims, Other Priority Claims, Priority Tax Claims, the Dallas County Claim, the Diminution Claim, DIP Facility Claims, and Bond Claims (other than the Bond Deficiency Claim).

1.73 “*Ground Lease*” means that certain Ground Lease, dated November 5, 1999, by and between Edgemere and the Landlord.

1.74 “*Governmental Bar Date*” means October 11, 2022 at 4:00 prevailing Central Time, the date by which Governmental Units must file Proofs of Claims.

1.75 “*Government Unit*” means a “governmental unit” as defined in Bankruptcy Code section 101(27).

1.76 “*Impaired*” means, with respect to a Claim, that such Class of Claims is “impaired” within the meaning of Bankruptcy Code section 1124.

1.77 “*Initial Plan Sponsors*” means the Trustee and the DIP Lender.

1.78 “*Insurance Policies*” means, collectively, all the Debtors’ insurance policies.

1.79 “*Interest*” means any membership interest in any Debtor, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest.

1.80 “*Issuer*” means the Tarrant County Cultural Education Facilities Finance Corporation.

1.81 “*KCC*” means Kurtzman Carson Consultants LLC.

1.82 “*Landlord*” means Intercity Investment Properties, Inc.

1.83 “*Landlord Litigation*” means that certain adversary proceeding commenced in the Bankruptcy Court on April 14, 2022 (Adv. No. 22-03040-mvl) and captioned *Northwest Senior Housing Corporation v. Intercity Investment Properties, Inc., et al.*

1.84 “*Lien*” means “lien,” as defined in Bankruptcy Code section 101(37).

1.85 “*Lifespace*” means Lifespace Communities, Inc.

1.86 “*Lifespace Bond Contribution*” means the \$16.5 million payment to the Trustee on the Effective Date for Distribution to holders of the Original Bonds.

1.87 “*Lifespace Resident Claim*” means Lifespace’s interest in the Litigation Trust Assets on account of the Lifespace Resident Contributions equaling \$143,910,979.78 (assuming no Residents opt out of the Lifespace Settlement and to be adjusted for opt-outs), which shall entitle Lifespace to a Pro Rata Distribution of Litigation Trust Proceeds.

1.88 “*Lifespace Resident Contribution Schedule*” means the schedule of Lifespace Resident Contributions attached to the Disclosure Statement as Exhibit 4.

1.89 “*Lifespace Resident Contributions*” means the annual payments that will be made by Lifespace into the Residents Trust, subject to certain financial conditions, pursuant to the terms of the Lifespace Settlement and Contribution Agreement, in substantially the form attached to the Disclosure Statement as Exhibit 3, and the Lifespace Resident Contribution Schedule, attached to the Disclosure Statement as Exhibit 4.

1.90 “*Lifespace Settlement*” means the settlement set forth in the Lifespace Settlement and Contribution Agreement.

1.91 “*Lifespace Settlement and Contribution Agreement*” means that certain Lifespace Settlement and Contribution Agreement, in substantially the form attached to the Disclosure Statement as Exhibit 3.

1.92 “*Litigation Trust*” means the trust described in Section 4 of this Plan.

1.93 “*Litigation Trust Agreement*” means the agreement between the Plan Sponsors, the Debtors and the Litigation Trustee to be entered into as of the Effective Date, substantially in form set forth in the Plan Supplement, as it may be amended from time to time in accordance with its terms.

1.94 “*Litigation Trust Assets*” means from and after the Effective Date (i) all legal and equitable interests of the Debtors in Retained Causes of Action, including the Landlord Litigation, and Avoidance Actions, and the proceeds thereof; (ii) all legal and equitable defenses or counterclaims of the Debtors to Claims; and (iii) any other Assets to be vested in the Litigation Trust pursuant to this Plan and the Litigation Trust Agreement, including any Assets that are not sold in the Sale Transaction pursuant to the Asset Purchase Agreement.

1.95 “*Litigation Trust Expenses*” means reasonable and documented out-of-pocket fees, costs and expenses incurred by the Litigation Trust or the Litigation Trustee (or any professional or other Person retained by the Litigation Trustee in administering the Litigation Trust) on or after the Effective Date in connection with any of their responsive duties under this Plan and the Litigation Trust Agreement, including any administrative fees, attorneys’ fees and expenses, insurance fees, taxes and escrow expenses, all as further set forth in the Litigation Trust Agreement.

1.96 “*Litigation Trust Interests*” means an uncertificated interest in the Litigation Trust representing the rights of holders of Allowed General Unsecured Claims.

1.97 “*Litigation Trust Proceeds*” means any Cash proceeds to be distributed to the holders of the Litigation Trust Interests pursuant to the terms of the Litigation Trust Agreement.

1.98 “*Litigation Trust Oversight Committee*” means three (3) Persons identified in the Plan Supplement that shall provide oversight and direction to the Litigation Trustee in accordance with the terms of the Litigation Trust Agreement.

1.99 “*Litigation Trustee*” means the Person identified as such in the Plan Supplement or other filing with the Bankruptcy Court, agreed to by Lifespace and the Trustee, and retained as of the Effective Date pursuant to the terms of the Litigation Trust Agreement, as the fiduciary responsible for implementing the applicable provisions of this Plan and the Litigation Trust Agreement.

1.100 “*Local Rules*” means the Local Rules of Bankruptcy Practice and Procedure of the Bankruptcy Court, or any other court having jurisdiction over the Chapter 11 Cases.

1.101 “*Master Trustee*” means UMB Bank, N.A. as successor master trustee under the Original Master Indenture.

1.102 “*Net Sale Proceeds*” means the sale proceeds of the Sale Transaction, less any less customary transaction fees and expenses.

1.103 “*Non-Resident Contract Counterparty*” shall have the meaning set forth in Section 5 of this Plan.

1.104 “*Notice Parties*” shall have the meaning set forth in Section 5 of this Plan.

1.105 “*Obligated Group*” means Edgemere and SQLC.

1.106 “*Original Bonds*” means, collectively, the Series 2015 Bonds and the Series 2017 Bonds.

1.107 “*Original Bond Documents*” means, collectively the 2015 Bond Documents and the 2017 Bond Documents.

1.108 “*Original Master Indenture*” means that certain Amended and Restated Master Trust Indenture, Deed of Trust and Security Agreement, dated November 15, 1999 and effective as of April 1, 2006, by and between the Obligated Group and JP Morgan Chase Bank, National Association, as initial master trustee and UMB Bank, N.A., as successor Master Trustee, as supplemented by that certain Supplemental Indenture Number 6, dated March 1, 2017.

1.109 “*Other Priority Claim*” means any Claim, other than an Administrative Claim, a Priority Tax Claim, or the DIP Facility Claims, which is entitled to priority under Bankruptcy Code section 507(a).

1.110 “*Other Secured Claim*” means any Secured Claim other than a Bond Claim and the Dallas County Claim.

1.111 “*Participating Residents*” means all Participating Current Residents and Participating Former Residents.

1.112 “*Participating Current Residents*” means all Current Residents who do not opt out of the Lifespace Settlement and the releases under Section 8 of this Plan.

1.113 “*Participating Former Residents*” means all Former Residents who do not opt out of the Lifespace Settlement and the releases under Section 8 of this Plan.

1.114 “*Person*” means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, estate, unincorporated organization, governmental unit, government (or agency or political subdivision thereof), or other entity.

1.115 “*Petition Date*” means April 14, 2022, the date on which the Debtors filed their voluntary petitions for relief commencing the Chapter 11 Cases.

1.116 “*Plan*” means this Plan of Reorganization, dated December 12, 2022, including all exhibits, supplements, appendices, and schedules thereto, either in its present form or as the same may be amended, supplemented, or modified from time to time.

1.117 “*Plan Sponsors*” means the Debtors, the Trustee and the DIP Lender.

1.118 “*Plan Supplement*” means the compilation of documents and forms of documents, schedules, and exhibits to this Plan, to be filed prior to the Confirmation Hearing, as amended, supplemented, or modified from time to time in accordance with the terms hereof, the Bankruptcy Code, and the Bankruptcy Rules.

1.119 “*Plan Supporters*” means the Plan Sponsors, Lifespace and the Committee.

1.120 “*Purchased Assets*” means the Assets of the Debtors acquired by the Purchaser pursuant to the Asset Purchase Agreement.

1.121 “*Priority Tax Claim*” means any Claim of a governmental unit of a kind entitled to priority under Bankruptcy Code section 507(a)(8).

1.122 “*Pro Rata*” means, with respect to any Claim, the proportion that the amount of a Claim in a particular Class or Classes bears to the aggregate amount of all Claims in such Class or Classes, unless this Plan otherwise provides.

1.123 “*Professionals*” means all professionals employed in these Chapter 11 Cases pursuant to Bankruptcy Code sections 327, 328, and 1103.

1.124 “*Professional Claim*” means a Claim of a Professional for compensation and/or reimbursement of expenses incurred by such Professional through and including the Effective Date.

1.125 “*Proposed Assumed Contracts*” shall have the meaning given to such term in Section 5 of this Plan.

1.126 “*Purchaser*” means Bay 9 Holdings LLC or its designee, or the purchaser designated by the Initial Plan Sponsors as the prevailing bidder at the Auction, if any.

1.127 “*Proof of Claim*” means a proof of Claim filed against any Debtor in the Chapter 11 Cases.

1.128 “*Qualified Bid*” has the meaning set forth in the Bidding Procedures Order.

1.129 “*Refund Claims*” means Rejection Claims of both Former Residents and Current Residents against Edgemere in the amount of the contractual refund obligation of Edgemere under the rejected Residency Agreements.

1.130 “*Refund Trigger Date*” means the date (a) that a Resident vacates the Community, (b) the Residents Trust is informed that such Resident’s unit is re-leased to a new

Resident, and (c) the Residents Trust contains sufficient funds for payment of such Resident's Refund Claim.

1.131 "*Reinstate*," "*Reinstated*," or "*Reinstatement*" means with respect to Claims and Interests, that the Claim or Interest shall be rendered Unimpaired in accordance with Bankruptcy Code section 1124.

1.132 "*Rejection Claims*" means any Claim arising from or relating to, the rejection of an Executory Contract or Unexpired Lease pursuant to Bankruptcy Code section 365(a) by any of the Debtors, as limited, in the case of a rejected Unexpired Lease, by Bankruptcy Code section 502(b)(6).

1.133 "*Rejection Damages Bar Date*" means the date by which Rejection Claims must be filed, which shall be the latest of: (i) the General Bar Date, (ii) thirty (30) days after the date of the entry of any order authorizing the rejection of the Executory Contract or Unexpired Lease, or (iii) thirty (30) days after the effective date of rejection of such Executory Contract or Unexpired Lease, including pursuant to Bankruptcy Code section 365(d)(4).

1.134 "*Released Parties*" means (i) the Committee, (ii) the Purchaser, (iii) the Issuer, (iv) the Plan Sponsors, (v) the holders of the Original Bonds (vi) Lifespace and (vii) with respect to each of the foregoing Entities in clauses (i) through (vi), such Entity and its current and former predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and all of their respective current and former officers, directors, principals, shareholders, members, partners, managers, employees, attorneys, advisors, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals.

1.135 "*Releasing Party*" means each holder of a Claim who has not chosen, by marking the appropriate box on the Ballot and/or Opt Out Form, as appropriate, to opt out of the "Releases by Holders of Claims" provided for in Section 8.3 of this Plan.³

1.136 "*Residency Agreements*" means those certain agreements entered into by and between the Residents and the Debtors, including all assisted living residency agreements, life care agreements, skilled nursing residency agreements, memory care agreements, and any additional documents related thereto, including any amendments, supplements, or addendums.

1.137 "*Resident*" means a Current Resident or Former Resident of the Community who is or was a party to a Residency Agreement.

1.138 "*Resident Claim Cover Letter*" means that certain letter prepared by the Committee that, subject to approval of the Bankruptcy Court, will accompany each Resident Claimant's Ballot.

1.139 "*Resident Claimants*" means the holders of Claims arising from rejected Residency Agreements.

³ Lifespace has requested the Purchaser be added as a Releasing Party.

1.140 “*Residents Trust*” means the trust established by the Residents Trust Agreement into which the Lifespace Resident Contributions shall be made.

1.141 “*Residents Trust Agreement*” means that certain Residents Trust Agreement between the Committee and the Debtors, which will be included in the Plan Supplement.

1.142 “*Residents Trust Interests*” means an uncertificated interest in the Residents Trust representing the rights of Participating Former Residents and Participating Current Residents.

1.143 “*Residents Trust Oversight Committee*” means the three-member committee of the Residents Trust appointed by the Committee.

1.144 “*Residents Trust Assets*” means (i) the Lifespace Resident Contributions, and (ii) the Estates’ rights to enforce the terms of the Lifespace Settlement and Contribution Agreement.

1.145 “*Residents Trustee*” means the Person identified as such in the Plan Supplement or other filing with the Bankruptcy Court, and retained as of the Effective Date pursuant to the terms of the Residents Trust Agreement, as the fiduciary responsible for implementing the applicable provisions of this Plan and the Residents Trust Agreement.

1.146 “*Retained Causes of Action*” means the Causes of Action, including the Landlord Litigation, that the Debtors or their Estates may hold and specifically retain and transfer to the Litigation Trust on the Effective Date. For the avoidance of doubt, Retained Causes of Action shall not include any Claims or Causes of Action against any Released Parties.

1.147 “*Sale Transaction*” means the transactions associated with the sale of substantially all the Debtors’ Assets, which transactions are described in the Asset Purchase Agreement.

1.148 “*Schedules*” means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs, if any, filed by a Debtor pursuant to Bankruptcy Code section 521 and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified, or supplemented from time to time.

1.149 “*Secured Claim*” means any Claim against any Debtor: (i) secured by a Lien on property in which an Estate has an interest, which Lien is valid, perfected and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to Bankruptcy Code section 553, to the extent of the value of the creditor’s interest in an Estates’ interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or (ii) Allowed as such pursuant to this Plan.

1.150 “*Series 2015 Bonds*” means, collectively, the Series 2015A Bonds and the Series 2015B Bonds.

1.151 “*Series 2015 Bond Claims*” means any and all Claims in respect of the Series 2015 Bonds.

1.152 “*Series 2015A Bonds*” means the Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) Series 2015A, in the original aggregate principal amount of \$53,600,000 issued pursuant to the 2015 Bond Indenture.

1.153 “*Series 2015B Bonds*” means the Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) Series 2015B, in the original aggregate principal amount of \$40,590,000 issued pursuant to the 2015 Bond Indenture.

1.154 “*Series 2017 Bonds*” means the Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) Series 2017A, in the original aggregate principal amount of \$21,685,000 issued pursuant to the 2017 Bond Indenture.

1.155 “*Series 2017 Bond Claims*” means any and all Claims in respect of the Series 2017 Bonds.

1.156 “*SQLC*” means Senior Quality Lifestyles Corporation.

1.157 “*Taxing Authorities*” has the meaning set forth in Section 12.15 of this Plan.

1.158 “*Tax Liens*” has the meaning set forth in Section 12.15 of this Plan.

1.159 “*Trustee*” means (i) UMB Bank, N.A., in its capacity as successor Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture; and (ii) any successor trustee in any such capacity.

1.160 “*Unexpired Lease*” means a lease to which a Debtor is a party that is subject to assumption or rejection under Bankruptcy Code section 365, including the Ground Lease.

1.161 “*Unimpaired*” means, with respect to a Claim, a Class of Claims that is “unimpaired” within the meaning of Bankruptcy Code section 1124.

1.162 “*U.S. Trustee*” means the Office of the United States Trustee for the Northern District of Texas.

1.163 “*U.S. Trustee Fees*” means all fees and charges assessed against the Estates of the Debtors under 28 U.S.C. § 1930.

1.164 “*Voting Agent*” means KCC.

1.165 “*Voting Deadline*” means the deadline to vote to accept or reject this Plan as set forth in the Disclosure Statement or an order of the Bankruptcy Court, as such deadline may be extended or modified from time to time.

B. Interpretation: Application of Definitions and Rules of Construction.

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan, as the same may be amended, waived, or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein. A term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code. The rules of construction contained in Bankruptcy Code section 102 shall apply to this Plan. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Unless otherwise provided, any reference in this Plan to an existing document, exhibit, or schedule means such document, exhibit, or schedule as it may have been amended, restated, revised, supplemented, or otherwise modified. If a time or date is specified for any payments or other Distribution under this Plan, it shall mean on or as soon as reasonably practicable thereafter. Further, where appropriate from a contextual reading of a term, each term includes the singular and plural form of the term regardless of how the term is stated and each stated pronoun is gender neutral.

C. Computation of Time.

In computing any period of time prescribed or allowed by the terms of this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any references to the Effective Date shall mean the Effective Date or as soon as reasonably practicable thereafter unless otherwise specified herein.

D. Controlling Document.

In the event of an inconsistency between this Plan and the Disclosure Statement, the terms of this Plan shall control in all respects. In the event of an inconsistency between this Plan and the Plan Supplement, the Plan Supplement shall control. In the event of an inconsistency between this Plan, the Plan Supplement and the Confirmation Order, the Confirmation Order shall control.

SECTION 2. TREATMENT OF ADMINISTRATIVE CLAIMS, PRIORITY TAX CLAIMS, AND U.S. TRUSTEE FEES

2.1 *Administrative Claims.* Unless a holder of an Allowed Administrative Claim and the Plan Sponsors before the Effective Date agree to less favorable treatment, each holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Allowed Administrative Claim in Cash: (i) if such Allowed Administrative Claim is based on liabilities that the Debtors incurred in the ordinary course of business after the Petition Date, on the Effective Date or in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim, in the Plan Sponsors’ discretion, and without any further action by any holder of such Allowed Administrative Claim; (ii) if such Allowed Administrative Claim is due on the Effective Date, or, if such Allowed Administrative Claim is not due as of the Effective Date, on the date that such Allowed Administrative Claim becomes due or as soon as reasonably practicable thereafter; (iii) if an Administrative Claim is not Allowed as of the Effective Date, on the date that is no later than thirty (30) days after the date on which an order allowing such Administrative Claim becomes a Final Order of the Bankruptcy Court or as soon as reasonably

practicable thereafter; or (iv) at such time and upon such terms as set forth in a Final Order of the Bankruptcy Court.

To be eligible to receive Distributions under this Plan on account of an Administrative Claim that is not otherwise Allowed by this Plan, a request for payment of an Administrative Claim must be filed with the Bankruptcy Court on or before the Administrative Claims Bar Date. Any Administrative Claim that is not asserted in accordance herewith shall be deemed disallowed under this Plan and shall be forever barred against the Debtors, the Debtors' Estates, or any of the Debtors' Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. For the avoidance of doubt, holders of the DIP Facility Claims, the Escrow Resident Claims and the Diminution Claim shall not be required to file an Administrative Claim for the allowance and satisfaction of such Claims.

2.2 Professional Claims. All Professionals seeking payment of Professional Claims shall (i) file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred in the Chapter 11 Cases by the date that is forty-five (45) days after the Effective Date and (ii) be paid (a) the full unpaid amount as is Allowed by the Bankruptcy Court within five (5) Business Days after the date that such Claim is Allowed by order of the Bankruptcy Court, or (b) upon such other terms as may be mutually agreed upon between the holder of such an Allowed Professional Claim and the Plan Sponsors; provided however that Professional Claims shall be cumulatively capped at \$1.5 million from the period of December 1, 2022 through the Effective Date, with holders of Professional Claims sharing Pro Rata in the \$1.5 million in the event Professional Claims exceed the cap. Any Professional Claim that is not asserted in accordance with Section 2.2 of this Plan or that exceed the cap shall be deemed disallowed under this Plan and shall be forever barred against the Plan Sponsors, the Debtors' Estates, or any of the Debtors' Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. All Professionals seeking payment of Professional Claims for amounts arising through November 30, 2022 shall file their respective interim fee applications for allowance of compensation for services rendered and reimbursement of expenses incurred in the Chapter 11 Cases through November 30, 2022 within twenty-one (21) days of entry of the Confirmation Order.

2.3 Priority Tax Claims. In accordance with Bankruptcy Code section 1123(a)(1), Priority Tax Claims have not been classified and are treated as described in this Section 2 of this Plan. Unless otherwise agreed by the holder of an Allowed Priority Tax Claim, any Person holding an Allowed Priority Tax Claim will receive, as determined by the Plan Sponsors in their sole discretion and in full satisfaction of such Claim, payment in Cash in full on the later of (i) the Effective Date, or as soon as reasonably practicable thereafter as determined by the Litigation Trustee, or (ii) the first Business Day after the date that is thirty (30) calendar days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable.

2.4 U.S. Trustee Fees. U.S. Trustee Fees will be paid in full by the Debtors and the Litigation Trustee, as applicable, as they become due and owing.

2.5 **Escrow Resident Claims.** As of the Petition Date, the Entrance Fee Escrow held \$15,844,326. As of October 31, 2022, the Entrance Fee Escrow balance held for the benefit of Residents, which excludes interest earned, is \$16,494,326. Within ten (10) days of the Effective Date, funds in the Entrance Fee Escrow shall be returned to those respective Residents that deposited such funds, pursuant to the terms of the Escrow Agreement, in full satisfaction of the Escrow Resident Claims.

2.6 **DIP Facility Claims.** The DIP Facility Claims shall be deemed Allowed Secured Claims and superpriority Administrative Claims in the full amount due and owing under the DIP Credit Agreement as of the Effective Date. The DIP Facility Claims shall be satisfied in full from Cash available on the Effective Date.

2.7 **Diminution Claim.** The Diminution Claim shall be deemed an Allowed superpriority Administrative Claim in the full amount due and owing under the DIP Orders as of the Effective Date. The Diminution Claim shall be satisfied in full from Cash available on the Effective Date. Such Diminution Claim is at least the amount due under the DIP Facility.

2.8 **Dallas County Claim.** The Dallas County Claim shall be deemed an Allowed Secured Claim as of the Effective Date. The Dallas County Claim shall be satisfied in full from Cash available on the Effective Date.

SECTION 3. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

3.1 **Classification and Specification of Treatment of Claims.** Pursuant to Bankruptcy Code sections 1122 and 1123, Claims (other than Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Dallas County Claim, the Escrow Resident Claims, the Diminution Claim and U.S. Trustee Fees) are classified for all purposes, including, without limitation, voting, confirmation and Distribution pursuant to this Plan, as set forth herein. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest also is classified in a particular Class for the purpose of receiving Distributions under this Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

This Plan is premised upon the substantive consolidation of the Debtors solely for the purposes of voting, determining which Classes have accepted this Plan, confirming this Plan, and the resultant treatment of Claims and Interests and Distributions under this Plan.

3.2 *Classes of Claims and Interests.*

Class	Claim	Estimated Allowed Claims	Status	Voting Rights
1	Other Priority Claims	\$19,182.99	Unimpaired	Deemed to Accept

2	Bond Claims	\$111,728,919.22	Impaired	Entitled to Vote
3	Other Secured Claims	\$0	Unimpaired	Deemed to Accept
4	General Unsecured Claims	\$206,313,419 ⁴	Impaired	Entitled to Vote
5	Participating Former Resident Refund Claims	\$37,101,059.29	Impaired	Entitled to Vote
6	Participating Current Resident Refund Claims	\$106,809,920.49	Impaired	Entitled to Vote
7	Intercompany Claims	\$5,221,798.74	Impaired	Deemed to Reject
8	Interests in Debtors	N/A	Impaired	Deemed to Reject

3.2.1 Class 1 — Other Priority Claims. In accordance with the Proofs of Claim on file, there are asserted priority claims in the amount of \$19,182.99. To the extent that such Claims have been or will be Allowed, Class 1 Claims will be Unimpaired and not entitled to vote on this Plan. Except to the extent that a holder of an Allowed Other Priority Claim has agreed to a different treatment of such Claim, each such holder shall receive, in full satisfaction of such Allowed Other Priority Claim, Cash in an amount equal to such Allowed Other Priority Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date; (ii) the date the Other Priority Claim becomes an Allowed Claim; or (iii) the date for payment provided by any agreement or arrangement between the Plan Sponsors and the holder of the Allowed Other Priority Claim.

3.2.2 Class 2 — Bond Claims. Class 2 is Impaired and entitled to vote on this Plan. This Class consists of all Bond Claims and includes all Claims of the holders of the Series 2015 Bonds and the Series 2017 Bonds, which Claims shall be deemed Allowed pursuant to this Plan in the aggregate principal amount of \$109,185,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$2,543,919.22. On the Effective Date, the Net Sale Proceeds after payment of Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Dallas County Claim, the Diminution Claim and U.S. Trustee Fees, shall be paid to the Trustee, which funds shall be disbursed to holders of the Bond Claims in accordance with the Original Bond Documents. Further, the Lifespace Bond Contribution will be paid to the Trustee on the Effective Date, which funds shall be disbursed to holders of the Bond Claims in accordance with the Original Bond Documents. Assuming no competing qualified bids are received and the Sale Transaction with the initial Purchaser closes, Holders of Bond Claims are estimated to receive Distributions of approximately 40% of their Bond Claims. The Bond

⁴ Includes (i) an estimated Bond Deficiency Claim of \$60,902,439.22 based upon the initial Purchaser's offer and the Lifespace Bond Contribution (after payment of other amounts set forth in the Plan), (ii) the \$143,910,979.78 Lifespace Resident Claim (subject to opt-out adjustment), and (iii) vendor claims of approximately \$1,500,000.

Deficiency Claim shall be treated on a Pro Rata basis with holders of Allowed General Unsecured Claims.

3.2.3 Class 3 — Other Secured Claims. This Class consists of all Other Secured Claims against the Debtors. In accordance with Debtors' books and records, no Class 3 Claims exist. To the extent that such Claims have been or will be asserted and Allowed, Class 3 Claims will be Unimpaired and not entitled to vote on this Plan. In full satisfaction of an Allowed Other Secured Claim, on the later of the Effective Date and the date on which the Other Secured Claim is Allowed, each holder of an Allowed Other Secured Claim shall receive, at the sole and exclusive option of the Plan Sponsors: (i) Cash equal to the amount of such Claim; (ii) return of the underlying collateral related to their Claims; or (iii) treatment of such Allowed Other Secured Claim in any other manner that renders the Claim Unimpaired, including Reinstatement.

3.2.4 Class 4 — General Unsecured Claims. Class 4 is Impaired and entitled to vote on this Plan. This Class consists of all General Unsecured Claims, including Class 5 and 6 Refund Claims of Residents who OPT OUT of the Lifespace Settlement and the releases under Section 8 of this Plan, and including vendor claims of approximately \$1,500,000, the Bond Deficiency Claim and the Lifespace Resident Claim. Allowed General Unsecured Claims shall be paid a Pro Rata share of the Litigation Trust Proceeds. Holders of Allowed General Unsecured Claims are estimated to receive Distributions ranging from 0% to 50% of their Allowed General Unsecured Claims, depending on the outcome of the Landlord Litigation and the liquidation of other Litigation Trust Assets.

3.2.5 Class 5 — Participating Former Resident Refund Claims. Class 5 is Impaired and entitled to vote on this Plan. This Class consists of the Refund Claims of Participating Former Residents, who, for the avoidance of doubt, no longer reside at Edgemere as of the Voting Record Date. The Residency Agreements of Former Residents shall be rejected, and the holders of Allowed Class 5 Claims who OPT OUT of the Lifespace Settlement and the releases under Section 8 of this Plan shall receive a Class 4 General Unsecured Claim in an amount equal to their Refund Claim. Former Residents who do not OPT OUT of the Lifespace Settlement and the releases under Section 8 of this Plan (i.e. Participating Former Residents) shall receive Cash from the Residents Trust within sixty (60) days of the Refund Trigger Date in an amount equal to their Refund Claim.⁵

3.2.6 Class 6 — Participating Current Resident Refund Claims. Class 6 is Impaired and entitled to vote on this Plan. This Class consists of the Refund Claims of Participating Current Residents, who, for the avoidance of doubt, reside at Edgemere, as of the Voting Record Date. The Residency Agreements of Current Residents shall be rejected, and the holders of Allowed Class 6 Claims who OPT OUT of the Lifespace Settlement and the releases under Section 8 of this Plan shall receive a Class 4 General Unsecured Claim in an amount equal to their Refund Claim. Current Residents who do not OPT OUT of the Lifespace Settlement and the releases under

⁵ The Residents Trust shall be informed of units which have been re-leased semi-annually by the Purchaser, which shall be the date the Residents Trust is deemed informed of units which have been re-leased for purposes of the Refund Trigger Date.

Section 8 of this Plan (i.e. Participating Current Residents) shall receive Cash from the Residents Trust within sixty (60) days of the Refund Trigger Date in an amount equal to their Refund Claim.⁶

3.2.7 Class 7 — Intercompany Claims. Class 7 is Impaired and not entitled to vote on this Plan. This Class consists of all Claims held by Lifespace against the Debtors. Class 7 Claims shall be waived and released and Lifespace, as holder of such Claims, shall receive no Distribution on account of Class 7 Claims.

3.2.8 Class 8 — Interests in Debtors. Class 8 is Impaired and deemed to reject this Plan. This Class consists of Interests of Lifespace in the Debtors, which Interests shall be terminated on the Effective Date.

3.3 *Acceptance or Rejection of this Plan.*

3.3.1 Acceptance by an Impaired Class. In accordance with Bankruptcy Code section 1126(c) and except as provided in Bankruptcy Code section 1126(e), an Impaired Class of Claims shall have accepted this Plan if this Plan is accepted by the holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject this Plan.

3.3.2 Presumed Acceptance of this Plan. Classes 1 and 3 are conclusively presumed to have accepted this Plan pursuant to Bankruptcy Code section 1126(f).

3.3.3 Presumed Rejection of this Plan. Classes 7 and 8 are Impaired under this Plan and will receive no Distributions and, thus, are conclusively presumed to have rejected this Plan pursuant to Bankruptcy Code section 1126(g).

3.3.4 Voting Class. Classes 2, 4, 5 and 6 are Impaired under this Plan and are entitled to vote to accept or reject this Plan.

3.4 *Subordinated Claims.* The allowance, classification, and treatment of all Allowed Claims and Interests and the respective Distributions and treatments under this Plan take into account the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, Bankruptcy Code section 510(b), or otherwise. For purposes of Bankruptcy Rule 7001(8), this Plan provides for subordination. The Litigation Trustee, as set forth herein, shall have the right to subordinate any Claim in accordance with any contractual, legal, or equitable subordination relating thereto under the Bankruptcy Code as long as such treatment is consistent with the terms of the Litigation Trust Agreement. Subordinated Claims shall not receive a Distribution under this Plan until any and all senior Allowed Claims are paid in full.

3.5 *Cramdown.* If all applicable requirements for confirmation of this Plan are met as set forth in Bankruptcy Code section 1129(a) except subsection (8) thereof, the Plan

⁶ The Residents Trust shall be informed of units which have been re-leased semi-annually by the Purchaser, which shall be the date the Residents Trust is deemed informed of units which have been re-leased for purposes of the Refund Trigger Date.

Sponsors shall request that the Bankruptcy Court confirm this Plan in accordance with Bankruptcy Code section 1129(b) on the bases that this Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims or Interests that is Impaired hereunder, and has not accepted or is deemed to reject, this Plan.

SECTION 4. MEANS FOR IMPLEMENTATION OF THIS PLAN

4.1 *Sale Transaction*

4.1.1 Sale Transaction. Consistent with the Asset Purchase Agreement, substantially all of the property in the Estates shall be sold to the Purchaser (including such Purchaser to be identified as the winning bidder following an Auction), free and clear of all Liens, Claims, charges, or other encumbrances pursuant to section 1123(a)(5)(D) of the Bankruptcy Code, with all such Liens, Claims, charges or other encumbrances attaching automatically to the Net Sale Proceeds in the same manner, extent, validity and priority as existed on the Closing Date, with the Net Sale Proceeds to be distributed pursuant to this Plan; provided, however, that ad valorem personal property tax liens arising and attaching to the subject property by operation of law on January 1, 2023 shall remain attached to the Assets and ad valorem personal property taxes for tax year 2023 shall be the responsibility of the Purchaser, subject to being Pro Rated pursuant to Section 2.6 of the Asset Purchase Agreement and subject to any defenses available under applicable Texas Law; the Taxing Authorities shall retain the right to enforce their liens and take all actions provided by applicable Texas Law. An initial Purchaser has been identified, whose purchase offer in the amount of \$48.5 million (subject to the adjustments in the Asset Purchase Agreement) is subject to higher and better bids. If a competing qualified bid is received by January 13, 2023 at 4:00 p.m. (prevailing Central Time), an Auction shall be held on January 17, 2023 at 10:00 a.m. (prevailing Central Time) to determine the ultimate Purchaser. Upon the Closing of the Sale Transaction, all Net Sale Proceeds therefrom after payments required under the Plan to pay any unpaid Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Dallas County Claim, Diminution Claim and the U.S. Trustee Fees, shall be paid to the Trustee for Distribution to holders of Original Bonds, pursuant to the terms of the Original Bond Documents.

4.1.2 Monthly Rental Agreements. The Asset Purchase Agreement contemplates the rejection of all Residency Agreements, provided that, subject to regulatory approvals and/or requirements, any Purchaser shall offer to all Current Residents a monthly rental agreement which, subject to regulatory approvals and/or requirements, shall provide similar services to Current Residents as provided prior to the Closing Date.

4.1.3 Transition to Purchaser. The Asset Purchase Agreement contemplates both the rejection of the Debtors' agreement with Lifespace to manage the Community, and the Purchaser receiving all regulatory approvals to operate the Purchased Assets at or prior to the Closing Date. Prior to the Closing Date, the Debtors and Lifespace shall provide prompt and reasonable assistance in connection with the approval or implementation of the Asset Purchase Agreement or any ancillary agreements, including, without limitation, providing information in connection with Purchaser's seeking of regulatory approvals necessary to own and operate the Community.

4.1.4 Injunction Against Solicitation. The Asset Purchase Agreement contemplates that the Purchaser will continue to operate the Community as a senior living community. In consideration for being a Released Party, Lifespace, on behalf of itself and any of its affiliates, subsidiaries, representatives, or agents, agrees that, without the prior written consent of Purchaser, (i) from the Confirmation Date and until the second anniversary of the Effective Date, Lifespace shall not hire or solicit for employment any individual that was an employee of the Community at any time from November 2, 2022 to the Effective Date; provided, however, Lifespace shall not be prohibited from hiring any individual that responds to a general public solicitation made by Lifespace regarding employment opportunities that is not specifically targeted at such persons, and (ii) shall not solicit by direct contact (as opposed to marketing to the public generally) any individuals that are or were Residents of the Community at any time from November 2, 2022 to the Closing Date for movement or relocation to any other senior living community located in Texas; provided, however, Lifespace shall not be prohibited from responding to any direct inquiry from a Resident regarding potential movement or relocation to such other senior living community in Texas.]⁷

4.1.5 Transfer of Assets to Litigation Trust. On the Effective Date, all of the Estates' assets not sold in the Sale Transaction shall be transferred to the Litigation Trust and administered as set forth more fully below.

4.2 ***Creation of the Litigation Trust and Appointment of the Litigation Trustee and Litigation Trust Oversight Committee***

4.2.1 Creation of the Litigation Trust. On or prior to the Effective Date, the Debtors shall execute the Litigation Trust Agreement. On the Effective Date, the Litigation Trust shall become effective and shall be deemed to be valid, binding and enforceable in accordance with the terms and provisions of this Plan and the Litigation Trust Agreement. After the Effective Date, the Litigation Trust Agreement may be amended in accordance with its terms without further order of the Bankruptcy Court. The Litigation Trust Agreement shall be satisfactory in form and substance to the Plan Sponsors.

4.2.2 Purpose of the Litigation Trust. The Litigation Trust shall be established for the purposes of (i) liquidating any non-Cash Litigation Trust Assets; (ii) maximizing recovery of the Litigation Trust Assets for the benefit of the holders of Litigation Trust Interests; (iii) distributing the proceeds of the Litigation Trust Assets to holders of the Litigation Trust Interests in accordance with this Plan and the Litigation Trust Agreement, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary for, and consistent with, the liquidating purpose of the Litigation Trust; (iv) prosecuting or otherwise resolving the Retained Causes of Action for the benefit of the holders of the Litigation Trust Interests; and (v) winding down the Chapter 11 Cases as provided in this Plan.

4.2.3 Funding of the Litigation Trust. On the Effective Date, Cash in the amount of \$500,000 will be funded Pro Rata by the Trustee and Lifespace. The Cash will be set

⁷ The Purchaser has requested this provision.

aside for the sole purpose of paying Litigation Trust Expenses to be incurred by the Litigation Trust.

4.2.4 Transfer of Litigation Trust Assets to the Litigation Trust. As of the Effective Date, pursuant to the provisions of sections 1141(b) and (c) of the Bankruptcy Code, the Debtors and the Estates shall preserve, transfer and assign all of their respective right, title and interest in and to all of the Litigation Trust Assets, which shall automatically vest in the Litigation Trust free and clear of all Claims, Liens, encumbrances, charges, Interests and other interests, subject only to the Allowed Claims of the holders of Litigation Trust Interests as set forth in this Plan and in the Litigation Trust Agreement.

4.2.5 Appointment of the Litigation Trustee. On the Effective Date, the Litigation Trustee shall be deemed the Estates' representative solely with respect to the Litigation Trust Assets in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in this Plan and Litigation Trust Agreement solely with respect to the Litigation Trust Assets, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Bankruptcy Rule 2004.

4.2.6 Governance of Litigation Trust. The Litigation Trust shall be governed by the Litigation Trust Agreement and administered by the Litigation Trustee who shall report to the Litigation Trust Oversight Committee in accordance with the terms of this Plan and the Litigation Trust Agreement.

4.2.7 Tax Treatment. Except to the extent allocable to Disputed Claims, consistent with the principles of Revenue Procedure 94-45, 1994-2 C.B. 684, as of the Effective Date, for federal income tax purposes, (i) the Debtors will be deemed to transfer the Litigation Trust Assets to the holders of the Litigation Trust Interests, (ii) the holders of the Litigation Trust Interests will be deemed to transfer such Assets to the Litigation Trust, (iii) the Litigation Trust will be treated as a "liquidating trust," as defined in Treasury Regulation section 301.7701-4(d), and as a "grantor trust" within the meaning of Internal Revenue Code sections 671-679 and (iv) the holders of the Litigation Trust Interests will be treated as the "grantors" of the Litigation Trust.

4.2.8 Securities Registration Exemption. The Plan Sponsors intend that the Litigation Trust Interests shall not be deemed "securities" under applicable laws, but to the extent such units are deemed to be "securities," the Plan Sponsors believe the issuance of such units under this Plan is exempt, pursuant to section 1145 of the Bankruptcy Code (except with respect to an entity that is an "underwriter" as defined in section 1145(b) of the Bankruptcy Code).

4.2.9 Rights, Powers and Duties of the Litigation Trust and the Litigation Trustee. The Litigation Trustee will act for the benefit of holders of Litigation Trust Interests in a fiduciary capacity and shall have comparable authority as a bankruptcy trustee of the Debtors, as the exclusive representative of the Estates under section 1123(a)(5)(B) of the Bankruptcy Code or any corresponding federal or state laws with respect to the Litigation Trust Assets and shall succeed to all the Debtors' and the Estates' rights with respect thereto, subject to the provisions of this Plan and the Litigation Trust Agreement. The Litigation Trust is the successor to the Debtors and their Estates. The powers, rights and duties of the Litigation Trustee shall arise on the Effective Date

and shall include, all subject to the terms and conditions of the Litigation Trust Agreement, the following:

- (a) commencing, pursuing and liquidating all of the Litigation Trust Assets;
- (b) engaging attorneys, consultants, agents, employees and any other professional persons to assist the Litigation Trustee with respect to the Litigation Trustee's responsibilities;
- (c) paying the fees and expenses of the attorneys, consultants, agents, employees and other professional persons engaged by the Litigation Trust and paying all other expenses;
- (d) compromising and settling Claims without notice or Bankruptcy Court approval;
- (e) calculating and implementing Distributions of Litigation Trust Assets for the benefit of the holders of the Litigation Trust Interests;
- (f) resolving issues involving Claims and Interests in accordance with this Plan;
- (g) consulting with members of the Litigation Trust Oversight Committee regarding the prosecution and/or settlement of Retained Causes of Action and reporting to the Litigation Trust Oversight Committee regarding such matters, and seeking approval from the Litigation Trust Oversight Committee regarding the prosecution and/or settlement of each Cause of Action, to the extent set forth in the Litigation Trust Agreement;
- (h) investing Cash in accordance with section 345 of the Bankruptcy Code, and withdrawing and making Distributions of Cash to holders of Litigation Trust Interests holding and paying taxes and other obligations incurred by the Litigation Trustee in connection with winding down the Estates in accordance with this Plan;
- (i) coordinating the turnover of property, if any, subject to rejected executory contracts or abandonment or liquidation of any Litigation Trust Assets;
- (j) taking possession of all books, records, and files of the Debtors and their Estates; and providing for the retention and storage of such books, records, and files until such time as the Litigation Trust determines, in accordance with the Litigation Trust Agreement, that retention of same is no longer necessary or required;
- (k) overseeing compliance with the accounting, finance and reporting obligations;
- (l) paying taxes or other obligations incurred by the Litigation Trust;
- (m) preparing financial statements and U.S. Trustee post-confirmation quarterly reports, and filing such reports on the docket of the Chapter 11 Cases until such time as a final decree has been entered;

- (n) overseeing the filing of final tax returns, refund requests, audits and other corporate dissolution documents, as required;
- (o) performing any additional corporate actions as necessary to carry out the wind down and liquidation of the Estates;
- (p) exercising such other powers as may be vested in or assumed by the Litigation Trustee pursuant to this Plan, the Litigation Trust Agreement or other Order of the Bankruptcy Court or as may be needed or appropriate to carry out the provisions of this Plan; and
- (q) undertaking all administrative functions of the Chapter 11 Cases, including the payment of fees payable to the U.S. Trustee and the ultimate closing of the Chapter 11 Cases.

4.2.10 Litigation Trust Interests. Holders of Allowed General Unsecured Claims shall, by operation of this Plan, receive a Pro Rata share of the Litigation Trust Interests in accordance with the terms of and priorities set forth in this Plan. Litigation Trust Interests shall also be reserved for holders of Disputed Claims which, if Allowed, would be entitled to participate in Distributions from the Litigation Trust, and such reserved Litigation Trust Interests shall be held by the Litigation Trustee pending allowance or disallowance of such Claims. No other Person shall have any interest, legal, beneficial or otherwise, in the Litigation Trust Assets upon the assignment and transfer of such assets to the Litigation Trust. As set forth in the Litigation Trust Agreement, Distributions from the Litigation Trust on account of Litigation Trust Interests shall be made from the Litigation Trust Assets after paying, reserving against or satisfying, among other things, the Litigation Trust Expenses. The Litigation Trust Interests shall be uncertificated and shall be nontransferable except upon death of the holder or by operation of law. Holders of Litigation Trust Interests shall have no voting rights with respect to such interests.

4.2.11 Pending Adversary Proceedings. Without the need for filing any motion for such relief, in connection with the Litigation Trust Assets, the Litigation Trust or the Litigation Trustee (as applicable) hereby shall be deemed substituted for the applicable Debtor (i) in all pending matters including, but not limited to, motions, contested matters and adversary proceedings in the Bankruptcy Court; and (ii) with respect to any Retained Causes of Action pending before the Bankruptcy Court or any other court.

4.2.12 Preservation of Right to Conduct Investigations. The preservation for the Litigation Trust of any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 is necessary and relevant to the liquidation and administration of the Litigation Trust Assets. Accordingly, any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 held by the Debtors prior to the Effective Date shall vest with the Litigation Trust and shall continue until dissolution of the Litigation Trust.

4.3 ***Creation of the Residents Trust and Appointment of the Residents Trust Trustee and Residents Trust Oversight Committee.***

4.3.1 Upon the Plan Effective Date, a Residents Trust will be formed. The Residents Trust shall receive and distribute the Lifespace Resident Contributions pursuant to the

terms of the Lifespace Settlement and Contribution Agreement, the Plan and the Residents Trust Agreement. Holders of Residents Trust Interests shall consist of Participating Former Residents and Participating Current Residents.

4.3.2 Creation of the Residents Trust. On or prior to the Effective Date, the Committee and the Debtors shall execute the Residents Trust Agreement. On the Effective Date, the Residents Trust shall become effective and shall be deemed to be valid, binding and enforceable in accordance with the terms and provisions of the Plan and the Residents Trust Agreement. After the Effective Date, the Residents Trust Agreement may be amended in accordance with its terms without further order of the Bankruptcy Court. The Residents Trust Agreement shall be satisfactory in form and substance to the Committee and Lifespace.

4.3.3 Purpose of the Residents Trust. The Residents Trust shall be established for the purposes of (i) receiving the Lifespace Resident Contributions and the Estates' rights to enforce the terms of the Lifespace Settlement and Contribution Agreement; and (ii) distributing the proceeds of the Residents Trust Assets to Participating Former Residents and Participating Current Residents in accordance with the terms of the Plan and the Residents Trust Agreement. The trustee of the Residents Trust (the "**Residents Trust Trustee**") will act for the benefit of holders of Residents Trust Interests in a fiduciary capacity. Holders of Residents Trust Interests shall consist of Holders of Participating Former Residents and Participating Current Residents. Holders of Residents Trust Interests shall receive a distribution from the Residents Trust in accordance with the terms of the Plan and the Residents Trust Agreement.

4.3.4 Funding of the Residents Trust. Residents Trust expenses incurred by the Residents Trust shall be paid from Residents Trust Assets.

4.3.5 Transfer of Rights under the Lifespace Settlement and Contribution Agreement to the Residents Trust. As of the Effective Date, pursuant to the provisions of sections 1141(b) and (c) of the Bankruptcy Code, the Debtors and the Estates shall preserve, transfer and assign all of their respective right, title and interest in and under the Lifespace Settlement and Contribution Agreement, which shall automatically vest in the Residents Trust and Residents Trust Trustee free and clear of all Claims, Liens, encumbrances, charges, Interests and other interests, subject only to the Allowed Claims of the holders of Residents Trust Interests as set forth in the Plan and in the Residents Trust Agreement.

4.3.6 Appointment of the Residents Trust Trustee. On the Effective Date, the Residents Trust Trustee shall be appointed by a three-member Residents Trust Oversight Board appointed by the Committee and shall be deemed the Estates' representative solely with respect to the Residents Trust Assets in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in the Plan and Residents Trust Agreement solely with respect to the Residents Trust Assets, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Bankruptcy Rule 2004.

4.3.7 Governance of Residents Trust. The Residents Trust shall be governed by the Residents Trust Agreement and administered by the Residents Trust Trustee who shall report to the Residents Trust Oversight Committee in accordance with the terms of the Plan and the Residents Trust Agreement.

- (g) paying taxes or other obligations incurred by the Residents Trust; and
- (h) exercising such other powers as may be vested in or assumed by the Residents Trust Trustee pursuant to the Plan, the Residents Trust Agreement or other Order of the Bankruptcy Court or as may be needed or appropriate to carry out the provisions of the Plan.

4.3.11 **Residents Trust Interests.** Holders of Allowed Class 5 and 6 Claims that do not OPT OUT of the Lifespace Settlement and the releases under Section 8 of this Plan shall, by operation of this Plan, receive a Pro Rata share of the Residents Trust Interests in accordance with the terms of and priorities set forth in the Plan. Residents Trust Interests shall also be reserved for holders of Disputed Claims which, if Allowed, would be entitled to participate in Distributions from the Residents Trust, and such reserved Residents Trust Interests shall be held by the Residents Trust Trustee pending allowance or disallowance of such Claims. No other Person shall have any interest, legal, beneficial or otherwise, in the Residents Trust Assets upon the assignment and transfer of such assets to the Residents Trust. As set forth in the Residents Trust Agreement, Distributions from the Residents Trust on account of Residents Trust Interests shall be made from the Residents Trust Assets after paying, reserving against or satisfying, among other things, the Residents Trust expenses. The Residents Trust Interests shall be uncertificated and shall be nontransferable except upon death of the holder or by operation of law. Holders of Residents Trust Interests shall have no voting rights with respect to such interests.

4.4 **Entrance Fee Escrow.** As of the Petition Date, the Entrance Fee Escrow held \$15,844,326. As of October 31, 2022, the Entrance Fee Escrow balance held for the benefit of Residents, which excludes interest earned, is \$16,494,326. Within ten (10) days of the Effective Date, funds in the Entrance Fee Escrow shall be returned to those respective Residents that deposited such funds, pursuant to the terms of the Escrow Agreement, in full satisfaction of the Escrow Resident Claims.

4.5 **Corporate Action.** Upon the Effective Date, all actions contemplated by this Plan (whether to occur before, on, or after the Effective Date) shall be deemed authorized and approved in all respects, and all matters provided for in this Plan involving the corporate structure of the Debtors and any corporate action required by the Debtors in connection with this Plan shall be deemed to have occurred, without any requirement of further action by the directors or officers of the Debtors.

On or (as applicable) before the Effective Date, the appropriate officers of the Debtors or the Litigation Trust, as applicable, shall be authorized and directed to issue, execute, and deliver the agreements, documents, securities, certificates of incorporation, operating agreements, and instruments contemplated by this Plan (or necessary or desirable to effect the transactions contemplated by this Plan), including all documents necessary to consummate the Sale Transaction, in the name of and on behalf of the Debtors or the Litigation Trust, as the case may be, and any and all other agreements, documents, securities, and instruments relating to the foregoing.

4.6 **Section 1146 Exemption from Certain Taxes and Fees.** Pursuant to Bankruptcy Code section 1146(a), any transfer of property and any issuance, transfer, or exchange

of a security in connection with or pursuant to this Plan shall not be subject to any stamp, mortgage recording, or other similar tax, charge, or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax, charge, or governmental assessment and, as applicable, to accept for filing and recordation instruments or other documents pursuant to such transfer of property or to permit the issuance, transfer, or exchange of a security without the payment of any such tax, charge, or governmental assessment. Such exemption specifically applies, without limitation, to (i) the sale of the Assets pursuant to the Asset Purchase Agreement effectuated under this Plan; (ii) the creation and recordation of any mortgage, deed of trust, lien, or other security interest; (iii) the making or assignment of any lease or sublease; and (iv) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with this Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; or (d) assignments executed in connection with any transaction occurring under this Plan.

4.7 ***Preservation of Causes of Action of the Debtors.*** In accordance with Bankruptcy Code section 1123(b), and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, the Exculpated Claims against the Exculpated Parties and the Debtor Released Claims against the Released Parties), the Litigation Trustee shall be vested with the authority to enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtors, whether arising before or after the Petition Date, and the Litigation Trustee's right(s) to commence, prosecute, or settle such Causes of Action shall be consistent with the terms of the Litigation Trust Agreement. The Litigation Trustee is the sole party that may pursue such Causes of Action, as appropriate, in accordance with the best interests of the holders of the Litigation Trust Interests. No Person may rely on the absence of a specific reference in this Plan or the Disclosure Statement to any Cause of Action against such Person as any indication that the Debtors or the Litigation Trustee, as applicable, will not pursue any and all available Causes of Action against such Person. Except with respect to Causes of Action as to which the Debtors have released any Person on or before the Effective Date (including pursuant to the Releases by the Debtors or otherwise), the Litigation Trustee, as applicable, expressly reserves all rights to prosecute any and all Causes of Action of the Debtors against any Person, except as otherwise expressly provided in this Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised, or settled in this Plan or by an order of the Bankruptcy Court, the Litigation Trustee expressly reserves all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation or consummation of this Plan. For the avoidance of doubt, nothing in this Section 4.7 shall affect the "Releases by the Debtors" provided in Section 8.2 of this Plan.

Notwithstanding anything to the contrary contained herein, the Residents Trust Trustee shall be vested with the authority to enforce the terms of the Lifespace Settlement and Contribution Agreement, which are being assigned to the Residents Trust and the Residents Trust Trustee pursuant to this Plan.

SECTION 5. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions or rejections of such Executory Contracts or Unexpired Leases as set forth in this Plan or the Plan Supplement, all pursuant to Bankruptcy Code sections 365(a) and 1123. Unless otherwise indicated, all assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to this Plan are effective as of the Closing Date. Each Executory Contract or Unexpired Lease assumed pursuant to this Plan or by Bankruptcy Court order and assigned to a Purchaser shall vest in and be fully enforceable by the Purchaser in accordance with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in this Plan, the Plan Sponsors reserve the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Plan Supplement at any time before the Effective Date. After the Effective Date, the Purchaser shall have the right to terminate, amend, or modify any contracts, leases, or other agreements without approval of the Bankruptcy Court, subject to the terms thereof. For the avoidance of doubt, Section 5 of this Plan shall apply to all Executory Contracts and Unexpired Leases except as otherwise provided herein and to the extent addressed and decided by an order of the Bankruptcy Court.

5.1 ***Rejection of Residency Agreements.*** On the Closing Date and as set forth in the Asset Purchase Agreement, the Debtors shall reject the Residency Agreements of all Residents. Any Current Resident that desires to remain at the Community may do so, subject to regulatory approvals and/or requirements, by entering into a new monthly rental agreement which agreements will provide similar services to such Current Resident as provided under their prior Residency Agreement.

Notwithstanding anything herein to the contrary, for the sake of clarity and to avoid confusion, upon the rejection of the Residency Agreements, the holders of Refund Claims are not required to file Rejection Claims if such Resident Claimants agree with the proposed amount of the respective Resident Claimant's Refund Claim, as set forth in the Resident Claim Cover Letter accompanying the Resident Claimant's Ballot. Unless an additional Rejection Claim is filed by any Resident Claimants, all Resident Claimants shall be deemed to hold Allowed Class 5 or Class 6 Claims (unless they OPT OUT of the Lifespace Settlement and the releases under Section 8 of this Plan, in which case they would hold Allowed Class 4 Claims) in the amount of their Refund Claim, as set forth in the Resident Claim Cover Letter accompanying each Resident Claimant's respective Ballot and/or solicitation materials, without the need to file a Rejection Claim for such Refund Claim. If any Resident Claimants disagree with the amount of their respective Refund Claim, as set forth in the Resident Claim Cover Letter accompanying each Resident Claimant's respective Ballot, then the Resident Claimants shall be required to file a Rejection Claim on or before the Rejection Damages Bar Date.

5.2 ***Assumption and Rejection of Executory Contracts and Unexpired Leases.*** Unless assumed and assigned under the Asset Purchase Agreement, on the Closing Date the Debtors shall reject all Executory Contracts and Unexpired Leases. Resulting Rejection Claims will be treated as Class 4 General Unsecured Claims.

5.3 ***Assumption of the Ground Lease.*** On the Closing Date and as set forth in the Asset Purchase Agreement, the Ground Lease shall be assumed, subject to the rights of the

Litigation Trustee as set forth in this Plan and assigned to the Purchaser. The Landlord shall have an Allowed Administrative Claim for the amounts due and owing from the Petition Date through the Effective Date, subject to final approval of the Bankruptcy Court and the rights of parties in interest to challenge the asserted Administrative Claim amount. Nothing herein shall be construed as a waiver of the Litigation Trustee, the Plan Sponsors, the Committee or any third parties to pursue any and all Claims against the Landlord. The cure amount associated with the Ground Lease shall be funded from the Net Sale Proceeds into the Cure Escrow pending further order of the Bankruptcy Court as to the Allowed amount of such cure amount, with any balance following such order being distributed to the Trustee for distribution to holders of Bond Claims.

5.4 *Claims Based on Rejection of Executory Contracts or Unexpired Leases.*

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed no later than the Rejection Damages Bar Date; *provided, that* any such Claims arising from the rejection of an Unexpired Lease shall be subject to the cap on rejection damages imposed by Bankruptcy Code section 502(b)(6). Any Claims arising from the rejection of an Executory Contract or Unexpired Lease that is not timely filed with the Bankruptcy Court (other than Refund Claims) will be automatically disallowed and forever barred from assertion and shall not be enforceable against the Debtors, the Estates, or the Debtors' property, without the need for any objection by any party or further notice to, action by, or order or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases, other than with respect to Resident Claimants, shall be classified as Class 4 Claims and shall be treated in accordance with this Plan.

5.5 *Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.* Any provisions or terms of the Debtors' Executory Contracts or Unexpired Leases to be assumed under the Sale Transaction that are, or may be, alleged to be in default, shall be satisfied solely by cure or by a waiver of cure agreed upon between the Purchaser and the applicable counterparty. Except with respect to Executory Contracts or Unexpired Leases in which the Purchaser and the applicable counterparties have stipulated in writing to payment of cure or with respect to Residency Agreements or the Ground Lease, the following procedures shall be established for determining cure with respect to the proposed assumed Executory Contracts or Unexpired Leases (the "**Proposed Assumed Contracts**"):

- (a) Within five (5) days after entry of the Bidding Procedures Order, the Plan Sponsors will file with the Bankruptcy Court and serve a notice to the counterparties to Executory Contracts and Unexpired Leases, other than Residents that are party to a Residency Agreement as of the Petition Date, (each, a "**Non-Resident Contract Counterparty**"), setting forth the Plan Sponsors' calculation of each Non-Resident Contract Counterparty's cure amount, if any, that would be owing to such Non-Resident Contract Counterparty if the Debtors were to assume or assume and assign such Executory Contract or Unexpired Lease, and alerting such Non-Resident Contract Counterparty that its agreement may be assumed and assigned to the Purchaser (the "**Cure and Possible Assumption and Assignment Notice**"). Any Non-Resident Contract Counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice, must file an objection (a "**Cure Objection**") no later than December 19, 2022 at 4:00 p.m. (prevailing Central Time), which Cure Objection must be served on the following by e-mail:

- (a) counsel for the Initial Plan Sponsors, Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (b) RBC Capital Advisors, David Fields, david.fields@rbccm.com; (c) counsel for the Debtors, Trinitee G. Green, tggreen@polsinelli.com and Jeremy Johnson, Jeremy.johnson@polsinelli.com, and (d) counsel for the Committee, Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark Moore, mmoore@foley.com (collectively, the “**Notice Parties**”).
- (b) If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party will be forever barred from objecting to the proposed cure amount. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Plan Sponsor are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtors’ ability to assign the agreement to the Purchaser, will be determined at the Confirmation Hearing.
- (c) After the conclusion of the Auction, the Plan Sponsors shall file with the Bankruptcy Court and serve on the Notice Parties and Contract Counterparties a further notice (the “**Assumption Notice**”) identifying the Purchaser, stating which Executory Contracts or Unexpired Leases may be assumed and assigned to the Purchaser, and providing such Contract Counterparties with the Purchaser’s assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance or assumption and/or assignment of its Executory Contract or Unexpired Lease set forth in the Assumption Notice must file an objection with the Bankruptcy Court (a “**Contract Objection**”) and serve the Contract Objection on the Notice Parties prior to the Confirmation Hearing. If a Contract Counterparty does not file a Contract Objection prior to the Confirmation Hearing, such party will be forever barred from objecting to the adequacy of the assurance to be provided by the Purchaser and assumption and assignment to the Purchaser. Where a Contract Counterparty files a Contract Objection prior to the Confirmation Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Purchaser or raised issues regarding the potential assumption and assignment will be determined at the Confirmation Hearing.
- (d) For the avoidance of doubt, this section does not address Residency Agreements although the Residency Agreements are Executory Contracts. As provided above, any Purchaser must provide detail regarding the treatment of Residency Agreements with the Debtors’ Current Residents. To the extent a potential Purchaser includes the assumption of the Residency Agreements, the potential Purchaser will be required to satisfy the related cure costs and provide adequate assurance of future performance. The Assumption Notice shall include a description of the Purchaser’s proposed treatment of Residency Agreements.
- (e) Except as specified herein, assumption or assumption and assignment of any Executory Contract or Unexpired Lease pursuant to this Plan or otherwise shall

result in the full release and satisfaction of any Claims or defaults on the part of the Debtors or the Estates, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed or assumed and assignment Executory Contract or Unexpired Lease at any time prior to the effective date of assumption or assumption and assignment.

5.6 **Insurance Policies.** Notwithstanding anything herein to the contrary, as of the Closing Date, and unless specifically rejected by the Purchaser, the Debtors shall assume all of the Insurance Policies, including director and officer and general liability policies, identified by the Plan Sponsors in the Plan Supplement pursuant to Bankruptcy Code section 365(a). Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the Insurance Policies.

5.7 **Modifications, Amendments, Supplements, Restatements, or Other Agreements.** Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated, or is rejected or repudiated under this Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtors.

5.8 **Reservation of Rights.** Nothing contained in this Plan or the Plan Supplement shall constitute an admission that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtors have any liability thereunder.

5.9 **Nonoccurrence of Effective Date.** If the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases under Bankruptcy Code section 365(d)(4), unless such deadline(s) have expired.

SECTION 6. PROVISIONS GOVERNING DISTRIBUTIONS

6.1 **Timing and Calculation of Amounts to Be Distributed.** Except as otherwise provided in this Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim against the Debtors shall receive the full amount of the Distributions that this Plan provides for Allowed Claims in the applicable Class and in the manner provided herein. In the event that any payment or act under this Plan is required to be made or performed on a date

that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, Distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in this Plan. Except as otherwise provided for in this Plan, holders of Claims shall not be entitled to interest, dividends, or accruals on the Distributions provided for herein, regardless of whether such Distributions are delivered on or at any time after the Effective Date.

6.2 **Disbursements.** Except as otherwise provided in this Plan, all Distributions under this Plan shall be made by the Litigation Trustee.

6.3 **Rights and Powers of Litigation Trustee regarding Disbursements.** The Litigation Trustee shall be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under this Plan; (ii) make all Distributions contemplated hereby; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Litigation Trustee by order of the Bankruptcy Court, pursuant to this Plan, or as deemed by the Litigation Trustee to be necessary and proper to implement the provisions of this Plan.

6.4 **Payments and Distributions on Disputed Claims.** Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date (but that later become Allowed Claims), shall be deemed to have been made on the Effective Date.

6.5 **Special Rules for Distributions to Holders of Disputed Claims.** Notwithstanding any other provision of this Plan and except as may be agreed to by the Plan Sponsors or the Litigation Trustee, on the one hand, and the holder of a Disputed Claim, on the other hand, no partial payments and no partial Distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

6.6 **Delivery of Distributions in General.** Except as otherwise provided in this Plan, Distributions to holders of Allowed Claims shall be made to holders of record as of the Distribution Record Date by the Litigation Trustee, including the Distribution to the Trustee of the Net Sale Proceeds as provided in this Plan. Distributions to holders of Allowed Claims will be made at the address of each such holder as set forth in the Debtors' books and records, except that, in the case of holders of the Original Bonds, Distributions will be made by means of book-entry exchange through the facilities of the Depository Trust Company in accordance with the customary practices of the Depository Trust Company, as and to the extent practicable. Distributions under this Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like legal process, so that each holder of an Allowed Claim shall have and receive the benefit of the Distributions in the manner set forth in this Plan. The Litigation Trustee shall not incur any liability whatsoever on account of any Distributions under this Plan except for gross negligence, willful misconduct, or fraud.

6.7 **Undeliverable Distributions and Unclaimed Property.** If any Distribution to any holder is returned as undeliverable, the Litigation Trustee shall use reasonable efforts to

determine the current address of such holder. No Distribution to such holder shall be made unless and until the Litigation Trustee has determined such holder's then current address, at which time such Distribution shall be made as soon as practicable; *provided, however*, that such Distributions shall be deemed unclaimed property under Bankruptcy Code section 347(b) and forfeited at the expiration of six months from the later of (i) the Effective Date and (ii) the date of the initial attempted Distribution. After such date, all "unclaimed property" or interests in property shall revert to the Litigation Trust (notwithstanding any applicable federal or state escheat or abandoned or unclaimed property laws to the contrary), and the Claim of any holder to such property shall be discharged and forever barred.

6.8 ***Withholding and Reporting Requirements.*** In connection with this Plan and all instruments issued in connection therewith, the Litigation Trustee shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all Distributions under this Plan shall be subject to any such withholding or reporting requirements.

6.9 ***Setoffs.*** Except as otherwise provided herein and subject to applicable law, the Debtors shall, pursuant to the Bankruptcy Code (including Bankruptcy Code section 553), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, setoff against any Allowed Claim (which setoff shall be made against the Allowed Claim, not against any Distributions to be made under this Plan with respect to such Allowed Claim), any claims, rights, and Causes of Action of any nature that the Debtors may hold against the holder of such Allowed Claim, to the extent such claims, rights, or Causes of Action against such holder have not been otherwise released, waived, relinquished, exculpated, compromised, or settled on or prior to the Effective Date (whether pursuant to this Plan or otherwise), and any Distribution to which a holder is entitled under this Plan shall be made on account of the Claim, as reduced after application of the setoff described above. In no event shall any holder of a Claim be entitled to setoff any Claim against any claim, right, or Cause of Action of the Debtors unless such holder obtains entry of a Final Order authorizing such setoff or unless such setoff is otherwise agreed to in writing by the Debtors and a holder of a Claim; *provided, that*, where there is no written agreement between the Debtors and a holder of a Claim authorizing such setoff, nothing herein shall prejudice or be deemed to have prejudiced the Debtors' right(s) to assert that any holder's setoff rights were required to have been asserted by motion to the Bankruptcy Court prior to the Effective Date. This Section 6.9 shall not be applicable to any Distributions to be made to or for the benefit of the beneficial holders of the Original Bonds.

6.10 ***Insurance Claims.*** No Distributions under this Plan shall be made on account of an Allowed Claim until the holder of such Allowed Claim has exhausted all remedies with respect to the Debtors' Insurance Policies. To the extent that one or more of the Debtors' insurers agrees to satisfy in full a Claim, then immediately upon such agreement, such Claim may be expunged without an objection to such Claim having to be filed and without any further notice to, action by, or order or approval of the Bankruptcy Court.

6.11 ***Applicability of Insurance Policies.*** Except as otherwise provided in this Plan, Distributions to holders of Allowed Claims shall be made in accordance with the provisions of any applicable Insurance Policy. Except as expressly provided in this Plan, nothing contained in this Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any

502(c) regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or Person, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Litigation Trustee may elect to pursue any supplemental proceedings to object to any ultimate Distribution on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in this Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, objected to, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court. This Section of this Plan shall not be applicable to the Trustee or the beneficial holders of the Original Bonds.

SECTION 8. SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

8.1 *Compromise and Settlement of Claims, Interests and Controversies.*

Pursuant to Bankruptcy Code section 1123 and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided pursuant to this Plan, the provisions of this Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, including with respect to any challenges to the Bond Claims, or any Distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of this Plan, pursuant to Bankruptcy Code section 363 and Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Litigation Trustee may compromise and settle Claims against the Debtors and Causes of Action against other Persons.

8.2 *Releases by the Debtors.* PURSUANT TO BANKRUPTCY CODE SECTION 1123(b), AS OF THE EFFECTIVE DATE, AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE INVESTMENT AND SERVICE OF THE RELEASED PARTIES TO FACILITATE THE EXPEDITIOUS REORGANIZATION OF THE DEBTORS AND THE IMPLEMENTATION OF THE RESTRUCTURING CONTEMPLATED BY THIS PLAN, THE RELEASED PARTIES ARE DEEMED RELEASED AND DISCHARGED BY THE DEBTORS, THE REORGANIZED DEBTOR AND THE ESTATES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, ENFORCEMENT RIGHTS AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING,

RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, REPRESENTATION OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THIS PLAN, THE DISCLOSURE STATEMENT, ANY PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY OR THE SALE TRANSACTION (COLLECTIVELY, "CREDITOR RELEASED CLAIMS"). FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE AND THE RESIDENTS TRUST TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE CREDITOR RELEASED CLAIMS.

8.4 *Exculpation.* UPON THE EFFECTIVE DATE, THE PLAN SPONSORS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THIS PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THIS PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THIS PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THIS PLAN, THE DISTRIBUTION OF PROPERTY UNDER THIS PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; *PROVIDED, THAT* THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); *PROVIDED FURTHER, THAT* EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THIS PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE AND THE RESIDENTS

TRUST TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE ANY CLAIMS DESCRIBED IN SECTION 8 OF THIS PLAN AGAINST ANY EXCULPATED PARTY.

8.5 *Discharge of Claims.* PURSUANT TO BANKRUPTCY CODE SECTION 1141(D), AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE BAR DATE ORDER, IN THIS PLAN, OR IN ANY CONTRACT, INSTRUMENT, OR OTHER AGREEMENT OR DOCUMENT CREATED PURSUANT TO THIS PLAN, THE DISTRIBUTIONS, RIGHTS, AND TREATMENT THAT ARE PROVIDED IN THIS PLAN SHALL BE IN FULL AND FINAL SATISFACTION, SETTLEMENT, RELEASE, AND DISCHARGE, EFFECTIVE AS OF THE EFFECTIVE DATE, OF ALL CLAIMS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, WHETHER KNOWN OR UNKNOWN, AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THIS PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE, ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THIS PLAN. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN.

8.6 *Injunction.* FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE

MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THIS PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH RIGHTS, CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, RELIEF OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THIS PLAN FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE LITIGATION TRUST, ALL OTHER

RELEASED PARTIES AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS, AGENTS AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NO RELEASES OR EXCULPATIONS CONTAINED HEREIN SHALL RELEASE LIFESPACE FROM ITS OBLIGATIONS TO THE RESIDENTS TRUST CONTAINED IN THE LIFESPACE SETTLEMENT AND CONTRIBUTION AGREEMENT, WHICH SHALL BE PRESERVED AND ASSIGNED TO THE RESIDENTS TRUST AND THE RESIDENTS TRUST TRUSTEE PURSUANT TO THE TERMS OF THIS PLAN.

8.7 *Term of Injunctions or Stays.* Unless otherwise provided in this Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to Bankruptcy Code sections 105 or 362 or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in this Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays contained in this Plan or the Confirmation Order shall be in full force and effect in accordance with their terms.

8.8 *Protection Against Discriminatory Treatment.* Consistent with Bankruptcy Code section 525 and the Supremacy Clause of the U.S. Constitution, all Persons, including Governmental Units, shall not discriminate against the Litigation Trustee or the Purchaser or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against, the Litigation Trustee, the Purchaser or another Person with whom the Litigation Trustee or Purchaser have been associated, solely because the Debtors have been debtors under Chapter 11, have been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

8.9 *Release of Liens.* Except as otherwise provided in this Plan or any contract, instrument, release, or other agreement or document created pursuant to this Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to this Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Litigation Trustee. For the avoidance of doubt, except as otherwise provided in this Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

SECTION 9. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

9.1 ***Conditions Precedent to Confirmation.*** It shall be a condition precedent to the confirmation of this Plan, such that the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived pursuant to the provisions of this Plan:

- (a) The proposed Confirmation Order shall be in form and substance reasonably satisfactory in all respects to the Plan Sponsors, Lifespace and the Purchaser; and
- (b) This Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto shall be, in form and substance acceptable in all respects to the Plan Sponsors and Lifespace.

9.2 ***Conditions Precedent to the Effective Date.*** It shall be a condition precedent to the Effective Date that each of the following provisions, terms, and conditions shall have been satisfied or waived pursuant to the provisions of this Plan:

- (a) The Bankruptcy Court shall have entered the Confirmation Order containing findings of fact and conclusions of law satisfactory to the Plan Sponsors, Lifespace and Purchaser, which Confirmation Order shall not be subject to any stay, and which Confirmation Order shall include or provide, among other things:
 - (i) all provisions, terms and conditions of this Plan and related documents are approved; and
 - (ii) all Executory Contracts or Unexpired Leases assumed and assigned by the Debtors during the Chapter 11 Cases including under this Plan shall remain in full force and effect for the benefit of the Purchaser or their assignee(s) notwithstanding any provision in such contract or lease (including those described in Bankruptcy Code sections 365(b)(2) and (f)) that prohibits such assignment or transfer or that enables, permits, or requires termination of such contract or lease;
- (b) The Bankruptcy Court shall have entered a Final Order approving the Disclosure Statement as containing adequate information within the meaning of Bankruptcy Code section 1125;
- (c) On the occurrence of the Effective Date, the conditions to effectiveness of the Sale Transaction shall have been satisfied or waived and the Closing Date has occurred;

- (d) All actions, documents, certificates, and agreements necessary to implement this Plan, including, without limitation, the Asset Purchase Agreement and documents related to the Sale Transaction, shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws;
- (e) All payments and transfers to be made on the Effective Date shall be made or duly provided for;
- (f) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of this Plan shall have been obtained; and
- (g) All other actions, documents and agreements necessary to implement this Plan shall be in form and substance acceptable to the Plan Sponsors, and shall have been effected or executed.

9.3 ***Effect of Failure of Conditions.*** If the Effective Date does not occur, this Plan shall be null and void in all respects and nothing contained in this Plan or the Disclosure Statement shall: (i) constitute a waiver or release of any claims by the Plan Sponsors or Claims by or against the Debtors or Lifespace; (ii) prejudice in any manner the rights of the Plan Sponsors, any holders of Claims, or any other Person; or (iii) constitute an admission, acknowledgment, offer, or undertaking by the Plan Sponsors or any other Person in any respect.

SECTION 10. MODIFICATION, REVOCATION OR WITHDRAWAL OF THIS PLAN

10.1 ***Modification and Amendments.*** Except as otherwise specifically provided herein, the Plan Sponsors reserve the right to modify this Plan and seek confirmation consistent with the Bankruptcy Code and, as appropriate, not re-solicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in Bankruptcy Code section 1127 of the and Bankruptcy Rule 3019 and those restrictions on modifications set forth in this Plan, the Plan Sponsors expressly reserve their rights to alter, amend, or modify materially this Plan one or more times, after confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify this Plan or remedy any defect or omission, or reconcile any inconsistencies in this Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of this Plan. For the avoidance of doubt, nothing in this Section 10.1 shall be deemed to supplant or supersede the requirements of Bankruptcy Rule 3019.

10.2 ***Effect of Confirmation on Modifications.*** Entry of the Confirmation Order shall mean that all modifications or amendments to this Plan occurring after the solicitation thereof are approved pursuant to Bankruptcy Code section 1127(a) and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

10.3 ***Revocation or Withdrawal of this Plan.*** The Initial Plan Sponsors reserve the right to revoke or withdraw this Plan before the Effective Date. If the Initial Plan Sponsors revoke or withdraw this Plan, or if confirmation does not occur, then: (i) this Plan shall be null

and void in all respects, (ii) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of any Executory Contract or Unexpired Lease effected by this Plan, and any document or agreement executed pursuant to this Plan, shall be deemed null and void, and (iii) nothing contained in this Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Plan Sponsors or any other Person; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Plan Sponsors or any other Person.

SECTION 11. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases and all matters arising out of or related to the Chapter 11 Cases and this Plan, including, without limitation, jurisdiction to:

- (a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;
- (b) decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or this Plan;
- (c) resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which any Debtor is party or with respect to which the Debtors may be liable in any manner and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, including Rejection Claims, cure Claims pursuant to Bankruptcy Code section 365, or any other matter related to such Executory Contract or Unexpired Lease, (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed, (iii) the Litigation Trust or Purchaser amending, modifying, or supplementing, after the Effective Date, any Executory Contracts or Unexpired Leases on the list of Executory Contracts and Unexpired Leases to be assumed or rejected, and (iv) any dispute regarding whether a contract or lease is or was executory or unexpired;
- (d) ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;
- (e) adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtors that may be pending on the Effective Date;
- (f) adjudicate, decide, or resolve any and all matters related to any Cause of Action;

- (g) adjudicate, decide, or resolve any and all matters related to the Asset Purchase Agreement;
- (h) adjudicate, decide, or resolve any and all matters related to Bankruptcy Code section 1141;
- (i) resolve any avoidance or recovery actions under Bankruptcy Code sections 105, 502(d), 542 through 551, and 553;
- (j) resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the consummation of this Plan or any Person's obligations incurred in connection with this Plan;
- (k) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of this Plan;
- (l) resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the discharge, releases, injunctions, exculpations, indemnifications, and other provisions contained in this Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- (m) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- (n) adjudicate any and all disputes arising from or relating to Distributions under this Plan;
- (o) adjudicate any and all disputes arising from or relating to the Lifespace Settlement and Contribution Agreement;
- (p) consider any modifications of this Plan, cure any defect or omission, or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
- (q) determine requests for the payment of Claims entitled to priority pursuant to Bankruptcy Code section 507;
- (r) hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with this Plan;
- (s) hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- (t) hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the

termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;

- (u) enforce all orders previously entered by the Bankruptcy Court;
- (v) hear any other matter not inconsistent with the Bankruptcy Code; and
- (w) enter an order concluding or closing the Chapter 11 Cases.

SECTION 12. MISCELLANEOUS PROVISIONS

12.1 ***Immediate Binding Effect.*** Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of this Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all holders of Claims or Interests (irrespective of whether such holders of Claims or Interests are deemed to have accepted this Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, exculpation, discharges, and injunctions described in this Plan, each Person acquiring property under this Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

12.2 ***Additional Documents.*** On or before the Effective Date, the Plan Sponsors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan, subject to the consent of the Trustee. The Debtors and all holders of Claims receiving Distributions pursuant to this Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan.

12.3 ***Dissolution of the Committee.*** On the Effective Date, the Committee shall dissolve, and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases.

12.4 ***Reservation of Rights.*** Except as expressly set forth in this Plan, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of this Plan, any statement or provision contained in this Plan, or any action taken or not taken by the Plan Sponsors or other Person with respect to this Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Plan Sponsors or other Person with respect to the holders of Claims or Interests before the Effective Date.

12.5 ***Successors and Assigns.*** The rights, benefits, and obligations of any Person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiary, or guardian, if any, of such Person.

12.6 ***Votes Solicited in Good Faith.*** Upon entry of the Confirmation Order, the Plan Sponsors will be deemed to have solicited votes on this Plan in good faith and in compliance

with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to Bankruptcy Code section 1125(e), the Plan Sponsors and their respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under this Plan, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on this Plan.

12.7 **Closing of Chapter 11 Cases.** The Litigation Trustee shall, promptly after the full administration of the Chapter 11 Cases, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

12.8 **Notices.** All notices or requests in connection with this Plan shall be in writing and given by mail and email addressed to:

Governmental Units, Texas Health and Human Services Commission and Texas Department of Insurance, have indicated that they will object to any Order confirming this Plan that does not include the following language:

“Nothing in this Order or the Plan discharges, releases, precludes, or enjoins: (i) any liability to any governmental unit as defined in 11 U.S.C. § 101(27) (“**Governmental Unit**”) that is not a “claim” as defined in 11 U.S.C. § 101(5) (“**Claim**”); (ii) any Claim of a Governmental Unit arising on or after the Confirmation Date; (iii) any police or regulatory liability to a Governmental Unit that any entity would be subject to as the owner or operator of property after the Confirmation Date; or (iv) any liability to a Governmental Unit on the part of any non-debtor. Nor shall anything in this Order or the Plan enjoin or otherwise bar a Governmental Unit from asserting or enforcing, outside this Court, any liability described in the preceding sentence. Notwithstanding any provision of the Plan, this Order, or any implementing or supplementing plan documents, Governmental Units’ setoff rights under federal law as recognized in section 553 of the Bankruptcy Code, and recoupment rights, shall be preserved and are unaffected. Nothing in this Order or the Plan divests any tribunal of any jurisdiction it may have under police or regulatory law to interpret this Order or the Plan to adjudicate any defense asserted under this Order or the Plan.”

Dallas County has also requested the following language be included in this Plan:

“Notwithstanding any other provisions of this Plan, any agreements approved hereby, or any other orders in these Chapter 11 Cases, any statutory liens (collectively, the “**Tax Liens**”) held by Dallas County or any other ad valorem tax authority (the “**Taxing Authorities**”) for prepetition and postpetition taxes shall not be primed nor made subordinate to any liens granted to any party hereby to the extent such Tax Liens are valid, senior, perfected, and unavoidable, and all parties’ rights to object to the priority, validity, amount, and extent of the claims and liens asserted by the Taxing Authorities are fully preserved. With respect to the Tax Authorities’ prepetition Secured Claims for ad valorem property Taxes for the 2022 tax year, to the extent such Claims are Allowed, the Taxing Authorities’ prepetition Claims shall be paid in full with all applicable and accrued interest no later than the earlier of the Closing of the Sale Transaction or the Effective Date or otherwise in the ordinary course of business unless an objection to the Claim has been filed. The Taxing Authorities’ Claims shall be paid with interest from the Petition Date through the Effective Date and from the Effective Date through the date of payment in full at the applicable state statutory rate of 1% per month pursuant to 11 U.S.C. §§ 506(b), 511, and 1129. In the event of a claim objection, the Taxing Authorities’ Claims shall be entitled to interest that accrues while the Claim objection is pending. The Taxing Authorities shall retain their Liens until all Taxes and related interest, penalties, and fees (if any) have been paid in full. In the event of a default under this Plan, the Taxing Authorities shall send notice of default to counsel for the Debtors/Reorganized Debtor and the Purchaser, as applicable, via facsimile or electronic mail, and the Debtors and/or Purchaser shall have 15 days from the date of such notice to cure said default. After the Effective Date, in the event of failure to cure the default timely, the Taxing Authorities shall be entitled to pursue collection of all amounts owed pursuant to applicable nonbankruptcy law from the Debtors/Reorganized Debtor or the Purchaser, as applicable, without further recourse to the Bankruptcy Court.”

Dated: December 12, 2022

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy

J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
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– and –

**MINTZ, LEVIN, COHN, FERRIS,
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LIQUIDATION ANALYSIS

The Liquidation Analysis presents the hypothetical liquidation of the Estate under Chapter 7. Actual values shown below are estimates as of November 2, 2022, unless otherwise noted, and actual values are presented before any potential adjustments under Generally Accepted Accounting Principals ("GAAP"). The Actual Chapter 7 and Chapter 11 Administrative Claims, Secured Claims, and General Unsecured Claims, including Claims from the rejection of Executory Contracts or Unexpired Leases arising from a Chapter 7 liquidation, may be materially different from the estimates presented herein. The Liquidation Analysis should be reviewed in conjunction with the associated notes.

Edgemere
Liquidation Analysis
000s

	Notes	Actual			Liquidation Recovery Percentage		Chapter 7 Liquidation	
		09/30/2022	Adjustment	Total	Low	High	Low	High
Asset Liquidation								
Cash and Cash Equivalents	A	\$2,030		\$2,030	100%	100%	\$2,030	\$2,030
Escrow Entrance Fees and Reservation Deposits	B	212		212	0%	0%	0	0
Net A/R & Resident Receivables	C	511		511	30%	70%	153	358
Other Receivables	D	0		0	100%	100%	0	0
Inventory	E	85		85	0%	5%	0	4
Prepaid Expenses and Deposits	F	755		755	0%	0%	0	0
CIP	G	0		0	15%	40%	0	0
Fixed Assets, net	H	220,938	(91,895)	129,043	15%	20%	19,356	25,809
Intangible Assets	I	9,958		9,958	0%	0%	0	0
Restricted Assets	J	2,255		2,255	0%	100%	0	2,255
Total Proceeds Available		\$236,744	(\$91,895)	\$144,849	15%	21%	\$21,540	\$30,456
Professional Fee Carve Out								
Professional Fees	K						(\$3,000)	(\$3,000)
US Trustee Fees	L						(100)	(100)
Chapter 7 Trustee Fees	M						(150)	(150)
Total Professional Fee Carve-Out							(\$3,250)	(\$3,250)
Net Proceeds for Available Wind Down / Closure Cost and Secured Claims							\$18,290	\$27,206
Wind Down/Closure Cost								
Wind Down/Closure	N						(\$500)	(\$1,000)
Ground Lease Payment (Cure)	O						(\$2,255)	(\$2,255)
Accrued Property Taxes	P						(\$1,763)	\$1,763
Chapter 7 Trustee Commission	Q						(650)	(1,100)
Total Wind Down/ Closure Cost							(\$5,168)	(\$2,592)
Net Proceeds for Available Secured Claims							\$13,122	\$24,614
Estimated Senior Secured Claims								
Long Term Debt - Series 2015 & Series 2017	R	\$111,000		\$111,000			(\$111,000)	(\$111,000)
Subtotal Senior Secured Claims		\$111,000		\$111,000			(\$111,000)	(\$111,000)
Average Recovery on Senior Secured Claims							11.8%	22.2%
Net Proceeds Available for Administrative Claims							\$0	\$0
Administrative Claims								
Payroll Liabilities	S						(\$1,186)	(\$950)
Accrued Expenses / Post-Petition Trade / AP	T						(2,673)	(2,272)
Total Administrative Claims							(\$3,859)	(\$3,222)
Average Recovery on Administrative Claims							0.0%	0.0%
Net Proceeds for Unsecured Claims							\$0	\$0
Unsecured Claims								
Trade Creditors	U						(\$500)	(\$500)
Refundable Entrance Fees	V						(145,935)	(145,935)
Litigation Claims	W						unknown	unknown
Rejection Damages / Other (Contingency)	X						unknown	unknown
Due To Affiliate	Y	\$6,656		\$6,656			(6,656)	(6,656)
Total Unsecured Claims							(\$153,091)	(\$153,091)
Average Recovery on Total Unsecured Claims							0.0%	0.0%
Shortfall							(\$254,828)	(\$242,699)

SPECIFIC NOTES TO THE LIQUIDATION ANALYSIS

Current Assets

- A. Cash and cash equivalents as of September 30, 2022.
- B. Escrow Entrance Fees and Reservation Deposits represents escrowed entrance fees, wait list depositors or 10% deposits made by potential residents. Escrowed entrance fees are fully refundable during the bankruptcy period resulting in 0% recovery. Waitlist deposits and 10% deposits are fully refundable, with interest accruing to the depositors prior to occupancy and would be returned to residents resulting in 0% recovery.
- C. Net A/R Residents consists of A/R due from Medicare, Medicaid, Co-insurance, Private Pay, and other.
- D. Other Receivables represent interest receivable on Trustee-Held Funds, however, the funds have been set-off and are not available per the Indenture of Trust of the Series 2015 and Series 2017 Bond Issues.
- E. Inventory consists of food. A recovery of 0% to 5% is assumed due to the perishable nature of food inventory.
- F. Prepaid expenses include prepaid insurance, prepaid payroll, and prepaid taxes. Deposits include utility deposits of \$53,000.
- G. Construction in progress (CIP) has been adjusted to exclude deferred financing costs which has a 0% recovery.
- H. Fixed assets includes land, buildings, equipment, furniture and fixtures, and vehicles. Recoveries are estimated at a blended rate. Recoveries on all other fixed assets are estimated at 15% - 20% due to limited life and high cost of Lease. Recovery on Land Lease is made in the Adjustment for assumption of the Obligation under the Operating Lease
- I. Intangible assets represent capitalized marketing and other costs.
- J. Restricted Assets include the Ground Lease Escrow

Professional Fee Carve-Out

- K. Professional Fees estimated through January, 2023.
- L. US Trustee Fees reflect estimated fees for the US Trustee through January, 2023.
- M. Chapter 7 Trustee Fees (including counsel) projected to be \$150,000 for fees and expenses.

Wind Down / Closure Cost

- N. Wind Down / Closure is an estimate of the operating costs and wind down costs incurred during the wind down period.
- O. Ground Lease Cure Payment is estimated as to make the Operating lease Payment Current as of Closing.
- P. Accrued Unpaid Taxes as indicated on the MOR as of September 30, 2022.
- Q. Chapter 7 Trustee estimated to receive 3% of proceeds available per statutory default.

Estimated Senior Secured Claims

- R. Long Term Debt includes outstanding principal amounts and accrued interest due on the Series 2015 and Series 2017 Bonds at \$111,728,919 as specified in the Final DIP Order June 23, 2022 for amounts being calculated on April 14, 2022. (Does not take into account any set-off of Trustee-Held Funds)

Administrative Claims

- S. Payroll Liabilities represents two weeks of accrued payroll liabilities accrued post-petition and due as of the liquidation date.
- T. Accrued Expenses / Post-Petition Trade / AP / Accrued Property Taxes estimated to be post-petition trade vendors that are unpaid as of the liquidation date per the financial prc

Trade Creditors

- U. Trade creditors represents pre-petition amounts owed to vendors or other third parties.

Refundable Entrance Fees

- V. Refundable Entrance Fees represents pre-petition amounts owed to residents and former residents, and the refundable portion of entrance fees only (balance as of 9/30/22) less Escrowed entrance fees noted in B above.

Litigation Claims

- W. Litigation Claims represents the estimated cost of medical malpractice and other litigation to settle claims.

Rejection Damages / Other (Contingency)

- X. All contracts are assumed to be rejected under a liquidation scenario.

Due to Affiliate

- Y. There is a \$6.430 million Due to Affiliate obligation between the Edgemere and Lifespace as of 9/30/22.

CONCLUSION

The estimated recoveries under the Plan are based on a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies and that are beyond the control of the Plan Sponsor. There can be no assurances that the recoveries assumed would be realized if the Plan was, in fact, confirmed. Accordingly, actual recovery values and recovery percentages could vary from the amounts set forth in the Plan and such variances could be material.

SETTLEMENT AND CONTRIBUTION AGREEMENT

This SETTLEMENT AND CONTRIBUTION AGREEMENT (“Agreement”) is executed by and entered into between and among Northwest Senior Housing Corporation d/b/a Edgemere (“Edgemere”), Senior Quality Lifestyle Corporation (“SQLC” and together with Edgemere, the “Debtors”) and Lifespace Communities, Inc. (“Lifespace”) (each individually a “Party”, and collectively the “Parties”) effective as of December 9, 2022.

RECITALS¹

A. Overview of Edgemere’s Business.

1. Edgemere is an upscale and well-established continuing care retirement community (“CCRC”) that offers senior residents a continuum of care in a luxury campus-style setting, providing living accommodations and related health care and support services to a target market of seniors aged sixty-two (62) and older. Edgemere consists of approximately 304 independent living (“IL”) apartment-style residences in one, two and three-bedroom configurations. Edgemere also houses 68 residential-style assisted living (“AL”) suites, 45 memory support (“MS”) assisted living suites and a skilled nursing Community (“SNF”) with 87 skilled nursing beds, all located on a 16.25 acre campus.

2. As of October 19, 2022, 219 IL units were occupied (72.04% occupancy), 39 AL units were occupied (57.35% occupancy), 21 MS units occupied (46.67% occupancy), and 54 SNF units were occupied (62.07% occupancy). The Community is currently the home of approximately 376 residents.

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Plan.

3. As is common practice in the CCRC industry, Edgemere primarily receives revenue from entrance fees and monthly service fees. Historically, the residents have been required to enter into one of the following types of Residency Agreements to move into the Community: Life Care Agreements, Assisted Living Residency Agreements, and SNF Residency Agreements.

B. Current, Former and Escrow Residents

1. There are three (3) categories of Edgemere residents:
 - a. Former residents of Edgemere (“Former Residents”);
 - b. Current residents of Edgemere, excluding the Escrow Residents (“Current Residents”); and
 - c. Residents that currently reside at Edgemere under the terms and conditions of an Escrow Agreement dated September 27, 2021, by and among Edgemere, the Trustee, and Regions Bank as escrow agent (the “Escrow Residents” and, together with the Current and Former Residents, the “Residents”).

C. Lifespace Affiliation Agreement

1. In June 2019, Lifespace entered into an Affiliation Agreement with SQLC pursuant to which Lifespace became the new sole member of SQLC and Edgemere.
2. Edgemere relies on revenue generated by existing and new residents to, among other things, maintain day-to-day operations, service debt obligations and honor Resident obligations. However, for some time Edgemere has faced challenges that have threatened its ability to honor its obligations and maintain operational stability, including optimal occupancy levels.

D. The Chapter 11 Cases

1. On April 14, 2022 (the “Petition Date”), Edgemere and SQLC each filed a voluntary petition in this Court commencing a case for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “Bankruptcy Court”) [Lead Case No. 22-30659] (the “Chapter 11 Cases”). The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Nick Harshfield in Support of Chapter 11 Petition and First Day Pleadings* [Docket No. 7] (“First Day Declaration”) and fully incorporated herein by reference.

2. The Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b). The Debtors continue to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

3. On April 28, 2022, the Office of the United States Trustee for the Northern District of Texas (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Committee”) pursuant to Bankruptcy Code section 1102(a)(1).

E. Joint Chapter 11 Plan

1. On December 6, 2022, Edgemere, the Trustee and the DIP Lender filed their *First Amended Joint Plan of Reorganization* [Docket No. 870] (the “Plan”), which is supported by Lifespace and the Committee. The Plan incorporates the terms of this Agreement.

F. Resident Refund Obligations

1. The Plan proposes to reject all Residency Agreements with Current, Former, and Escrow Residents, and provides for the purchaser of Edgemere’s assets pursuant to the Sale Procedures Motion to offer the Current Residents new residency agreements. Accordingly, the Residents will have rejection damages claims against Edgemere, including claims for the refund

of their entrance fees due and owing under the rejected Residency Agreements, in the following approximate amounts:

- a. Escrow Residents: \$16,494,326 is currently held in escrow for the benefit of Escrow Residents (the “Entrance Fee Escrow Deposits”). The Plan provides for Entrance Fee Escrow Deposits to be returned to the Escrow Residents in full and final satisfaction of their claims within ten (10) days of the Effective Date of the Plan.
- b. Former Residents: Former Residents shall have allowed entrance fee refund obligation claims against Edgemere of approximately \$40,705,569.67 (individually, an “Allowed Former Resident Claim” and in the aggregate, “Allowed Former Resident Claims”).
- c. Current Residents: Current Residents shall have allowed entrance fee refund obligation claims against Edgemere of approximately \$101,130,040.00 (individually, an “Allowed Current Resident Claim” and in the aggregate, “Allowed Current Resident Claims” and together with the Allowed Former Resident Claims, the “Allowed Resident Claims”).

G. Settlement

1. Pursuant to the terms of the Plan and this Agreement, Lifespace has agreed to fund contributions to the Plan as a settlement of any potential claims the Debtors, the Trustee and/or Residents (who do not OPT OUT under the terms of the Plan) may have against Lifespace pursuant to the Residency Agreements, the Affiliation Agreement, under the Bankruptcy Code, at law or in equity and in exchange for full releases and exculpations provided under the Plan (the “Plan Releases”).

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the promises and mutual covenants herein contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree and stipulate, contingent upon Bankruptcy Court confirmation of the Plan, to the terms set forth below:

1. The Residents Trust. On the Effective Date of the Plan, a trust (the “Residents Trust”) shall be formed for the benefit of Former Residents and Current Residents who do not OPT OUT of the settlement and the releases in the Plan (the “Participating Former Residents” and “Participating Current Residents,” respectively) pursuant to the terms of the Plan and a Residents Trust Agreement in form and substance satisfactory to Lifespace and the Committee.

2. Lifespace Contributions to the Residents Trust. Lifespace hereby agrees to contribute to the Residents Trust an amount equal to the sum of (i) the total Allowed Former Resident Claims of Participating Former Residents, (ii) the total Allowed Current Resident Claims of Participating Current Residents, and (iii) the total projected Residents Trust expenses (the “Lifespace Trust Contribution”), in annual payments in the amounts listed on the Contribution Schedule attached hereto as **Exhibit 1**. Beginning in year 2025:

(a) If any portion of any required annual payment of the Lifespace Trust Contribution would result in Lifespace failing to maintain at least 250 days cash on hand (the “Lifespace Minimum DCOH”) then such portion of the annual payment may be deferred to the following year (the “Lifespace Deferral”);

(b) Any Lifespace Deferral that has accrued for two years is due to be paid in full the following year unless it may be deferred under the following paragraph.

(c) If any portion of any Lifespace Trust Contribution would trigger an event of default (an “MTI Default”) under the Lifespace Master Trust Indenture dated November 1, 2010, (as amended, and as may be further amended, the “Master Trust Indenture”), then any such portion may be deferred until payment in full would not trigger an MTI Default.

(d) The annual Lifespace Trust Contributions listed on Exhibit 1 shall be made on December 31 of each year for the subsequent calendar year (the “Payment Date”). By way of example, the Lifespace Trust Contribution for 2024 shall be made on December 31, 2023.

(e) On December 15 of each year, Lifespace shall prepare and deliver to the Trustee a statement setting forth its good faith estimate of the Lifespace Minimum DCOH projection as of the Payment Date for the following year to determine if any portion of the required Lifespace Trust Contribution for that year will cause the Lifespace days cash on hand (“DCOH”) to go below the Lifespace Minimum DCOH or cause an MTI Default as of the Payment Date (the “Financial Threshold Estimate”). The Financial Threshold Estimate shall contain a certificate of the Chief Financial Officer of Lifespace certifying that the Financial Threshold Estimate was prepared in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Audited Financial Statements for the most recent fiscal year end as if such Financial Threshold Estimate was being prepared and audited as of a fiscal year end.

Care Subsidy”) shall be given priority in timing of payment to distributions to residents who vacate the community.²

(f) Residents who OPT OUT of the Plan Releases pursuant to the terms of the Plan shall receive no distributions from the Residents Trust and shall not be entitled to payment of Life Care Benefits from the Residents Trust.

6. Condition Precedent to Effectiveness. The effectiveness of this Agreement is subject to and conditioned upon (i) entry of a Final Order confirming the Plan by the Bankruptcy Court in a form satisfactory to Lifespace on or before February 15, 2023, and (ii) the Effective Date of the Plan occurring on or before May 15, 2023. If either of these conditions does not occur (unless waived by all of the Parties), then this Agreement shall become null and void *ab initio*, and no settlement, contribution or distributions will be made to any party pursuant to this Agreement.

7. Non-Admission. All Parties agree that by entering into this Agreement, no Party acknowledges, admits, concedes, confesses, or recognizes any wrongdoing, liability, or fault whatsoever. Nothing contained herein shall be construed as an admission of liability and neither the Agreement, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with the Agreement, shall be deemed or construed in any judicial, non-judicial, arbitration or other proceeding, to be evidence of, or a presumption, concession, or admission by any Party of the truth of any fact alleged or the validity of any claim that has been, could have been or in the future might be asserted against any of the Parties, or of any liability, fault, wrongdoing or otherwise.

8. Successors and Assigns. The Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, executors, administrators, successors and assigns.

² For the avoidance of doubt, these requests shall not have priority over payment of costs to administer the Residents Trust.

enter into and perform the Agreement, subject to confirmation of the Plan. The Agreement has been duly authorized by all necessary actions on the part of Edgemere and SQLC, have been duly executed, and, constitute a binding agreement, enforceable in accordance with its terms.

(b) Lifespace represents that it is duly organized, validly existing and in good standing under the laws of Iowa and has the requisite power to enter into and perform the Agreement. The Agreement has been duly authorized by all necessary action on the part of Lifespace, has been duly executed by Lifespace and constitutes a binding agreement of Lifespace, enforceable against Lifespace in accordance with its terms.

(c) The Parties represent that there are no other persons or entities whose consent is required in order to give full force and effect to the terms of this Agreement.

17. No Representations or Warranties. The Parties acknowledge that they are entering into this Agreement without any representations, warranties, express or implied (other than those expressly set forth herein).

18. Headings. The headings contained in the Agreement are for convenience of reference purposes only and do not form a part of the Agreement and in no way modify, interpret or construe the agreements and understandings of the Parties contained in the Agreement.

19. Notices. All notices, requests, claims, or demands hereunder shall be in writing and shall be delivered by electronic mail or by Federal Express mail, and addressed as follows:

IF TO THE LIFESPACE:

Cooley LLP
110 North Wacker Drive
42nd Floor
Chicago, IL 60606
Attention: Eric Walker
ewalker@cooley.com

22. Governing Law. The Agreement, and the rights and obligations of the Parties under this agreement shall be governed by, and construed in accordance with, the laws of the State of Texas, without regard to conflict of laws principles, and the Parties consent to jurisdiction in the State of Texas.

23. Jurisdiction. Any dispute, difference or controversy arising under the Agreement may be settled and finally determined by the Bankruptcy Court. The Bankruptcy Court shall retain jurisdiction for purposes of enforcing this Agreement and the Parties consent to the jurisdiction of the Bankruptcy Court for such purpose. Each Party waives any right to request or obtain a trial by jury in any judicial proceeding pertaining to the matters governed by the Agreement.

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

NORTHWEST SENIOR HOUSING CORPORATION:

By: _____

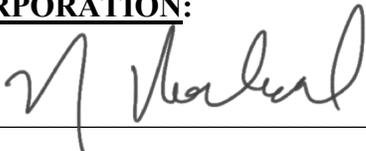
Its: _____

LIFESPACE COMMUNITIES, INC.:

By:  _____

Its: President + CEO _____

SENIOR QUALITY LIFESTYLES CORPORATION:

By:  _____

Its: Vice Chair _____

EXHIBIT 4

Lifespace Trust Contribution Schedule

Date	Lifespace Contribution Payment	Administrative Expense Payment	Annual Payment
Effective Date Payment	\$52,385,094.00	\$75,000.00	\$52,460,094.00
2024	\$11,395,234.00	\$75,000.00	\$11,470,234.00
2025	\$10,839,105.00	\$75,000.00	\$10,914,105.00
2026	\$9,968,057.00	\$75,000.00	\$10,043,057.00
2027	\$9,005,741.00	\$75,000.00	\$9,080,741.00
2028	\$7,901,979.00	\$75,000.00	\$7,976,979.00
2029	\$6,889,084.00	\$75,000.00	\$6,964,084.00
2030	\$5,966,775.00	\$75,000.00	\$6,041,775.00
2031	\$5,134,098.00	\$75,000.00	\$5,209,098.00
2032	\$4,359,664.00	\$75,000.00	\$4,434,664.00
2033	\$3,674,660.00	\$75,000.00	\$3,749,660.00
2034	\$3,078,130.00	\$75,000.00	\$3,153,130.00
2035	\$2,562,942.00	\$75,000.00	\$2,637,942.00
2036	\$2,129,252.00	\$75,000.00	\$2,204,252.00
2037	\$1,761,542.00	\$75,000.00	\$1,836,542.00
2038	\$1,446,837.00	\$75,000.00	\$1,521,837.00
2039	\$1,173,589.00	\$75,000.00	\$1,248,589.00
2040	\$931,568.00	\$75,000.00	\$1,006,568.00
2041	\$734,281.00	\$75,000.00	\$809,281.00
2042	\$572,976.00	\$75,000.00	\$647,976.00
	\$141,910,608.00	\$1,500,000.00	\$143,410,608.00

HAYNES AND BOONE, LLP

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krwalsh@mintz.com

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)
(Jointly Administered)
Re: Docket No. 753

**MOTION OF THE TRUSTEE AND DIP LENDER FOR ENTRY OF AN ORDER
APPROVING DISCLOSURE STATEMENT AND GRANTING RELATED RELIEF**

A HEARING WILL BE CONDUCTED ON THE DISCLOSURE STATEMENT AND THE MATTERS SET FORTH IN THIS MOTION ON NOVEMBER 30, 2022 AT 1:30 P.M. (PREVAILING CENTRAL TIME) AT THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS, 1100 COMMERCE ST., 14TH FLOOR, COURTROOM NO. 2, DALLAS, TEXAS 75242. THE HEARING WILL ALSO BE CONDUCTED VIA WEBEX IN ACCORDANCE WITH INSTRUCTIONS PROVIDED IN A SEPARATE NOTICE OF HEARING FILED ON NOVEMBER 2, 2022.

¹ The Debtors in the Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.



UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**”, and collectively with the Trustee, the “**Plan Sponsors**”) hereby move this Court (the “**Motion**”) in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”) for entry of an order, substantially in the form attached hereto as **Exhibit A**, pursuant to sections 105(a) and 1125 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2002, 3016, 3017, and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 2002-1, 3017-1, and 9007-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the “**Local Rules**”) approving the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as may be modified, supplemented, and/or amended, the “**Disclosure Statement**”) attached hereto as **Exhibit B** and granting related relief.²

PRELIMINARY STATEMENT

The Plan Sponsors seek approval of the adequacy of the Disclosure Statement. The Disclosure Statement provides adequate information for all parties in interest to evaluate and vote on the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as may be modified, supplemented, and/or amended, the “**Plan**”) [Docket No. 752]. Specifically, the Disclosure Statement details, among other things, (i) the circumstances giving rise to the Chapter 11 Cases, (ii) significant developments occurring during the Chapter 11 Cases, (iii) the transactions contemplated by the Plan, including the Sale Transaction and the creation of the Litigation Trust, and (iv) the treatment of Holders of Claims and Interests, including Residents. The Disclosure Statement further provides an overview of the sale and Plan process, which is designed to ensure

² Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to such term in the Disclosure Statement.

that parties have sufficient time to review the Plan documents, including the Bidding Procedures and assumption/assignment notices, and file any objections thereto in advance of the hearing on the Disclosure Statement (the “**Disclosure Statement Hearing**”) or the Confirmation Hearing, as applicable. Accordingly, the Disclosure Statement provides sufficient information to enable parties in interest to determine whether to vote in favor of or against the Plan and the Motion should be approved.

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Plan Sponsors confirm their consent to the entry of a final order or judgment by the Court in connection with the Motion if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper in this District under 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief sought herein are Bankruptcy Code sections 105(a) and 1125, Bankruptcy Rules 2002, 3016, 3017, and 9014, and Local Rules 2002-1 and 3017-1.

PROCEDURAL BACKGROUND

4. On April 14, 2022 (the “**Petition Date**”), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the “**Court**”).

5. The Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b). [Docket No. 88]. The Debtors continue to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

6. On April 28, 2022, the Office of the United States Trustee for the Northern District of Texas (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors (the “**Committee**”) pursuant to Bankruptcy Code section 1102(a)(1). [Docket No. 135].

7. No trustee or examiner has been appointed in the Chapter 11 Cases.

8. Based upon a court order dated October 13, 2022 [Docket No. 705], the Plan Sponsors have been granted authority to file a proposed plan of reorganization.

9. On November 2, 2022, the Plan Sponsors filed the Plan and Disclosure Statement, along with other supporting documents.

RELIEF REQUESTED

10. By this Motion, the Plan Sponsors seek entry of an order, substantially in the form attached hereto as Exhibit A (the “**Disclosure Statement Order**”), confirming that the Disclosure Statement contains adequate information to allow parties in interest to make an informed judgment about voting on the Plan.

BASIS FOR RELIEF

I. The Standard for Approval of the Disclosure Statement

11. Pursuant to section 1125 of the Bankruptcy Code, a plan proponent must provide holders of impaired claims with “adequate information” regarding a proposed chapter 11 plan.

Section 1125(a)(1) of the Bankruptcy Code provides, in part, that:

“adequate information” means information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor’s books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests and in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan[.]

11 U.S.C. § 1125(a)(1). *See also In re Monnier Bros.*, 755 F.2d 1336, 1342 (8th Cir. 1985) (“The primary purpose of a disclosure statement is to give the creditors the information they need to

decide whether to accept the plan.”); *In re U.S. Brass Corp.*, 194 B.R. 420, 423 (Bankr. E.D. Tex. 1996) (“The purpose of the disclosure statement is . . . to provide enough information to interested persons so they may make an informed choice between two alternatives.”); *In re Phoenix Petroleum, Co.*, 278 B.R. 385, 392 (Bankr. E.D. Pa. 2001) (“[T]he general purpose of the disclosure statement is to provide ‘adequate information’ to enable ‘impaired’ classes of creditors and interest holders to make an informed judgment about the proposed plan and determine whether to vote in favor of or against that plan.”); *In re Unichem Corp.*, 72 B.R. 95, 97 (Bankr. N.D. Ill. 1987) (“The primary purpose of a disclosure statement is to provide all material information which creditors and equity security holders affected by the plan need in order to make an intelligent decision whether to vote for or against the plan.”).

12. A bankruptcy court has broad discretion to determine what constitutes “adequate information” in a disclosure statement. *See In re Cajun Elec. Power Co-op, Inc.*, 150 F.3d 503, 518 (5th Cir. 1998) (“[I]n determining what constitutes ‘adequate information’ with respect to a particular disclosure statement, ‘both the kind and form of information are left essentially to the judicial discretion of the court . . . the information required will necessarily be governed by the circumstances of the case.’”) (quoting S. Rep. No. 95- 989, at 121 (1978)); *cert. denied*, 119 S. Ct. 2019 (1999). Such determination is made on a case by case basis, focusing on the unique facts and circumstances of each case. *See Texas Extrusion Corp. v. Lockheed Corp. (In re Texas Extrusion Corp.)*, 844 F.2d 1142, 1157 (5th Cir. 1988) (“The determination of what is adequate information is subjective and made on a case by case basis. This determination is largely within the discretion of the bankruptcy court”). In that regard, courts generally examine whether a disclosure statement contains the following types of information, among others:

- a. the circumstances that gave rise to the filing of the bankruptcy petition;
- b. a description of the available assets and their value;

- c. the anticipated future of the debtor;
- d. the source of the information provided in the disclosure statement;
- e. a disclaimer indicating that no statements or information concerning the debtor or its assets or securities are authorized, other than those set forth in the disclosure statement;
- f. the chapter 11 plan or summary thereof;
- g. the condition and performance of the debtor while in chapter 11;
- h. claims asserted against the estate;
- i. financial information, valuations, and projections relevant to accreditation decisions to accept or reject the plan;
- j. future management of the debtor, including the amount of compensation to be paid to any insiders, directors, and/or officers of the debtor;
- k. estimated return to creditors under chapter 7 liquidations;
- l. information relevant to the risks posed to the creditors under the plan;
- m. litigation likely to arise in a non-bankruptcy context; and
- n. the relationship of the debtor with its affiliates, if any.

See, e.g., In re Metrocraft Publ'g Servs., Inc., 39 B.R. 567 (Bankr. N.D. Ga. 1984); *Westland Oil Dev. Corp. v. MCorp Mgmt. Solutions, Inc.*, 157 B.R. 100 (Bankr. S.D. Tex. 1993). Disclosure regarding all topics is not necessary in every case. *See, e.g., In re U.S. Brass Corp.* 194 B.R. at 425.

II. The Disclosure Statement Contains Adequate Information in Accordance with Section 1125 of the Bankruptcy Code

13. The Disclosure Statement is the product of the Plan Sponsors' extensive review and analysis of the Debtors' business, assets, and liabilities, and the circumstances leading to these Chapter 11 Cases. The Disclosure Statement contains sufficient information for Holders of Claims in Class 2 (Bond Claims) and Class 4 (General Unsecured Claims) (Classes 2 and 4 collectively,

the “**Voting Classes**”) to make an informed decision as to whether to accept or reject the Plan. Specifically, the Disclosure Statement contains the following “adequate information:”

Category	Description	Location in Disclosure Statement
Plan Summary	Provides an overview of the Plan, including treatment of Claims and Interests, the proposed Sale Transaction, a description of the Litigation Trust, expected recovery for each Class of Claims and Interests, and a summary of the Debtors’ assets and liabilities, including potential Causes of Action.	Section I, V
Events Preceding the Filing of the Chapter 11 Cases	Provides an overview of the Debtors’ business and corporate organization and the events leading to the filing of the Chapter 11 Cases.	Sections II, III
Future of the Debtors	Provides a description of the Sale Transaction, the transition of the Community to a Purchaser, subject to a potential Auction, and its conversion to a rental community.	Section V.C
Risk Factors	Provides a description of potential risks that could affect the Plan and its implementation.	Section VI
Solicitation Procedures	Provides a description of the procedures for soliciting votes to accept or reject the Plan, and voting on the Plan.	Section I.H
Executory Contracts/Unexpired Leases	Provides an overview of the treatment of Executory Contracts and Unexpired Leases, including Residency Agreements and the Ground Lease.	Sections V.C.1, V.D
Releases, Injunctions, and Exculpations	Provides an overview of the releases, injunctions, and exculpations in favor of the Released Parties.	Section V.F
Source of Information Provided in Disclosure Statement	Provides references to documents relied upon, including docket references and citations to the Plan and to various provisions of the Bankruptcy Code and Bankruptcy Rules.	Throughout
Tax Consequences	Provides a discussion of potential federal income tax consequences of the Plan.	Section V.I.13

Liquidation Analysis	Provides a liquidation analysis showing that Holders of the Voting Classes will receive more than if the Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code.	Exhibit 2 to the Disclosure Statement
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14. As described in the Disclosure Statement, the overarching goal of the Plan is to ensure the ongoing viability of the Community such that it can successfully operate for the remainder of the Ground Lease, all while meeting Resident expectations with respect to quality of service and care. To accomplish this goal, the Plan will implement the Sale Transaction, pursuant to which substantially all of the Debtors' assets will be sold to a Purchaser who will continue running the Community as a going concern.

15. An initial Purchaser has been selected by the Plan Sponsors and the parties have agreed to an Asset Purchase Agreement, with the initial Purchaser's offer subject to higher and better bids, including through a potential Auction, pursuant to bidding and sale procedures to be filed with the Bankruptcy Court. The initial Purchaser has offered to purchase the Community for \$48.5 million, subject to certain adjustments set forth in the Asset Purchase Agreement, and will operate the Community as a rental model. The remaining assets of the Debtors' estates shall be transferred to a Litigation Trust to be liquidated for the benefit of creditors.

16. As noted, the Plan contemplates the conversion of the Community to a rental model – the Disclosure Statement explains why such transition is necessary. In the lead up to the Chapter 11 Cases and thereafter, the Debtors and their advisors explored various ways to improve the Community's financial performance, including by evaluating different entrance fee and rental models. Various consultants have concluded that the Community can no longer operate as an entrance fee model and that the best way to stabilize the Community is to transition to a rental model. Accordingly, the Plan and Sale Transaction contemplate the conversion of the Community

to a rental model and the rejection of all Residency Agreements, provided that the Purchaser shall offer to all Current Residents a monthly rental agreement which shall provide similar services to Current Residents as provided prior to the Closing Date.

17. Further, the Plan will also establish a Litigation Trust into which all assets of the Debtors not purchased through the Sale Transaction, including the Landlord Litigation and other Retained Causes of Action, will be transferred. The Disclosure Statement describes the Litigation Trust, including the powers and duties of the Litigation Trustee. Notably, the Litigation Trustee will prosecute and liquidate the Litigation Trust Assets, with the proceeds from such liquidation distributed pursuant to the terms and conditions of the Plan and the Litigation Trust Agreement, as further described in the Disclosure Statement.

18. In sum, the Disclosure Statement describes the transactions contemplated by the Plan, including the Sale Transaction, and provides sufficient information to enable each member of the Voting Classes (*i.e.*, Class 2 Bond Claims and Class 4 General Unsecured Claims) to determine whether to vote in favor of or against the Plan.³

CONCLUSION

WHEREFORE, the Plan Sponsors request that the Court enter an Order, substantially in the form attached hereto as Exhibit A, (i) approving the Motion; (ii) finding that the Disclosure Statement contains adequate information; and (iii) granting such other and further relief as this Court deems proper.

[Remainder of page intentionally left blank.]

³ Before the hearing on approval of the Disclosure Statement, the Plan Sponsors may make additional changes and disclosures, including the filing of the Plan Supplement. Any additional disclosures will increase the amount of information being provided to Holders of Claims and Interests.

Dated: November 2, 2022

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy

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EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)
(Jointly Administered)
Re: Docket No. []

**ORDER APPROVING DISCLOSURE
STATEMENT AND GRANTING RELATED RELIEF**

Having considered the *Motion of the Trustee and DIP Lender for Entry of an Order Approving Disclosure Statement and Granting Related Relief* [Docket No. ___] (the “**Disclosure Statement Motion**”)² and the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* [Docket No. 753] (as may be amended, modified, and/or

¹ The Debtors in the Chapter 11 Cases (the “**Chapter 11 Cases**”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² All capitalized terms not defined herein shall have the meaning ascribed to them in the Disclosure Statement Motion.

supplemented, the “**Disclosure Statement**”), the testimony, evidence, and representations regarding the Disclosure Statement and the Disclosure Statement Motion, the Court finds that: (a) jurisdiction over the matters in the Disclosure Statement Motion is proper pursuant to 28 U.S.C. § 1334, (b) venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409, (c) proper and adequate notice of the Disclosure Statement, the Disclosure Statement Hearing and the Disclosure Statement Motion has been provided and no further notice is needed, and (d) good and sufficient cause exists for granting the relief requested in the Disclosure Statement Motion.

IT IS HEREBY ORDERED, AND NOTICE IS HEREBY GIVEN, THAT:

1. The Disclosure Statement Motion is **GRANTED**.
2. The Disclosure Statement complies with all aspects of section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017(b) and is hereby **APPROVED** as containing “adequate information” as defined by section 1125 of the Bankruptcy Code.
3. The *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as may be amended, modified, and/or supplemented, the “**Plan**”) [Docket No. 752] and the Disclosure Statement provide Holders of Claims and Interests and other parties in interest with sufficient notice regarding the injunction, exculpation, and release provisions contained in the Plan in compliance with Bankruptcy Rule 3016(c).
4. The terms of this Disclosure Statement Order shall be binding upon the Debtors, the Plan Sponsors, all Holders of Claims and Interests, any trustees appointed under chapter 7 or chapter 11 of the Bankruptcy Code relating to the Debtors, and all other parties in interest.
5. The terms and conditions of this Disclosure Statement Order shall be immediately effective and enforceable upon its entry.

6. This Court retains jurisdiction to hear and consider all disputes arising from the interpretation or implementation of this Disclosure Statement Order.

End of Order

Prepared by:

HAYNES AND BOONE, LLP

/s/ Draft

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EXHIBIT B

Disclosure Statement

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:

Northwest Senior Housing Corporation, *et al.*,¹
Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**DISCLOSURE STATEMENT FOR THE PLAN OF REORGANIZATION OF THE
TRUSTEE AND DIP LENDER DATED NOVEMBER 2, 2022**

HAYNES AND BOONE, LLP

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Counsel to the Plan Sponsors

Dated: November 2, 2022

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

EXPRESSLY INDICATED HEREIN. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE PLAN SPONSORS' AND THEIR PROFESSIONALS' KNOWLEDGE, INFORMATION, AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED, OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS THE PLAN SPONSORS' STATEMENT OF THE STATUS OF THE RESPECTIVE MATTER.

ALL OF THE PROJECTED RECOVERIES TO CREDITORS CONTAINED IN THIS DISCLOSURE STATEMENT ARE BASED UPON THE ANALYSES PERFORMED BY THE PLAN SPONSORS AND THEIR PROFESSIONALS. ALTHOUGH THE PLAN SPONSORS HAVE MADE EVERY EFFORT TO VERIFY THE ACCURACY OF THE INFORMATION PRESENTED HEREIN AND IN THE EXHIBITS ATTACHED HERETO, THE PLAN SPONSORS CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE INFORMATION.

THE PLAN SPONSORS RECOMMEND THAT CREDITORS SUPPORT AND VOTE TO ACCEPT THE PLAN. THE PLAN SPONSORS CONTEND THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTORS. ACCORDINGLY, THE PLAN SPONSORS ASSERT THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.

EXHIBITS

- Exhibit 1 Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022
- Exhibit 2 Liquidation Analysis

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I. EXECUTIVE SUMMARY

This Executive Summary provides an overview of this Disclosure Statement and the material terms of, and the transactions proposed by, the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as may be amended, supplemented, or otherwise modified from time to time, the “**Plan**”), dated November 2, 2022. The Plan is proposed and supported by (i) UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and (ii) UMB Bank, N.A., in its capacity lender under the DIP Credit Agreement (the “**DIP Lender**”) and, together with the Trustee, the “**Plan Sponsors**”).² A copy of the Plan is attached hereto as Exhibit 1.³ The Plan Sponsors urge all parties to read this Executive Summary in conjunction with the remainder of this Disclosure Statement and the Plan. The rules of interpretation set forth in Section 1 of the Plan shall govern the interpretation of this Disclosure Statement.

A. Introduction.

Northwest Senior Housing Corporation d/b/a Edgemere (“**Edgemere**”) is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community (the “**Community**”) on land owned by Intercity Investments Properties, Inc. (the “**Landlord**”) in Dallas, Texas.⁴ The Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

As discussed in greater detail below, prior to the Petition Date, the Debtors experienced liquidity constraints that threatened the viability of the Community. On April 14, 2022, Edgemere and SQLC commenced their Chapter 11 Cases seeking relief under Chapter 11 of the Bankruptcy Code. Based upon a Bankruptcy Court order dated October 13, 2022, the Plan Sponsors have been granted authority to file a proposed plan of reorganization to resolve outstanding Claims against, and Interests in, the Debtors.

The overarching goal of the Plan is to ensure the ongoing viability of the Community such that it can successfully operate for the remainder of the Ground Lease, all while meeting Resident expectations with respect to quality of service and care. To accomplish this goal, the Plan will implement the Sale Transaction, pursuant to which substantially all of the Debtors’ assets will be sold to a Purchaser who will continue running the Community as a going concern.

An initial Purchaser has been selected by the Plan Sponsors and the parties have agreed to an Asset Purchase Agreement, with the initial Purchaser’s offer subject to higher and better bids, including through a potential Auction, pursuant to bidding and sale procedures to be filed with the Bankruptcy Court. The initial Purchaser has offered to purchase the Community for \$48.5 million,

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

³ Copies of the Plan, this Disclosure Statement, and all other documents related to the Chapter 11 Cases are available for review without charge on the bankruptcy case website at <https://kccllc.net/edgemere>.

⁴ Senior Quality Lifestyles Corporation (“**SQLC**”) and together with Edgemere, the “**Debtors**”) is a legacy entity with no business operations but is an obligor under the Original Bonds, and thus, a member of the Obligated Group.

subject to certain adjustments set forth in the Asset Purchase Agreement. The remaining assets of the Estates shall be transferred to a Litigation Trust to be liquidated for the benefit of creditors.

Consultants have concluded that the Community cannot continue to operate solely as an entrance fee community. An entrance fee model, in the opinion of such consultants, is not feasible and will exacerbate the financial struggles of Edgemere. Accordingly, the Asset Purchase Agreement contemplates the conversion of the Community to a rental model. Pursuant to the Asset Purchase Agreement, all entrance-fee Residency Agreements will be rejected, with all Current Residents being offered a new monthly rental agreement which shall provide similar services to Current Residents as provided prior to the Closing Date.

The Plan will also establish a Litigation Trust, into which all assets of the Debtors not purchased through the Sale Transaction, including the Landlord Litigation and other Retained Causes of Action, will be transferred. The Litigation Trustee will prosecute and liquidate the Litigation Trust Assets, with the proceeds from such liquidation distributed on a Pro Rata basis to Holders of Allowed General Unsecured Claims, including Residents, pursuant to the terms and conditions of the Plan and the Litigation Trust Agreement.

B. Overview of Financial Challenges Precipitating the Chapter 11 Filings.

As discussed in greater detail herein, Edgemere relies on revenue generated by existing and new Residents to, among other things, maintain its day-to-day operations, service its debt obligations and honor Resident obligations. However, as has become common in the senior living industry and in particular among continuing care retirement communities (“**CCRC**”), Edgemere has faced challenges that have threatened the Debtors’ ability to honor its obligations and maintain operational stability. To address certain of those issues, in June 2019, Lifespace Communities, Inc. (“**Lifespace**”) completed an affiliation with SQLC, and Edgemere became a part of Lifespace. As part of that transaction, Lifespace agreed to support the Community, including stating that it would honor all of Edgemere’s Residency Agreements and assume all associated Residency Agreement liabilities. However, Edgemere continued to face financial pressure under Lifespace’s management, all while Lifespace collected an above-market management fee from Edgemere. The Debtors’ financial distress has been further exacerbated by actions taken by the Debtors’ Landlord, which led to the initiation of adversary proceeding number 22-03040 (the “**Adversary Proceeding**”) against the Landlord and its consultant Kong Capital, LLC (“**Kong**”), which Adversary Proceeding is discussed further below.

C. The Plan and Proposed Sale Transaction.

The Plan contemplates the sale of substantially all of the property in the Estates to a Purchaser, free and clear of all Liens, Claims, charges, or other encumbrances, pursuant to the terms of an Asset Purchase Agreement. The proposed sale process will subject the initial Purchaser’s bid of \$48.5 million, subject to certain adjustments set forth in the Asset Purchase Agreement, to higher and better bids, with an Auction to be conducted if a competing qualified bid is received. The Asset Purchase Agreement contemplates the rejection of all Residency Agreements, provided that any Purchaser shall offer to all Current Residents a monthly rental agreement, in the form to be filed with the Plan Supplement, which shall provide similar services to Current Residents as provided prior to the Closing Date.

Upon the Closing of the Sale Transaction, all Net Proceeds therefrom, after payments required under the Plan to pay any unpaid Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Diminution Claim and the U.S. Trustee Fees, shall be paid to the Trustee for Distribution to holders of the Original Bonds, pursuant to the terms of the Original Bond Documents.

D. Creation of the Litigation Trust and Appointment of the Litigation Trustee and Litigation Trust Oversight Committee.

Upon the Effective Date, a Litigation Trust will be formed, into which various Causes of Action of the Debtors, including the Landlord Litigation, shall be transferred. The Litigation Trust shall be established for the purposes of (i) liquidating any non-Cash Litigation Trust Assets; (ii) maximizing recovery of the Litigation Trust Assets for the benefit of the holders of Litigation Trust Interests; (iii) distributing the proceeds of the Litigation Trust Assets to holders of the Litigation Trust Interests in accordance with the Plan and the Litigation Trust Agreement; (iv) prosecuting or otherwise resolving Causes of Action comprising Litigation Trust Assets for the benefit of the holders of the Litigation Trust Interests; and (v) winding down the Chapter 11 Cases as provided in the Plan and the Litigation Trust Agreement.

The Litigation Trustee will act for the benefit of holders of Litigation Trust Interests in a fiduciary capacity. Holders of Litigation Trust Interests shall consist of Holders of Allowed General Unsecured Claims, including Residents. Holders of Litigation Trust Interests shall receive a Pro Rata share of the Litigation Trust Interests, and associated Distributions, in accordance with the terms of the Plan and the Litigation Trust Agreement.

E. Resident Claims Against Lifespace.

In May 2019, Lifespace, entered into that certain Affiliation Agreement, dated May 10, 2019, between Lifespace, SQLC and SQLC Charitable Foundation (the “**Affiliation Agreement**”), pursuant to which Lifespace became the new sole member of Edgemere. In the Affiliation Agreement, Lifespace agreed to “honor the terms of the Existing Residency Agreements.” In a public filing on the EMMA MSRБ website on May 10, 2019, Lifespace announced the execution of the Affiliation Agreement and further explained that, upon closing, Lifespace would control all operating assets and assume all liabilities and indebtedness of SQLC, including all existing residency agreements with current residents at Edgemere and two other communities. On June 20, 2019, upon the closing of the affiliation transaction, Lifespace announced through a public filing on the EMMA MSRБ website that the affiliation was finalized and reinforced that “Lifespace now controls all operating assets and is responsible for all liabilities and indebtedness of SQLC, including all existing residency agreements with current residents at Edgemere [and two other communities].” Under the Plan, Current Residents retain their direct claims against Lifespace for all unpaid refund claims (and any other obligations under their Residency Agreements) pursuant to the Affiliation Agreement and the associated public notices regarding Lifespace’s assumption of Edgemere Residency Agreement liabilities; upon information and belief, Lifespace denies any such liability to the Residents.

F. Entrance Fee Escrow.

As of the Petition Date, the Entrance Fee Escrow held \$15,844,326. On the Effective Date, funds in the Entrance Fee Escrow shall be returned to those respective Residents that deposited such funds, pursuant to the terms of the Escrow Agreement.

G. Purpose of this Disclosure Statement.

The Plan Sponsors have prepared this Disclosure Statement as required by Bankruptcy Code section 1125 and Bankruptcy Rule 3016(c). It is being distributed to assist holders of Claims and Interests in evaluating the Plan, the manner in which Claims and Interests will be treated under the Plan, and whether the Plan satisfies the requirements for confirmation set forth under Bankruptcy Code section 1129. The purpose of this Disclosure Statement is to assist those entitled to vote on the Plan to make an informed judgment when choosing whether to accept or reject the Plan.

This Disclosure Statement describes the background of the Debtors and the significant events leading up to the filing of their Chapter 11 Cases on the Petition Date. It also summarizes the Plan, which divides Claims and Interests into Classes and provides for the treatment of Allowed Claims.

THE BANKRUPTCY COURT’S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. To the extent that the information provided in this Disclosure Statement and the Plan (including the Plan Supplement) conflict, the terms of the Plan (including the Plan Supplement) will control.

H. The Solicitation Materials.

Only record holders of Claims in Classes 2 and 4 (the “**Voting Classes**”) are entitled to vote on the Plan. Holders of Claims in Voting Classes will receive a solicitation package that will include the following materials (collectively, the “**Solicitation Materials**”):

- a Ballot, which will include the voting instructions, and a postage-prepaid return envelope;
- a copy of this Disclosure Statement with all exhibits, including the Plan, and any other supplements or amendments to these documents, and the Disclosure Statement Order, excluding exhibits;
- a copy of the Confirmation Hearing Notice; and

- any supplemental documents filed with the Bankruptcy Court and any documents that the Bankruptcy Court orders to be included in the Solicitation Materials, including any letters in support of the Plan.

In lieu of the foregoing Solicitation Materials, the Debtors will distribute the following to holders who are not in Voting Classes:

- a form of non-voting status (subject to Court approval);
- a form permitting holders to opt out of third-party releases and other provisions set forth under Section 8 of the Plan; and
- a copy of the Confirmation Hearing Notice.

I. The Plan.

1. Purpose and Effect of the Plan.

Chapter 11 of the Bankruptcy Code allows debtors to reorganize or to liquidate and wind up their affairs for the benefit of the debtors and their creditors. Upon the commencement of a chapter 11 case, an estate is created comprised of all the legal and equitable interests of a debtor as of the date the petition is filed, which typically remain in control of the debtor as a debtor-in-possession.

Pursuant to Bankruptcy Code section 362, the filing of a chapter 11 petition imposes an automatic stay of all attempts by creditors or third-parties to collect or enforce prepetition claims against a debtor or otherwise interfere with its property or business, unless relief from the automatic stay is obtained from the bankruptcy court.

The Bankruptcy Code is designed to encourage the parties-in-interest in a chapter 11 proceeding to negotiate the terms of a chapter 11 plan so that it may be confirmed. A chapter 11 plan is the vehicle for satisfying or otherwise addressing the claims against and the interests in the debtor. Confirmation of a chapter 11 plan makes it binding on the debtor and all of its creditors and the prior obligations owed by the debtor to such parties are compromised in exchange for the obligations specified in the plan.

2. Analysis of Recoveries to Holders of Claims and Interests under the Plan.

The Plan provides for a comprehensive restructuring of the Debtors' obligations to Holders of Claims and Interests.

After a careful review of current operations and liquidity, prospects as an ongoing business, and estimated recoveries to creditors in alternative scenarios, the Plan Sponsors concluded that the Plan will maximize recoveries to the Debtors' stakeholders by effectuating the Sale Transaction and stabilizing the Community by providing for the conversion to a rental model. As set forth more fully below, the Plan Sponsors believe that the Plan provides the best recoveries possible for the Debtors' stakeholders and recommend that, if you are entitled to vote, you vote to accept the Plan.

3. Classification and Treatment of Claims and Interests Under the Plan.

Section 3 of the Plan describes the Classes of Claims and Interests and their treatment under the Plan, which is summarized herein. Allowed Claims (other than Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Diminution Claim and U.S. Trustee Fees) are placed in the following Classes and will receive the following treatment under the Plan:

Summary of Classification and Treatment of Claims Under the Plan

Class	Claim	Estimated Allowed Claims	Status	Voting Rights
1	Other Priority Claims	\$ 19,182.99	Unimpaired	Deemed to Accept
2	Bond Claims	\$111,728,919.22	Impaired	Entitled to Vote
3	Other Secured Claims	\$0	Unimpaired	Deemed to Accept
4	General Unsecured Claims	\$243,575,238.13 ⁵	Impaired	Entitled to Vote
5	Interests in Debtors	N/A	Impaired	Deemed to Reject

4. Summary of Voting Requirements for Plan Confirmation.

a. **In General.**

Creditors should refer only to this Disclosure Statement and the Plan to determine whether to vote to accept or reject the Plan. Under the Bankruptcy Code, only holders of Claims that are “impaired” are entitled to vote to accept or reject the Plan. Under Bankruptcy Code section 1124 of the, a class of claims or interests is deemed to be “impaired” unless (1) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder thereof; or (2) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan, among other things, cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default. An Impaired class of creditors votes to accept a plan if the holders of at least two-thirds (2/3) in dollar amount, and more than one-half (1/2) in number, of those creditors that actually cast ballots vote to accept such plan. *See* 11 U.S.C. § 1124. Classes that are not Impaired are not entitled to vote and are deemed to accept a plan. Changes that are not entitled to a Distribution and will not retain property under a plan are deemed to reject a plan.

A class of interest holders is deemed to accept a plan if the holders of at least two-thirds (2/3) in amount of those interest holders that actually cast ballots vote to accept such plan. A class

⁵ Includes an estimated Bond Deficiency Claim of \$77,402,439.22 based upon the initial Purchaser’s offer and after payment of other amounts set forth in the Plan.

of interest holders is Impaired, not entitled to vote, and deemed to reject the plan if the plan treats such holders by providing that they will retain no property and receive no distributions under the plan.

Pursuant to the Bankruptcy Code, only holders of Claims and Interests who *actually* vote on the Plan will be counted for purposes of determining whether the required number of acceptances have been obtained. Failure to deliver a properly completed Ballot to the Voting Agent by the Voting Deadline will result in an abstention, which means such vote will not be counted.

5. Impaired Classes Entitled to Vote.

The holders of Claims in Classes 2 and 4 are Impaired under the Plan and, thus, such holders are entitled to vote to accept or reject the Plan. However, holders of Interests in Class 5 will receive no Distribution under the Plan and, thus, are deemed to vote to reject the Plan, as discussed below.

6. Unimpaired Classes Deemed to Accept the Plan.

The holders of Claims in Classes 1 and 3 are Unimpaired under the Plan and, thus, such holders are not entitled to vote as such Class is deemed to accept the Plan.

7. Classes Deemed to Reject the Plan and Do Not Vote.

Holders of Interests in Class 5 will receive no Distributions on account of such Interests. Thus, under Bankruptcy Code section 1126(g), Class 6 is deemed to have rejected the Plan and the vote of holders of Class 5 Claims will not be solicited. *See* 11 U.S.C. § 1126(g).

8. Voting Deadline.

The Voting Agent will assist the Plan Sponsors with the transmission of the Solicitation Materials and the tabulation of votes with respect to the Plan. Holders of Claims classified in voting Classes will have the right to vote to accept or reject the Plan. To be counted, votes *must* be submitted in accordance with the voting instructions, which require such votes to be made in writing and prior to January 3, 2023 at 4:00 p.m. (prevailing Central Time) (the “**Voting Deadline**”). The record date for determining which holders may vote on the Plan November 30, 2022 (the “**Voting Record Date**”).

9. Voting Instructions.

Bankruptcy Code section 1126(c) defines “acceptance” of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the allowed claims in that class, counting only those claims that actually vote to accept or to reject such plan. *See* 11 U.S.C. § 1126(c).

As stated above, to be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed, and timely delivered by the Voting Deadline.

Most holders of Claims related to the Original Bonds will submit votes by completing a Ballot and returning it to their specified bank, broker, nominee or other intermediary (a “**Nominee**”). Each Nominee may provide specific instructions to beneficial holders of Bond Claims related with respect to how to complete and submit a Ballot. Such holders will be instructed to return their Ballot to the Nominee to enable the Nominee to complete and submit a master Ballot to the Voting Agent so that it is received by the Voting Deadline. Beneficial holders of Claims related to the Original Bonds should carefully follow the instructions that accompany their Ballot to ensure that it is properly received by the Nominee with sufficient time for the Nominee to complete a master Ballot that can be delivered to the Voting Agent by the Voting Deadline. Voting instructions are more fully described in the Ballots.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, revocation, or withdrawal of Ballots will be determined by the Plan Sponsors in their sole discretion and such determination will be final and binding unless otherwise ordered by the Bankruptcy Court. Once a party delivers a valid Ballot for the acceptance or rejection of the Plan, such party may not withdraw or revoke such acceptance or rejection without the Plan Sponsors’ written consent or an order of the Bankruptcy Court. The Plan Sponsors also reserve the right to reject any and all Ballots not in proper form, if the acceptance of which would, in the opinion of the Plan Sponsors with the advice of its counsel, be unlawful.

The Plan Sponsors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions therein) by the Plan Sponsors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Plan Sponsors (or the Bankruptcy Court) determines. Neither the Plan Sponsors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities are cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

If a holder of a Claim casts more than one Ballot with respect to the same Claim prior to the Voting Deadline, the last valid Ballot timely received shall be deemed to reflect the voter’s intent and shall supersede and revoke any earlier received Ballot. If a holder of a Claim simultaneously casts inconsistent duplicate Ballots with respect to the same Claim, such Ballots shall not be counted.

10. Additional Information.

If you have any questions about (i) the procedure for voting with respect to your Claim, (ii) the Solicitation Materials that you have received, or (iii) obtaining or replacing a Ballot, the Plan, this Disclosure Statement, or any exhibits to such documents, please contact the Voting Agent by (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222

N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line.

11. The Confirmation and Sale Hearing.

Contemporaneous with the filing of this Disclosure Statement, the Plan Sponsors are filing a motion to approve this Disclosure Statement, wherein the Plan Sponsors request, among other things, that the Bankruptcy Court schedule a hearing to consider approval of the Sale Transaction and confirmation of the Plan (the “**Confirmation Hearing**”) and to approve the proposed form of notice of such Confirmation Hearing. Subject to the Bankruptcy Court’s approval, the Plan Sponsors will provide such notice to all necessary parties in accordance with applicable law.

The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on any master service list ordered by the Bankruptcy Court and any entities which filed objections to the Plan, without further notice to parties in interest. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

12. Effect of Confirmation and Consummation of the Plan.

Following Confirmation, subject to the occurrences of certain conditions precedent set forth under Section 9 of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Section 8 of the Plan will become effective and will bind any parties that do not affirmatively elect to opt out. As such, it is important to read the provisions contained in Section 8 of the Plan very carefully so that you understand how confirmation and consummation of the Plan will affect you and any Claim you may hold against the Debtors. **Regardless of whether you are entitled to vote, if you do *not* wish to be a “Releasing Party” as defined in the Plan and/or you do not wish to be bound by the releases, injunctions, and exculpation provisions under Section 8 of the Plan, you *must* affirmatively elect to opt-out. For the avoidance of doubt, claims against Lifespace or the Debtors’ directors and officers shall not be released under the Plan.**

II. BACKGROUND INFORMATION

A. Overview of the Debtors’ Business.

Edgemere is an upscale and well-established CCRC that offers senior residents a continuum of care in a luxury campus-style setting, providing living accommodations and related health care and support services to a target market of seniors aged sixty-two (62) and older. Edgemere consists of approximately 304 independent living (“**IL**”) apartment-style residences in one, two and three-bedroom configurations. Edgemere also houses 68 residential-style assisted living (“**AL**”) suites, 45 memory support (“**MS**”) assisted living suites and a skilled nursing Community (“**SNF**”) with 87 skilled nursing beds, all located on a 16.25 acre campus.

Edgemere primarily receives revenue from entrance fee deposits and monthly service fees. Residents must enter into a Residency Agreement to move into the Community. As of the Petition Date, Edgemere offered the following types of Residency Agreements: life care agreements, assisted living residency agreements, and SNF residency agreements.

B. Organizational Structure of the Debtors.

1. Corporate Governance.

The Debtors are governed by their respective Boards of Directors that are elected by Lifespace, the sole corporate member of the Debtors and a non-profit corporation chartered under the laws of the State of Iowa, a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**IRC**”). The current members of the Board of Directors for Edgemere are Curtis Gielow, David Stewart, Eddie Fenoglio, Jesse Jantzen, and Nick Harshfield. Certain of these members also hold senior positions at Lifespace. For instance, Jesse Jantzen is the chairman, president and chief executive officer of Edgemere, and is also the president and chief executive officer of Lifespace, and Nick Harshfield is a director, vice chairman and treasurer of Edgemere, and is also the chief financial officer of Lifespace.

2. Management by Lifespace.

Pursuant to the Management Agreement, Lifespace serves as the exclusive manager of the day-to-day operations of Edgemere. The services provided by Lifespace include: (i) determining operating policies, procedures, and standards; (ii) developing advertising, marketing, and sales plan, (iii) establishing food and beverage policies; (iv) establishing all employment policies, including wage and salary terms, benefits, retirement plan, and bonuses; (v) hiring, promoting, supervising, directing, training, transferring, and discharging all of Edgemere’s employees; (vi) negotiating and consummating such agreements as Lifespace deems necessary or advisable for furnishing all utilities, services, supplies, food, beverages, equipment, and other materials and supplies for the maintenance and operation of the Community; (vii) establishing such bank accounts as needed for operation and maintenance of the Community according to GAAP; (viii) developing an annual business plan and an annual budget, specifically including, but not limited to, (a) capital improvements, (b) furniture, fixtures, and equipment, (c) employee compensation and taxes, (d) Community operating costs and administrative expenses, (e) taxes, insurance, bonds, and other expenses, (f) revenues, and (g) fees, rates, and other costs and charges to Residents; (ix) managing and overseeing the Community’s investment portfolio, if any, through an investment advisor selected by Lifespace; (x) providing cash management, accounting, bookkeeping and record keeping software and services for the Community, specifically including, but not limited to (a) Resident billings, (b) accounts payable, (c) accounts receivable, and (d) general ledger records; (xi) providing risk management and compliance services; and (xii) providing other services as may be required by the Community and mutually agreed to by the parties to the Management Agreement from time to time in connection with the development and operation of the Community’s business.

Pursuant to the Management Agreement, Edgemere pays to Lifespace compensation for the performance of the foregoing listed services (the “**Corporate Overhead Fee**”), as defined and

set forth in the Management Agreement. Between fiscal year 2019 and fiscal year 2021, Lifespace received \$8,516,267 in Corporate Overhead Fees.

3. CCRC Regulators.

The CCRC industry nationwide is regulated by various state and federal agencies. Each state has a different regulatory scheme governing CCRCs. As a Medicare-certified CCRC operating in the State of Texas, Edgemere is regulated by, among others, the Centers for Medicare and Medicaid Services, the State of Texas Department of Health and the Texas Department of Insurance.

4. Original Bonds.

The development of the Community was financed through the issuance of bonds. At the request of Edgemere and pursuant to that certain Indenture of Trust, dated May 1, 2015 (the “**2015 Bond Indenture**”), between the Tarrant County Cultural Education Facilities Finance Corporation (the “**Issuer**”) and the Bank of New York Mellon Trust Company, National Association, as initial bond trustee, the Issuer authorized and issued the Retirement Community Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) consisting of: (a) Series 2015A bonds in the original aggregate principal amount of \$53,600,000 (the “**Series 2015A Bonds**”); and (b) Series 2015B bonds in the original aggregate principal amount of \$40,590,000 (the “**Series 2015B Bonds**”) and together with the Series 2015A Bonds, the “**Series 2015 Bonds**”).

Contemporaneously with the issuance of the Series 2015 Bonds, the Issuer loaned the proceeds of the Series 2015 Bonds to Edgemere, pursuant to a Loan Agreement between Edgemere and the Issuer (the “**2015 Loan Agreement**”), for the purpose of financing and refinancing certain costs relating to the Community, including (a) the refunding of all of the Issuer’s Retirement Community Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) Series 2006B, (b) refunding of a portion of the Issuer’s Retirement Community Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) Series 2006A, (c) funding a portion of interest during construction, (d) funding debt service reserve funds, and (e) paying a portion of the cost of the issuances.

At the request of Edgemere and pursuant to that certain Indenture of Trust, dated March 1, 2017 (the “**2017 Bond Indenture**”), between the Issuer and the Bank of New York Mellon Trust Company, National Association, as initial bond trustee, the Issuer authorized and issued the Retirement Community Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) consisting of Series 2017 bonds in the original aggregate principal amount of \$21,685,000 (the “**Series 2017 Bonds**”) and together with the Series 2015 Bonds, the “**Original Bonds**”).

Contemporaneously with the issuance of the Series 2017 Bonds, the Issuer loaned the proceeds of the Series 2017 Bonds to Edgemere, pursuant to a Loan Agreement between Edgemere and the Issuer (the “**2017 Loan Agreement**”), for the purpose of financing and refinancing certain costs relating to the Community, including (a) the refunding of all of the Issuer’s Retirement Community Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) Series 2006A, (b) funding debt service reserve fund, and (c) paying a portion of the cost of the issuance.

Prior to the Petition Date, Edgemere defaulted on the Original Bonds by, among other things, failing to meet the debt service coverage covenant in 2019 and 2020. Failing to satisfy this covenant for two consecutive fiscal years constitutes an event of default on the Original Bonds. Additionally, to preserve liquidity, Edgemere ceased making payments on its obligations under the Original Bonds in October 2021.

As of the Petition Date, the outstanding principal amount owed by the Obligated Group on account of the Original Bonds as of the Petition Date is approximately \$111,728,919.22 plus unliquidated fees and expenses. As set forth in the DIP Orders, the Bond Claims are secured by first priority liens on substantially all of the Debtors' assets, including (i) all revenue, accounts, accounts receivable, and Gross Revenues (as defined in the Original Master Indenture) of Edgemere; (ii) all general intangibles, equipment, inventory and other personal property of Edgemere; (iii) Edgemere's leasehold interest created by Ground Lease, including Edgemere's interests in the Premises, Land and Existing Improvements (as each are defined in the Ground Lease), and any and all appurtenances, rights and benefits relating thereto and to the use and occupancy thereof; and (v) all funds held in the various accounts established under the Original Bond Documents.

5. Other Debt.

Based on filings by the Debtors in these Chapter 11 Cases, as of April 14, 2022, Edgemere had the following approximate liabilities (other than obligations relating to the Original Bonds): (i) \$1,321,000 of trade accounts payable; (ii) \$1,500,000 of non-contingent Resident refund claims; (iii) \$158,000,000 of entrance fee liabilities (including contingent and untriggered liabilities); and (iv) \$5,351,798.91 of liabilities to non-debtor Affiliates.

III. EVENTS LEADING TO THE CHAPTER 11 CASES

The Debtors rely on revenue generated by existing and new residents to, among other things, maintain day-to-day operations, service debt obligations and honor Resident obligations. However, for some time Edgemere has faced challenges that have threatened its ability to honor its obligations and maintain operational stability, including optimal occupancy levels.

In May 2019, Lifespace, entered into Affiliation Agreement pursuant to which Lifespace became the new sole member of Edgemere. In the Affiliation Agreement, Lifespace agreed to "honor the terms of the Existing Residency Agreements." In a public filing on the EMMA MSRB website on May 10, 2019, Lifespace announced the execution of the Affiliation Agreement and further explained that, upon closing, Lifespace would control all operating assets and assume all liabilities and indebtedness of SQLC, including all existing residency agreements with current residents at Edgemere and two other communities. On June 20, 2019, upon the closing of the affiliation transaction, Lifespace announced through a public filing on the EMMA MSRB website that the affiliation was finalized and reinforced that "Lifespace now controls all operating assets and is responsible for all liabilities and indebtedness of SQLC, including all existing residency agreements with current residents at Edgemere [and two other communities]." **Under the Plan, Residents retain their direct claims against Lifespace for all unpaid refund claims (and any other obligations under their Residency Agreements) pursuant to the Affiliation Agreement and the associated public notices regarding Lifespace's assumption of Edgemere Residency**

Agreement liabilities; upon information and belief, Lifespace denies any such liability to the Residents.

When the COVID-19 pandemic began, it severely disrupted the senior living industry, especially because older adults are particularly vulnerable to the effects of COVID-19. As a result, Edgemere incurred significant, additional costs, including those necessary to retain qualified staff and purchase personal protective equipment. In addition to increasing costs, the pandemic caused occupancy rates to drop. In response, Lifespace caused Edgemere to engage professionals, including restructuring counsel, who retained consultants, including FTI Consulting, Inc. (“FTI”) to assist with efforts to stabilize Edgemere’s operations and financial circumstances.

In addition to negotiating with the Trustee (and the Landlord) toward a restructuring of the debt under the Original Bonds and the Ground Lease, the Debtors implemented a new escrow structure to allow the Community to continue an improved marketing program while providing new Residents who choose to enter into a Residency Agreement that their deposits and entrance fees would be protected during Edgemere’s time of financial distress. As of September 27, 2021, any new entrance fees received were deposited into an escrow account pursuant to the Escrow Agreement. This change is typical among distressed “entrance fee model” CCRCs as a safeguard to protect new Resident deposits and entrance fees and encourage and promote new sales.

By the fourth quarter of 2021, the Debtors’ sales performance had improved in comparison to the fourth quarter of 2020. Nevertheless, liquidity constraints persisted, in part, because deposits and entrance fees received on or after September 27, 2021 were not available to cover operating expenses.

In September 2021, the Debtors did not make the monthly rent payment under the Ground Lease. Following the Ground Lease default, the parties agreed to commence negotiations regarding a potential Ground Lease restructuring. To evaluate such a restructuring, the Landlord requested that Edgemere provide confidential information that Edgemere was only willing to provide pursuant to a nondisclosure agreement. The parties entered into that certain Confidentiality and Non-Disclosure Agreement, dated September 7, 2021 (the “NDA”) and, among other things, agreed to refrain from using Edgemere’s confidential information except to the extent necessary to evaluate a potential restructuring of the Ground Lease (or obligations under the Original Bonds) and as otherwise expressly set forth therein.

Over the next several months, the Debtors, Lifespace, the Trustee, and the Landlord engaged in discussions regarding the Original Bonds and the Ground Lease, with the purported aim of reaching a global resolution that would permit the Community to stabilize and continue its mission while also satisfying obligations to the Landlord and the Trustee. Throughout this process, in reliance on the NDA, the Debtors shared a substantial volume of highly confidential and proprietary information with the Landlord. The Debtors, Lifespace, the Trustee, and the Landlord also negotiated a forbearance agreement to facilitate the restructuring discussions. This forbearance agreement required, among other things, that Edgemere would provide a Ground Lease restructuring term sheet to the Landlord and, in turn, the Landlord would provide substantive responses thereto. Edgemere complied by providing the contemplated term sheet; the Landlord did not respond. After the Landlord received all of the monetary benefits under the forbearance agreement and had obtained Edgemere’s confidential information, subject to the NDA, the

Landlord repudiated the forbearance agreement and refused to provide a substantive response to the term sheet.

Additionally, as alleged in the Complaint commencing the Landlord Litigation, the Landlord, directly or through its consultant Kong, improperly disclosed and otherwise used Edgemere's confidential information in violation of the NDA, including causing the Dallas Morning News ("DMN") to publish negative news articles about Edgemere based on confidential information provided by the Landlord and/or Kong.⁶ Immediately after the first DMN article was published, inquiries from prospective residents completely dried up. As a result, the Debtors filed these Chapter 11 Cases.

In the lead up to the Chapter 11 Cases and thereafter, the Debtors and their advisors explored various ways to improve the Community's financial performance, including by evaluating different entrance fee and rental models. Various consultants have concluded that the Community can no longer operate as an entrance fee model and that the best way to stabilize the Community is to transition to a rental model.

IV. THE CHAPTER 11 CASES

A. First Day Pleadings.

On the Petition Date, the Debtors commenced the Chapter 11 Cases by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. In conjunction therewith, the Debtors filed certain "first day motions." Among other things, the Debtors requested that the Bankruptcy Court enter orders (i) protecting Resident and patient confidentiality; (ii) authorizing the Debtors to continue their cash management system, including intercompany accounting protocol and procedure; (iii) permitting the Debtors to pay employees on account of prepetition work and services rendered and to continue benefit and compensation programs throughout the Chapter 11 Cases; (iv) prohibiting utility companies from discontinuing services; (v) allowing the Debtors to continue to escrow entrance fees and maintaining Resident refund programs; and (vi) paying prepetition taxes and fees; and (vii) maintaining insurance policies and paying related obligations. *See* Docket Nos. 10, 11, 15, 17, 18, 19, and 20. These motions were supported by the *Declaration of Nick Harshfield in Support of Chapter 11 Petition and First Day Pleadings* [Docket No. 7].

The Bankruptcy Court conducted hearings and entered Orders with respect to each of the first day motions. *See* Docket Nos. 98, 220, 221, 224, 275, 402, and 404.

B. Cash Collateral and DIP Financing.

On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Use of Cash Collateral, (II) Authorizing Post-Petition Financing, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling the Final Hearing and Approving the Form and Method of Notice thereof, and (VI) Granting Related Relief* [Docket No. 35]. Thereafter, the Bankruptcy Court entered the DIP Orders, which includes the *Final Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2)*

⁶ The Landlord and Kong dispute the allegations in the Complaint.

Authorizing Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; and (4) Granting Liens, Security Interests and Superpriority Claims (as further amended, the “**DIP Orders**”) [Docket No. 421].

The DIP Orders, among other things, allow the Debtors to (i) use the Trustee’s Cash Collateral to maintain the Community and pay necessary business operations expenses, and (ii) obtain financing through the DIP Facility on the terms set forth in the DIP Credit Agreement and in the DIP Orders. The DIP Orders also granted the DIP Lender first priority security interests (senior to all other liens, including those securing the Bond Claims) on substantially all of the Debtors’ assets to secure the DIP Facility Claims, and granted the Trustee Supplemental Liens on substantially all of the Debtors’ assets to the extent of Diminution (as each are defined in the DIP Orders), along with a superpriority administrative expense claim to the extent of Diminution.

C. Schedules, Statements, and Rule 2015.3 Reports.

On April 19, 2022, following a hearing on the Debtors’ motion requesting an extension of the filing deadline, the Bankruptcy Court entered its *Order Extending the Time to File (I) Schedules of Assets and Liabilities, (II) Statements of Financial Affairs, and (III) Reports of Financial Information Required under Bankruptcy Rule 2015.3* [Docket No. 90].

On May 17, 2022, the Debtors filed their *Schedules and Statements of Financial Affairs*. See Docket Nos. 240 and 241; Case No. 22-30660, Docket Nos. 19 and 20. On June 1, 2022, Edgemere filed its *Initial Periodic Report of Debtors pursuant to Bankruptcy Rule 2015.3* [Docket No. 346]. On June 24, 2022, SQLC filed its *Initial Periodic Report of Debtor Senior Quality Lifestyles Corporation pursuant to Bankruptcy Rule 2015.3* [Case No. 22-30660, Docket No. 23].

D. Retention of Professionals.

The Bankruptcy Court has approved the Debtors’ retention and employment of the following Professionals in these Chapter 11 Cases: (i) Polsinelli PC, as restructuring counsel [Docket No. 226]; (ii) FTI Consulting, Inc., as financial advisor [Docket No. 227]; (iii) Kurtzman Carson Consultants LLC as claims, noticing, and solicitation agent [Docket Nos. 110]; and (iv) Assessment Technologies, Ltd. d/b/a A.T. Tax Advisory, as property tax consultant [Docket No. 434].

E. Patient Care Ombudsman.

The U.S. Trustee appointed Susan N. Goodman as the Patient Care Ombudsman (the “**PCO**”) in these Chapter 11 Cases pursuant to Bankruptcy Code section 333. See Docket No. 137. The PCO has filed multiple reports in these Chapter 11 Cases.

F. Appointment of the Committee.

The U.S. Trustee appointed an official committee of unsecured creditors (the “**Committee**”) pursuant to Bankruptcy Code section 1102(a)(1). See Docket Nos. 135, 142, and

150. The Committee is comprised of the following: Donald R. Trice, James Eckelberger, James A. Smith, Erle A. Nye, Jane Sommerhalder Wilson, and Steve Helbing.⁷

G. Termination of Exclusivity.

Pursuant to the *Motion of Debtors for Entry of an Order Extending the Exclusivity Period for the Filing of a Chapter 11 Plan* [Docket No. 534], the Debtors sought to extend the period by which only the Debtors could file a chapter 11 plan to February 8, 2023. Such motion was objected to by the Landlord [Docket No. 602], the Committee [Docket No. 634] and the Plan Sponsors [Docket No. 639]. Following a hearing on the motion, the Bankruptcy Court held the Debtors' exclusivity period would terminate on October 26, 2022, and that, beginning on October 27, 2022, the Plan Sponsors and/or Lifespace could each file chapter 11 plans.

H. The Adversary Proceeding

As noted above, the Debtors' allege their financial distress has been further exacerbated by actions taken by the Landlord. As a result, on the Petition Date Edgemere filed its complaint (the "**Complaint**") against the Landlord and its consultant Kong, commencing the Adversary Proceeding in the Chapter 11 Cases. Edgemere alleges in the Complaint that the Landlord and Kong engaged in an unlawful scheme to destroy the Community. The Complaint alleges causes of action against the Landlord and Kong for breach of contract, promissory fraud, tortious interference with existing and prospective contractual and business relations, civil conspiracy, equitable subordination, and reformation of the Ground Lease. On September 7, 2022, the Landlord and Kong answered the Complaint denying the allegations and asserting three counterclaims: fraudulent inducement, slander of title, and breach of lease. The Landlord Litigation remains ongoing and will be transferred to the Litigation Trust under the Plan.

V. THE CHAPTER 11 PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT 1.

The Claims against the Debtors are divided into Classes according to their seniority and other criteria. The Classes of Claims and Interests against the Debtors and their Estates and the funds and other property to be distributed under the Plan are described more fully below.

THE PLAN SPONSORS BELIEVE THAT THE PLAN AFFORDS CREDITORS THE POTENTIAL FOR THE GREATEST REALIZATION OF THE VALUE OF THE DEBTORS' ASSETS.

⁷ Pamela Siviglia is no longer a member of the Committee.

A. Treatment of Claims and Interests Under the Plan.

1. Unclassified Administrative and Priority Claims.

a. Administrative Claims.

Unless a holder of an Allowed Administrative Claim and the Plan Sponsors before the Effective Date agree to less favorable treatment, each holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Allowed Administrative Claim in Cash: (i) if such Allowed Administrative Claim is based on liabilities that the Debtors incurred in the ordinary course of business after the Petition Date, on the Effective Date or in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim, in the Plan Sponsors' discretion, and without any further action by any holder of such Allowed Administrative Claim; (ii) if such Allowed Administrative Claim is due on the Effective Date, or, if such Allowed Administrative Claim is not due as of the Effective Date, on the date that such Allowed Administrative Claim becomes due or as soon as reasonably practicable thereafter; (iii) if an Administrative Claim is not Allowed as of the Effective Date, on the date that is no later than thirty (30) days after the date on which an order allowing such Administrative Claim becomes a Final Order of the Bankruptcy Court or as soon as reasonably practicable thereafter; or (iv) at such time and upon such terms as set forth in a Final Order of the Bankruptcy Court.

To be eligible to receive Distributions under the Plan on account of an Administrative Claim that is not otherwise Allowed by the Plan, a request for payment of an Administrative Claim must be filed with the Bankruptcy Court on or before the Administrative Claims Bar Date. Any Administrative Claim that is not asserted in accordance herewith shall be deemed disallowed under the Plan and shall be forever barred against the Debtors, the Debtors' Estates, or any of the Debtors' Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. For the avoidance of doubt, holders of the DIP Facility Claims and the Diminution Claim shall not be required to file an Administrative Claim for the allowance and satisfaction of such Claims.

b. Professional Claims.

All Professionals seeking payment of Professional Claims shall (i) file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred in the Chapter 11 Cases by the date that is forty-five (45) days after the Effective Date and (ii) be paid (a) the full unpaid amount as is Allowed by the Bankruptcy Court within five (5) Business Days after the date that such Claim is Allowed by order of the Bankruptcy Court, or (b) upon such other terms as may be mutually agreed upon between the holder of such an Allowed Professional Claim and the Plan Sponsors. Any Professional Claim that is not asserted in accordance with this Section 2.2 shall be deemed disallowed under the Plan and shall be forever barred against the Debtors, the Debtors' Estates, or any of the Debtors' Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim.

c. **Priority Tax Claims.**

In accordance with Bankruptcy Code section 1123(a)(1), Priority Tax Claims have not been classified and are treated as described in this Section 2 of the Plan. Unless otherwise agreed by the holder of an Allowed Priority Tax Claim, any Person holding an Allowed Priority Tax Claim will receive, as determined by the Plan Sponsors in their sole discretion and in full satisfaction of such Claim, payment in Cash in full on the later of (i) the Effective Date, or as soon as reasonably practicable thereafter as determined by the Litigation Trustee, or (ii) the first Business Day after the date that is thirty (30) calendar days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable.

d. **U.S. Trustee Fees.**

U.S. Trustee Fees will be paid in full by the Debtors and the Litigation Trustee, as applicable, as they become due and owing.

e. **DIP Facility Claims.**

The DIP Facility Claims shall be deemed Allowed Secured Claims and superpriority Administrative Claims in the full amount due and owing under the DIP Credit Agreement as of the Effective Date. The DIP Facility Claims shall be satisfied in full from Cash available on the Effective Date.

f. **Diminution Claim.**

The Diminution Claim shall be deemed Allowed superpriority Administrative Claim in the full amount due and owing under the DIP Orders as of the Effective Date. The Diminution Claim shall be satisfied in full from Cash available on the Effective Date.

2. Classification of Claims and Interests.

Except as set forth in the Plan, all Claims against and Interests in the Debtors are placed in a particular Class. The Debtors have not classified Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Diminution Claim or U.S. Trustee Fees.

Subject to all other applicable provisions of the Plan (including its Distribution provisions), classified Claims shall receive the treatment described in section 3 of the Plan. The Plan will not provide any Distributions on account of a Claim to the extent that such Claim has been disallowed, released, withdrawn, waived, or otherwise satisfied or paid as of the Effective Date, including, without limitation, payments by third parties.

The following table designates the Classes of Claims against and Interests in the Debtors and specifies which of those Classes are: (i) Impaired or Unimpaired by the Plan; (ii) entitled to vote to accept the Plan; (iii) deemed to reject the Plan; or (iv) deemed to accept the Plan.

Class	Claim	Estimated Allowed Claims	Status	Voting Rights
1	Other Priority Claims	\$ 19,182.99	Unimpaired	Deemed to Accept
2	Bond Claims	\$111,728,919.22	Impaired	Entitled to Vote
3	Other Secured Claims	\$0	Unimpaired	Deemed to Accept
4	General Unsecured Claims	\$243,575,238.13 ⁸	Impaired	Entitled to Vote
5	Interests in Debtors	N/A	Impaired	Deemed to Reject

3. Treatment of Claims and Interests.

a. **Other Priority Claims (Class 1).**

In accordance with the Proofs of Claim on file, there are asserted priority claims in the amount of \$19,182.99. To the extent that such Claims have been or will be Allowed, Class 1 Claims will be Unimpaired and not entitled to vote on the Plan. Except to the extent that a holder of an Allowed Other Priority Claim has agreed to a different treatment of such Claim, each such holder shall receive, in full satisfaction of such Allowed Other Priority Claim, Cash in an amount equal to such Allowed Other Priority Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date; (ii) the date the Other Priority Claim becomes an Allowed Claim; or (iii) the date for payment provided by any agreement or arrangement between the Plan Sponsors and the holder of the Allowed Other Priority Claim.

b. **Bond Claims (Class 2).**

Class 2 is Impaired and entitled to vote on the Plan. This Class consists of all Bond Claims and includes all Claims of the holders of the Series 2015 Bonds and the Series 2017 Bonds, which Claims shall be deemed Allowed pursuant to the Plan in the aggregate principal amount of \$109,185,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$2,543,919.22. On the Effective Date, the Net Proceeds after payment of Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Diminution Claim and U.S. Trustee Fees, shall be paid to the Trustee, which funds shall be disbursed to holders of the Bond Claims in accordance with the Original Bond Documents. Assuming no competing qualified bids are received and the Sale Transaction with the initial Purchaser closes, Holders of Bond Claims are estimated to receive Distributions ranging from 30.1% to 31.4% of their Bond Claims. The Bond Deficiency Claim shall be treated on a Pro Rata basis with holders of Allowed General Unsecured Claims.

⁸ Includes an estimated Bond Deficiency Claim of \$77,402,439.22 based upon the initial Purchaser's offer and after payment of other amounts set forth in the Plan.

c. **Other Secured Claims (Class 3).**

This Class consists of all Other Secured Claims against the Debtors. In accordance with Debtors' books and records, no Class 3 Claims exist. To the extent that such Claims have been or will be asserted and Allowed, Class 3 Claims will be Unimpaired and not entitled to vote on the Plan. In full satisfaction of an Allowed Other Secured Claim, on the later of the Effective Date and the date on which the Other Secured Claim is Allowed, each holder of an Allowed Other Secured Claim shall receive, at the sole and exclusive option of the Plan Sponsors: (i) Cash equal to the amount of such Claim; (ii) return of the underlying collateral related to their Claims; or (iii) treatment of such Allowed Other Secured Claim in any other manner that renders the Claim Unimpaired, including Reinstatement.

d. **General Unsecured Claims (Class 4).**

Class 4 is Impaired and entitled to vote on the Plan. This Class consists of all General Unsecured Claims, including Claims of Residents under Residency Agreements and the Bond Deficiency Claim. Allowed General Unsecured Claims shall be payable from a Pro Rata share of the Litigation Trust Proceeds. Holders of Allowed General Unsecured Claims are estimated to receive Distributions ranging from 0% to 50% of their Allowed General Unsecured Claims, depending on the outcome of the Landlord Litigation, Retained Causes of Action and the liquidation of other Litigation Trust Assets. For the avoidance of doubt, Residents shall also maintain any direct individual claims against Lifespace, which recoveries will reduce the amount of Allowed General Unsecured Claims.

e. **Interest in Debtors (Class 5).**

Class 5 is Impaired and deemed to reject the Plan. This Class consists of Interests of Lifespace in the Debtors, which Interests shall be terminated on the Effective Date.

4. Subordinated Claims.

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective Distributions and treatments under the Plan take into account the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, Bankruptcy Code section 510(b), or otherwise. For purposes of Bankruptcy Rule 7001(8), the Plan provides for subordination. The Litigation Trustee, as set forth herein, shall have the right to subordinate any Claim in accordance with any contractual, legal, or equitable subordination relating thereto under the Bankruptcy Code as long as such treatment is consistent with the terms of the Litigation Trust Agreement. Subordinated Claims shall not receive a Distribution under the Plan until any and all senior Allowed Claims are paid in full.

B. Cramdown.

If all applicable requirements for confirmation of the Plan are met as set forth in Bankruptcy Code section 1129(a) except subsection (8) thereof, the Plan Sponsors shall request that the Bankruptcy Court confirm the Plan in accordance with Bankruptcy Code section 1129(b) on the bases that the Plan is fair and equitable and does not discriminate unfairly with respect to

each Class of Claims or Interests that is Impaired hereunder, and has not accepted or is deemed to reject, the Plan.

C. Means for Implementation of the Plan.

1. Sale Transaction.

a. Sale Transaction. Consistent with the Asset Purchase Agreement, substantially all of the property in the Estates shall be sold to the Purchaser (including such Purchaser to be identified as the winning bidder following an Auction), free and clear of all Liens, Claims, charges, or other encumbrances pursuant to section 1123(a)(5)(D) of the Bankruptcy Code, with all such Liens, Claims, charges or other encumbrances attaching automatically to the Net Proceeds in the same manner, extent, validity and priority as existed on the Closing Date, with the Net Proceeds to be distributed pursuant to this Plan. An initial Purchaser has been identified, whose purchase offer in the amount of \$48.5 million (subject to the adjustments in the Asset Purchase Agreement) is subject to higher and better bids. If a competing qualified bid is received by December 27, 2022 at 4:00 p.m. (prevailing Central Time), an Auction shall be held on December 28, 2022 at 10:00 a.m. (prevailing Central Time) to determine the ultimate Purchaser. Upon the Closing of the Sale Transaction, all Net Proceeds therefrom after payments required under the Plan to pay any unpaid Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, Diminution Claim and the U.S. Trustee Fees, shall be paid to the Trustee for Distribution to holders of Original Bonds, pursuant to the terms of the Original Bond Documents.

b. Monthly Rental Agreements. The Asset Purchase Agreement contemplates the rejection of all Residency Agreements, provided that any Purchaser shall offer to all Current Residents a monthly rental agreement which shall provide similar services to Current Residents as provided prior to the Closing Date.

c. Transfer of Assets to Litigation Trust. On the Effective Date, all of the Estates' assets not sold in the Sale Transaction shall be transferred to the Litigation Trust and administered as set forth more fully below.

2. Creation of the Litigation Trust and Appointment of the Litigation Trustee and Litigation Trust Oversight Committee.

Upon the Plan Effective Date, a Litigation Trust will be formed, into which various Causes of Action of the Debtors, including the Landlord Litigation, shall be transferred. The Litigation Trust shall commence, pursue and liquidate all of the Litigation Trust Assets, including all Retained Causes of Action, for the benefit of holders of Litigation Trust Interests. Holders of Litigation Trust Interests shall consist of Holders of an Allowed General Unsecured Claim, including Residents.

a. Creation of the Litigation Trust. On or prior to the Effective Date, the Debtors shall execute the Litigation Trust Agreement. On the Effective Date, the Litigation Trust shall become effective and shall be deemed to be valid, binding and enforceable in accordance with the terms and provisions of the Plan and the Litigation Trust Agreement. After the Effective Date, the Litigation Trust Agreement may be amended in accordance with its terms without further

order of the Bankruptcy Court. The Litigation Trust Agreement shall be satisfactory in form and substance to the Plan Sponsors.

b. Purpose of the Litigation Trust. The Litigation Trust shall be established for the purposes of (i) liquidating any non-Cash Litigation Trust Assets; (ii) maximizing recovery of the Litigation Trust Assets for the benefit of the holders of Litigation Trust Interests; (iii) distributing the proceeds of the Litigation Trust Assets to holders of the Litigation Trust Interests in accordance with the Plan and the Litigation Trust Agreement, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary for, and consistent with, the liquidating purpose of the Litigation Trust; (iv) prosecuting or otherwise resolving Causes of Action comprising Litigation Trust Assets for the benefit of the holders of the Litigation Trust Interests; and (v) winding down the Chapter 11 Cases as provided in the Plan.

c. Funding of the Litigation Trust. \$150,000 of Cash shall be set aside for the payment of Litigation Trust Expenses to be incurred by the Litigation Trust.

d. Transfer of Litigation Trust Assets to the Litigation Trust. As of the Effective Date, pursuant to the provisions of sections 1141(b) and (c) of the Bankruptcy Code, the Debtors and the Estates shall preserve, transfer and assign all of their respective right, title and interest in and to all of the Litigation Trust Assets, which shall automatically vest in the Litigation Trust free and clear of all Claims, Liens, encumbrances, charges, Interests and other interests, subject only to the Allowed Claims of the holders of Litigation Trust Interests as set forth in the Plan and in the Litigation Trust Agreement.

e. Appointment of the Litigation Trustee. On the Effective Date, the Litigation Trustee shall be deemed the Estates' representative solely with respect to the Litigation Trust Assets in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in the Plan and Litigation Trust Agreement solely with respect to the Litigation Trust Assets, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Bankruptcy Rule 2004.

f. Governance of Litigation Trust. The Litigation Trust shall be governed by the Litigation Trust Agreement and administered by the Litigation Trustee who shall report to the Litigation Trust Oversight Committee in accordance with the terms of the Plan and the Litigation Trust Agreement.

g. Tax Treatment. Except to the extent allocable to Disputed Claims, consistent with the principles of Revenue Procedure 94-45, 1994-2 C.B. 684, as of the Effective Date, for federal income tax purposes, (i) the Debtors will be deemed to transfer the Litigation Trust Assets to the holders of the Litigation Trust Interests, (ii) the holders of the Litigation Trust Interests will be deemed to transfer such Assets to the Litigation Trust, (iii) the Litigation Trust will be treated as a "liquidating trust," as defined in Treasury Regulation section 301.7701-4(d), and as a "grantor trust" within the meaning of Internal Revenue Code sections 671-679 and (iv) the holders of the Litigation Trust Interests will be treated as the "grantors" of the Litigation Trust.

h. Securities Registration Exemption. The Plan Sponsors intend that the Litigation Trust Interests shall not be deemed “securities” under applicable laws, but to the extent such units are deemed to be “securities,” the Plan Sponsors believe the issuance of such units under the Plan is exempt, pursuant to section 1145 of the Bankruptcy Code (except with respect to an entity that is an “underwriter” as defined in section 1145(b) of the Bankruptcy Code).

i. Rights, Powers and Duties of the Litigation Trust and the Litigation Trustee. The Litigation Trustee will act for the benefit of holders of Litigation Trust Interests in a fiduciary capacity and shall have comparable authority as a bankruptcy trustee of the Debtors, as the exclusive representative of the Estates under section 1123(a)(5)(B) of the Bankruptcy Code or any corresponding federal or state laws with respect to the Litigation Trust Assets and shall succeed to all of the Debtors’ and the Estate’s rights with respect thereto, subject to the provisions of the Plan and the Litigation Trust Agreement. The Litigation Trust is the successor to the Debtors and their Estates. The powers, rights and duties of the Litigation Trustee shall arise on the Effective Date and shall include, all subject to the terms and conditions of the Litigation Trust Agreement, the following:

- i. commencing, pursuing and liquidating all of the Litigation Trust Assets;
- ii. engaging attorneys, consultants, agents, employees and any other professional persons to assist the Litigation Trustee with respect to the Litigation Trustee’s responsibilities;
- iii. paying the fees and expenses of the attorneys, consultants, agents, employees and other professional persons engaged by the Litigation Trust and paying all other expenses;
- iv. compromising and settling Claims without notice or Bankruptcy Court approval;
- v. calculating and implementing Distributions of Litigation Trust Assets for the benefit of the holders of the Litigation Trust Interests;
- vi. resolving issues involving Claims and Interests in accordance with the Plan;
- vii. consulting with members of the Litigation Trust Oversight Committee regarding the prosecution and/or settlement of Retained Causes of Action and reporting to the Litigation Trust Oversight Committee regarding such matters, and seeking approval from the Litigation Trust Oversight Committee regarding the prosecution and/or settlement of each Cause of Action, to the extent set forth in the Litigation Trust Agreement;
- viii. investing Cash in accordance with section 345 of the Bankruptcy Code, and withdrawing and making Distributions of Cash to holders of Litigation Trust Interests holding and paying taxes and other

obligations incurred by the Litigation Trustee in connection with winding down the Estates in accordance with the Plan;

- ix. coordinating the turnover of property, if any, subject to rejected executory contracts or abandonment or liquidation of any Litigation Trust Assets;
- x. taking possession of all books, records, and files of the Debtors and their Estates; and providing for the retention and storage of such books, records, and files until such time as the Litigation Trust determines, in accordance with the Litigation Trust Agreement, that retention of same is no longer necessary or required;
- xi. overseeing compliance with the accounting, finance and reporting obligations;
- xii. paying taxes or other obligations incurred by the Litigation Trust;
- xiii. preparing financial statements and U.S. Trustee post-confirmation quarterly reports, and filing such reports on the docket of the Chapter 11 Cases until such time as a final decree has been entered;
- xiv. overseeing the filing of final tax returns, refund requests, audits and other corporate dissolution documents, as required;
- xv. performing any additional corporate actions as necessary to carry out the wind down and liquidation of the Estates;
- xvi. exercising such other powers as may be vested in or assumed by the Litigation Trustee pursuant to the Plan, the Litigation Trust Agreement or other Order of the Bankruptcy Court or as may be needed or appropriate to carry out the provisions of the Plan; and
- xvii. undertaking all administrative functions of the Chapter 11 Cases, including the payment of fees payable to the U.S. Trustee and the ultimate closing of the Chapter 11 Cases..

j. Litigation Trust Interests. Holders of Allowed General Unsecured Claims shall, by operation of the Plan, receive a Pro Rata share of the Litigation Trust Interests in accordance with the terms of and priorities set forth in the Plan. Litigation Trust Interests shall also be reserved for holders of Disputed Claims which, if Allowed, would be entitled to participate in Distributions from the Litigation Trust, and such reserved Litigation Trust Interests shall be held by the Litigation Trustee pending allowance or disallowance of such Claims. No other Person shall have any interest, legal, beneficial or otherwise, in the Litigation Trust Assets upon the assignment and transfer of such assets to the Litigation Trust. As set forth in the Litigation Trust Agreement, Distributions from the Litigation Trust on account of Litigation Trust Interests shall be made from the Litigation Trust Assets after paying, reserving against or satisfying, among other things, the Litigation Trust Expenses. The Litigation Trust Interests shall be uncertificated and

shall be nontransferable except upon death of the holder or by operation of law. Holders of Litigation Trust Interests shall have no voting rights with respect to such interests.

k. Pending Adversary Proceedings. Without the need for filing any motion for such relief, in connection with the Litigation Trust Assets, the Litigation Trust or the Litigation Trustee (as applicable) hereby shall be deemed substituted for the applicable Debtor (i) in all pending matters including, but not limited to, motions, contested matters and adversary proceedings in the Bankruptcy Court; and (ii) with respect to any Retained Causes of Action pending before the Bankruptcy Court or any other court.

l. Preservation of Right to Conduct Investigations. The preservation for the Litigation Trust of any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 is necessary and relevant to the liquidation and administration of the Litigation Trust Assets. Accordingly, any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 held by the Debtors prior to the Effective Date shall vest with the Litigation Trust and shall continue until dissolution of the Litigation Trust.

3. Entrance Fee Escrow.

As of the Petition Date, the Entrance Fee Escrow held \$15,844,326. On the Effective Date, funds in the Entrance Fee Escrow shall be returned to those respective Residents that deposited such funds pursuant to the terms of the Escrow Agreement.

4. Section 1146 Exemption from Certain Taxes and Fees.

Pursuant to Bankruptcy Code section 1146(a), any transfer of property and any issuance, transfer, or exchange of a security in connection with or pursuant to the Plan shall not be subject to any stamp, mortgage recording, or other similar tax, charge, or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax, charge, or governmental assessment and, as applicable, to accept for filing and recordation instruments or other documents pursuant to such transfer of property or to permit the issuance, transfer, or exchange of a security without the payment of any such tax, charge, or governmental assessment. Such exemption specifically applies, without limitation, to (i) the sale of the Assets pursuant to the Asset Purchase Agreement effectuated under the Plan; (ii) the creation and recordation of any mortgage, deed of trust, lien, or other security interest; (iii) the making or assignment of any lease or sublease; and (iv) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; or (d) assignments executed in connection with any transaction occurring under the Plan.

5. Preservation of Causes of Action of the Debtors.

In accordance with Bankruptcy Code section 1123(b), and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, the Exculpated Claims against the Exculpated Parties and the Debtor Released Claims against the Released Parties), the Litigation Trustee shall be vested with the authority to enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtors, whether arising before or after the

Petition Date, and the Litigation Trustee's right(s) to commence, prosecute, or settle such Causes of Action shall be consistent with the terms of the Litigation Trust Agreement. The Litigation Trustee is the sole party that may pursue such Causes of Action, as appropriate, in accordance with the best interests of the holders of the Litigation Trust Interests. No Person may rely on the absence of a specific reference in the Plan or this Disclosure Statement to any Cause of Action against such Person as any indication that the Debtors or the Litigation Trustee, as applicable, will not pursue any and all available Causes of Action against such Person. Except with respect to Causes of Action as to which the Debtors have released any Person on or before the Effective Date (including pursuant to the Releases by the Debtors or otherwise), the Litigation Trustee, as applicable, expressly reserves all rights to prosecute any and all Causes of Action of the Debtors against any Person, except as otherwise expressly provided in the Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or by an order of the Bankruptcy Court, the Litigation Trustee expressly reserves all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation or consummation of the Plan. For the avoidance of doubt, nothing in this Section 4.14 shall affect the "Releases by the Debtors" provided in Section 8.2 of the Plan.

D. Assumption and Rejection of Executory Contracts and Unexpired Leases.

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions or rejections of such Executory Contracts or Unexpired Leases as set forth in the Plan or the Plan Supplement, all pursuant to Bankruptcy Code sections 365(a) and 1123. Unless otherwise indicated, all assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Closing Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order and assigned to a Purchaser shall vest in and be fully enforceable by the Purchaser in accordance with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in the Plan, the Plan Sponsors reserve the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Plan Supplement at any time before the Effective Date. After the Effective Date, the Purchaser shall have the right to terminate, amend, or modify any contracts, leases, or other agreements without approval of the Bankruptcy Court, subject to the terms thereof. For the avoidance of doubt, Section 5 of the Plan shall apply to all Executory Contracts and Unexpired Leases except as otherwise provided herein and to the extent addressed and decided by an order of the Bankruptcy Court.

1. Rejection of Residency Agreements.

On the Closing Date and as set forth in the Asset Purchase Agreement, the Debtors shall reject the Residency Agreements of all Current Residents including, without limitation, those set forth in the Plan Supplement. Resulting contract damages claims will be treated as Class 4 Claims. Any Current Resident that desires to remain at the Community may do so by entering into a new monthly rental agreement which agreements will provide similar services to such Current Resident as provided under their prior Residency Agreement.

2. Assumption and Rejection of Executory Contracts and Unexpired Leases; Cure Provisions.

Any provisions or terms of the Debtors' Executory Contracts or Unexpired Leases to be assumed under the Sale Transaction that are, or may be, alleged to be in default, shall be satisfied solely by cure or by a waiver of cure agreed upon between the Purchaser and the applicable counterparty. Except with respect to Executory Contracts or Unexpired Leases in which the Purchaser and the applicable counterparties have stipulated in writing to payment of cure or with respect to Residency Agreements, the following procedures shall be established for determining cure with respect to the proposed assumed Executory Contracts or Unexpired Leases (the "**Proposed Assumed Contracts**"):

a. Within five (5) days after entry of the Bidding Procedures Order, the Plan Sponsors will file with the Bankruptcy Court and serve a notice to the counterparties to Executory Contracts and Unexpired Leases, other than Residents that are party to a Residency Agreement as of the Petition Date, (each, a "**Non-Resident Contract Counterparty**"), setting forth the Plan Sponsors' calculation of each Non-Resident Contract Counterparty's cure amount, if any, that would be owing to such Non-Resident Contract Counterparty if the Debtors were to assume or assume and assign such Executory Contract or Unexpired Lease, and alerting such Non-Resident Contract Counterparty that its agreement may be assumed and assigned to the Purchaser (the "**Cure and Possible Assumption and Assignment Notice**"). Any Non-Resident Contract Counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice, must file an objection (a "**Cure Objection**") no later than December 19, 2022 at 4:00 p.m. (prevailing Central Time), which Cure Objection must be served on the following by e-mail: (a) counsel for the Plan Sponsors, Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (b) RBC Capital Advisors, David Fields, david.fields@rbccm.com; (c) counsel for the Debtors, Trinitee G. Green, tggreen@polsinelli.com and Jeremy Johnson, Jeremy.johnson@polsinelli.com, and (d) counsel for the Committee, Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark Moore, mmoore@foley.com (collectively, the "**Notice Parties**").

b. If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party will be forever barred from objecting to the proposed cure amount. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Plan Sponsor are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtors' ability to assign the agreement to the Purchaser, will be determined at the Confirmation Hearing.

c. After the conclusion of the Auction, the Plan Sponsors shall file with the Bankruptcy Court and serve on the Notice Parties and Contract Counterparties a further notice (the "**Assumption Notice**") identifying the Purchaser, stating which Executory Contracts or Unexpired Leases may be assumed and assigned to the Purchaser, and providing such Contract Counterparties with the Purchaser's assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance or assumption and/or assignment of its Executory Contract or Unexpired Lease set forth in the Assumption Notice must file an objection with the Bankruptcy

Court (a “**Contract Objection**”) and serve the Contract Objection on the Notice Parties prior to the Confirmation Hearing. If a Contract Counterparty does not file a Contract Objection prior to the Confirmation Hearing, such party will be forever barred from objecting to the adequacy of the assurance to be provided by the Purchaser and assumption and assignment to the Purchaser. Where a Contract Counterparty files a Contract Objection prior to the Confirmation Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Purchaser or raised issues regarding the potential assumption and assignment will be determined at the Confirmation Hearing.

d. For the avoidance of doubt, this section does not address Residency Agreements although the Residency Agreements are Executory Contracts. As provided above, any Purchaser must provide detail regarding the treatment of Residency Agreements with the Debtors’ Current Residents. To the extent a potential Purchaser includes the assumption of the Residency Agreements, the potential Purchaser will be required to satisfy the related cure costs and provide adequate assurance of future performance. The Assumption Notice shall include a description of the Purchaser’s proposed treatment of Residency Agreements.

e. Except as specified herein, assumption or assumption and assignment of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults on the part of the Debtors or the Estates, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed or assumed and assignment Executory Contract or Unexpired Lease at any time prior to the effective date of assumption or assumption and assignment. Unless assumed and assigned under the Asset Purchase Agreement, on the Closing Date the Debtors shall reject all Executory Contracts and Unexpired Leases. Resulting contract damages claims will be treated as Class 4 Claims.

3. Assumption of the Ground Lease.

On the Closing Date and as set forth in the Asset Purchase Agreement, the Ground Lease shall be assumed, subject to the rights of the Litigation Trustee as set forth in the Plan and assigned to the Purchaser. The Landlord shall have an Allowed Administrative Claim for the amounts due and owing from the Petition Date through the Effective Date, subject to final approval of the Bankruptcy Court and the rights of parties in interest to challenge the asserted Administrative Claim amount. Nothing herein shall be construed as a waiver of the Debtors, the Litigation Trustee, the Plan Sponsors, the Committee or any third parties to pursue any and all Claims against the Landlord.

4. Claims Based on Rejection of Executory Contracts or Unexpired Leases.

All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed no later than the Rejection Damages Bar Date; *provided, that* any such Claims arising from the rejection of an Unexpired Lease shall be subject to the cap on rejection damages imposed by Bankruptcy Code section 502(b)(6). Any Claims arising from the rejection of an Executory Contract or Unexpired Lease that is not timely filed with the Bankruptcy Court will be automatically disallowed and forever barred from assertion and

shall not be enforceable against the Debtors, the Estates, or the Debtors' property, without the need for any objection by any party or further notice to, action by, or order or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as Class 4 Claims and shall be treated in accordance with the Plan.

5. Insurance Policies.

Notwithstanding anything herein to the contrary, as of the Closing Date, and unless specifically rejected by the Purchaser, the Debtors shall assume all of the Insurance Policies, including director and officer and general liability policies, identified by the Plan Sponsors in the Plan Supplement pursuant to Bankruptcy Code section 365(a). Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the Insurance Policies.

6. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated, or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtors.

7. Reservation of Rights.

Nothing contained in the Plan or the Plan Supplement shall constitute an admission that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtors have any liability thereunder.

8. Nonoccurrence of Effective Date.

If the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases under Bankruptcy Code section 365(d)(4), unless such deadline(s) have expired.

E. Conditions Precedent to Confirmation and the Effective Date.

1. Conditions Precedent to Confirmation.

It shall be a condition precedent to the confirmation of the Plan, such that the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived pursuant to the provisions of the Plan:

a. The proposed Confirmation Order shall be in form and substance reasonably satisfactory in all respects to the Plan Sponsors and the Purchaser; and

b. The Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto shall be, in form and substance acceptable in all respects to the Plan Sponsors.

2. Conditions Precedent to the Effective Date.

It shall be a condition precedent to the Effective Date that each of the following provisions, terms, and conditions shall have been satisfied or waived pursuant to the provisions of the Plan:

a. The Bankruptcy Court shall have entered the Confirmation Order containing findings of fact and conclusions of law satisfactory to the Plan Sponsors and Purchaser, which Confirmation Order shall not be subject to any stay, and which Confirmation Order shall include or provide, among other things:

i. all provisions, terms and conditions of the Plan and related documents are approved; and

ii. all Executory Contracts or Unexpired Leases assumed and assigned by the Debtors during the Chapter 11 Cases including under the Plan shall remain in full force and effect for the benefit of the Purchaser or their assignee(s) notwithstanding any provision in such contract or lease (including those described in Bankruptcy Code sections 365(b)(2) and (f)) that prohibits such assignment or transfer or that enables, permits, or requires termination of such contract or lease;

b. The Bankruptcy Court shall have entered a Final Order approving this Disclosure Statement as containing adequate information within the meaning of Bankruptcy Code section 1125;

c. On the occurrence of the Effective Date, the conditions to effectiveness of the Sale Transaction shall have been satisfied or waived and the Closing Date has occurred;

d. All actions, documents, certificates, and agreements necessary to implement the Plan, including, without limitation, the Asset Purchase Agreement and documents related to the Sale Transaction, shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws;

e. All payments and transfers to be made on the Effective Date shall be made or duly provided for;

f. All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained; and

g. All other actions, documents and agreements necessary to implement the Plan shall be in form and substance acceptable to the Plan Sponsors, and shall have been effected or executed.

3. Effect of Failure of Conditions.

If the Effective Date does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or this Disclosure Statement shall: (i) constitute a waiver or release of any claims by the Plan Sponsors or Claims by or against the Debtors; (ii) prejudice in any manner the rights of the Plan Sponsors, the Debtors, any holders of Claims, or any other Person; or (iii) constitute an admission, acknowledgment, offer, or undertaking by the Plan Sponsors or any other Person in any respect.

F. Effect of Confirmation.

1. Compromise and Settlement of Claims, Interests and Controversies.

Pursuant to Bankruptcy Code section 1123 and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, including with respect to any challenges to the Bond Claims, or any Distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Code section 363 and Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Litigation Trustee may compromise and settle Claims against the Debtors and Causes of Action against other Persons.

2. Releases by the Debtors.

PURSUANT TO BANKRUPTCY CODE SECTION 1123(B), AS OF THE EFFECTIVE DATE, AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, INCLUDING THE SERVICE OF THE RELEASED PARTIES TO FACILITATE THE EXPEDITIOUS REORGANIZATION OF THE DEBTORS AND THE IMPLEMENTATION OF THE RESTRUCTURING CONTEMPLATED BY THE PLAN, THE RELEASED PARTIES ARE DEEMED RELEASED AND DISCHARGED BY THE DEBTORS AND THE ESTATES FROM ANY

AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT THE DEBTORS, THE ESTATES, OR THE RELEASED PARTIES WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST, OR OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THIS DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY, OR THE RESTRUCTURING TRANSACTION (COLLECTIVELY, THE “DEBTOR RELEASED CLAIMS”), OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY THAT CONSTITUTES WILLFUL MISCONDUCT INCLUDING FRAUD OR GROSS NEGLIGENCE.

3. Releases by Holders of Claims.

AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE ESTATES, AND THE RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS’ OPERATIONS, THE DEBTORS’ RESTRUCTURING, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THIS DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, OR THE DIP FACILITY (COLLECTIVELY, “RELEASED CLAIMS”);

AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THE PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE, ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THE PLAN. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN.

6. Injunction.

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THE PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND

charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against, the Litigation Trustee, the Purchaser or another Person with whom the Litigation Trustee or Purchaser have been associated, solely because the Debtors have been debtors under Chapter 11, have been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

8. Term of Injunctions or Stays.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to Bankruptcy Code sections 105 or 362 or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays contained in the Plan or the Confirmation Order shall be in full force and effect in accordance with their terms.

9. Release of Liens.

Except as otherwise provided in the Plan or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Litigation Trustee. For the avoidance of doubt, except as otherwise provided in the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

G. Modification, Revocation or Withdrawal of the Plan.

1. Modification and Amendments.

Except as otherwise specifically provided herein, the Plan Sponsors reserve the right to modify the Plan and seek confirmation consistent with the Bankruptcy Code and, as appropriate, not re-solicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in Bankruptcy Code section 1127 of the and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Plan Sponsors expressly reserve their rights to alter, amend, or modify materially the Plan one or more times, after confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan or remedy any defect or omission, or reconcile any inconsistencies in the Plan, this Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. For the avoidance of doubt, nothing in this Section 10.1 shall be deemed to supplant or supersede the requirements of Bankruptcy Rule 3019.

2. Effect of Confirmation on Modifications.

Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to Bankruptcy Code section 1127(a) and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

3. Revocation or Withdrawal of the Plan.

The Plan Sponsors reserve the right to revoke or withdraw the Plan before the Effective Date. If the Plan Sponsors revoke or withdraw the Plan, or if confirmation does not occur, then: (i) the Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of any Executory Contract or Unexpired Lease effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void, and (iii) nothing contained in the Plan shall: (i) constitute a waiver or release of any Claims or Interests; (ii) prejudice in any manner the rights of the Plan Sponsors or any other Person; or (iii) constitute an admission, acknowledgement, offer or undertaking of any sort by the Plan Sponsors or any other Person.

H. Retention of Jurisdiction.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases and all matters arising out of or related to the Chapter 11 Cases and the Plan, including, without limitation, jurisdiction to:

- i. allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;
- ii. decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- iii. resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which any Debtor is party or with respect to which the Debtors may be liable in any manner and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, including rejection Claims, cure Claims pursuant to Bankruptcy Code section 365, or any other matter related to such Executory Contract or Unexpired Lease, (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed, (iii) the Litigation Trust or Purchaser amending, modifying, or supplementing, after the Effective Date, any Executory Contracts or Unexpired Leases on the list of Executory Contracts and Unexpired Leases to be assumed or rejected, and (iv) any dispute regarding whether a contract or lease is or was executory or unexpired;

- iv. ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
- v. adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtors that may be pending on the Effective Date;
- vi. adjudicate, decide, or resolve any and all matters related to any Cause of Action;
- vii. adjudicate, decide, or resolve any and all matters related to the Asset Purchase Agreement;
- viii. adjudicate, decide, or resolve any and all matters related to Bankruptcy Code section 1141;
- ix. resolve any avoidance or recovery actions under Bankruptcy Code sections 105, 502(d), 542 through 551, and 553;
- x. resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the consummation of the Plan or any Person's obligations incurred in connection with the Plan;
- xi. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of the Plan;
- xii. resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the discharge, releases, injunctions, exculpations, indemnifications, and other provisions contained in the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- xiii. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- xiv. adjudicate any and all disputes arising from or relating to Distributions under the Plan;
- xv. consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
- xvi. determine requests for the payment of Claims entitled to priority pursuant to Bankruptcy Code section 507;
- xvii. hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

- xviii. hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- xix. hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;
- xx. enforce all orders previously entered by the Bankruptcy Court;
- xxi. hear any other matter not inconsistent with the Bankruptcy Code; and
- xxii. enter an order concluding or closing the Chapter 11 Cases.

I. Miscellaneous Provisions.

1. Immediate Binding Effect.

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all holders of Claims or Interests (irrespective of whether such holders of Claims or Interests are deemed to have accepted the Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, exculpation, discharges, and injunctions described in the Plan, each Person acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

2. Additional Documents.

On or before the Effective Date, the Plan Sponsors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, subject to the consent of the Trustee. The Debtors and all holders of Claims receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

3. Dissolution of the Committee.

On the Effective Date, the Committee shall dissolve, and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases.

4. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the Plan, any statement or provision contained in the Plan, or any action taken or not taken by the Plan Sponsors or other Person with

respect to the Plan, this Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Plan Sponsors or other Person with respect to the holders of Claims or Interests before the Effective Date.

5. Successors and Assigns.

The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiary, or guardian, if any, of such Person.

6. Votes Solicited in Good Faith.

Upon entry of the Confirmation Order, the Plan Sponsors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to Bankruptcy Code section 1125(e), the Plan Sponsors and their respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under the Plan, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan.

7. Closing of the Chapter 11 Cases.

The Litigation Trustee shall, promptly after the full administration of the Chapter 11 Cases, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

8. Notices.

All notices or requests in connection with the Plan shall be in writing and given by mail and email addressed to:

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GLOVSKY, AND POPEO, PC**

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All notices and requests to Persons holding any Claim in any Class shall be sent to them at their last known address or to the last known address of their attorney of record in these Chapter 11 Cases. Any such holder of a Claim may designate in writing any other address for purposes of this Section 12.8, which designation will be effective upon receipt by the Debtors.

9. Headings.

The headings used in the Plan are inserted for convenience only and neither constitute a portion of the Plan nor in any manner affect the construction of the provisions of the Plan.

10. Severability.

If, prior to confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, Impaired, or invalidated by such holding, alteration, or interpretation.

11. Validity and Enforceability.

The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Should any provision in the Plan be determined by the Bankruptcy Court or any appellate court to be unenforceable following the Effective Date, such determination shall in no way limit the enforceability and operative effect of any and all other provisions of the Plan.

12. Plan Supplement.

Any exhibits or schedules not filed with the Plan may be contained in the Plan Supplement and the Plan Sponsors reserve the right to alter, modify, or amend the Plan Supplement through and to the Confirmation Hearing.

13. Tax Consequences for Holders of Claims.

Generally, a Holder of a Claim should in most, but not all circumstances, recognize gain or loss equal to the difference between the “amount realized” by such Holder in exchange for its Claim and such Holder’s adjusted tax basis in the Claim. The “amount realized” is equal to the sum of the cash and the fair market value of any other consideration received under a plan of reorganization in respect of a Holder’s Claim. The tax basis of a Holder in a Claim will generally be equal to the Holder’s cost. To the extent applicable, the character of any recognized gain or loss (e.g., ordinary income, or short-term or long-term capital gain, or loss) will depend upon the status of the Holder, the nature of the Claim in the Holder’s hands, the purpose and circumstances of its acquisition, the Holder’s holding period of the Claim, and the extent to which the Holder previously claimed a deduction for the worthlessness of all or a portion of the Claim. Generally, if the Claim is a capital asset in the Holder’s hands, any gain or loss realized generally will be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the Holder has held such Claim for more than one year.

A Holder who received Cash (or potentially other consideration) in satisfaction of its Claims may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for United States federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Plan on account of its Claim.

14. Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Texas, without giving effect to the principles of conflicts of laws, shall govern the rights,

obligations, construction, and implementation of the Plan and the restructuring transactions consummated or to be consummated in connection therewith.

15. Request for Confirmation.

The Plan Sponsors request entry of a Confirmation Order under Bankruptcy Code section 1129(a) and, to the extent necessary, Bankruptcy Code section 1129(b).

VI. RISK FACTORS IN CONNECTION WITH THE PLAN

The Holders of Claims and Interests against the Debtors should read and carefully consider the following risk factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. Bankruptcy Considerations.

Although the Plan Sponsors believe the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will confirm the Plan as proposed. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the re-solicitation of votes.

In addition, the occurrence of the Effective Date is conditioned on the satisfaction (or waiver) of the conditions precedent set forth in Section 9 of the Plan, including conditions relating to the Asset Purchase Agreement and other documents related to the Sale Transaction, and there can be no assurance that such conditions will be satisfied or waived. In the event the conditions precedent described in the Plan have not been satisfied, or waived (to the extent possible) by the Plan Sponsors or applicable parties (as provided for in the Plan) as of the Effective Date, including the failure of the Closing Date to occur, then the Confirmation Order will be vacated, no Distributions will be made pursuant to the Plan, and the Plan Sponsors and all holders of Claims and Interests will be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred.

Bankruptcy Code section 1122 provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Plan Sponsors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each Class of Claims and Interests encompass Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

B. Risks Related to the Sale.

The Plan contemplates that the Sale Transaction will be consummated with the Purchaser and that the Net Proceeds from the Sale Transaction will be distributed to certain Holders of Claims in accordance with the Plan. Although the Plan Sponsors and initial Purchaser have agreed on the

form Asset Purchase Agreement, there is no guarantee that the initial or any other Purchaser will close on the transaction. Moreover, there is no guarantee that the Purchaser will obtain the requisite approval from regulatory authorities in connection with the Sale Transaction.

C. Litigation Risks.

The Plan contemplates recoveries by the Litigation Trust with respect to the Retained Causes of Action and, for Residents, recoveries from direct independent claims against Lifespace. Litigation, by its nature, is uncertain and the Plan Sponsors cannot predict or guaranty that the Litigation Trustee or Residents will be successful.

D. Additional Factors.

1. No Duty to Update Disclosures.

The Plan Sponsors have no duty to update the information contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, or unless the Plan Sponsors are required to do so pursuant to an order of the Bankruptcy Court. Delivery of this Disclosure Statement after the date hereof does not imply that the information contained herein has remained unchanged.

2. Representations Outside this Disclosure Statement.

This Disclosure Statement contains representations concerning or related to the Debtors and the Plan that are subject to approval by the Bankruptcy Court. Please be advised that any representations or inducements outside this Disclosure Statement and any related documents which are intended to secure your acceptance or rejection of the Plan should not be relied upon by Holders of Claims that are entitled to vote to accept or reject the Plan.

3. No Admission.

The information and representations contained herein shall not be construed to constitute an admission of, or be deemed evidence of, any legal effect of the Plan on the Plan Sponsors or Holders of Claims and Interests.

4. Tax and Other Related Considerations.

A discussion of potential tax consequences of the Plan is provided in Section IX hereof; however, the content of this Disclosure Statement is not intended and should not be construed as tax, legal, business or other professional advice. Holders of Claims and/or Interests should seek advice from their own independent tax, legal or other professional advisors based on their own individual circumstances.

VII. PLAN CONFIRMATION AND CONSUMMATION

A. The Confirmation Hearing.

Bankruptcy Code section 1128(a) requires the Bankruptcy Court, after appropriate notice, to hold a Confirmation Hearing. On, or as promptly as practicable after the filing of the Plan and this Disclosure Statement, the Plan Sponsors will request, pursuant to the requirements of the Bankruptcy Code and the Bankruptcy Rules, that the Bankruptcy Court schedule the Confirmation Hearing. Notice of the Confirmation Hearing (the “**Confirmation Hearing Notice**”) will be provided to all known Creditors or their representatives. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Pursuant to Bankruptcy Code section 1128(b), any party in interest may object to confirmation of a plan of reorganization or liquidation. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Plan Sponsors, the basis for the objection and the specific grounds of the objection, and must be filed with the Bankruptcy Court, together with proof of service thereof, and served upon: (i) counsel for UMB Bank, N.A., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck; (ii) counsel for the Committee, Foley & Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn: Stephen A. McCartin, Thomas C. Scannell, and Mark C. Moore; (iii) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green and 600 3rd Avenue, 42nd Floor, New York, NY 10016, Attn: Jeremy R. Johnson; (iv) counsel for Lifespace, Perkins Coie LLP, 110 North Wacker Drive, 34th Floor, Chicago, Illinois 60606, Attn: Eric E. Walker; (v) the Office of the United States Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert; and (vi) such other parties as the Bankruptcy Court may order, so as to be actually received no later than the date and time designated in the Confirmation Hearing Notice.

Bankruptcy Rule 9014 governs objections to confirmation of the Plan.

UNLESS AN OBJECTION TO CONFIRMATION OF THE PLAN IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND FILED WITH THE BANKRUPTCY COURT, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT IN DETERMINING CONFIRMATION OF THE PLAN.

B. Plan Confirmation Requirements Under the Bankruptcy Code.

In order for the Plan to be confirmed, the Bankruptcy Code requires that the Bankruptcy Court determine that the Plan complies with the technical requirements of Chapter 11 and that the disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and the Chapter 11 Cases. The Bankruptcy Code also requires that: (1) the Plan be accepted by the requisite votes of Creditors except to the extent that confirmation despite dissent is available under Bankruptcy Code section 1129(b); (2) the Plan is feasible (that is, there is a reasonable probability that the Debtors will be

able to perform their obligations under the Plan without needing further reorganizations not contemplated by the Plan); and (3) the Plan is in the “best interests” of all Creditors (that is, Creditors will receive at least as much under the Plan as they would receive in a hypothetical liquidation case under chapter 7 of the Bankruptcy Code). To confirm the Plan, the Bankruptcy Court must find that all of the above conditions are met, unless the applicable provisions of Bankruptcy Code section 1129(b) are employed to confirm the Plan, subject to satisfying certain conditions, over the dissent or deemed rejections of Classes of Claims.

1. Best Interests of Creditors.

The Bankruptcy Code requires that, with respect to an Impaired class of claims or interests, each holder of an Impaired claim or interest in such class either (i) accepts the plan or (ii) receives or retains under the plan property of a value, as of the effective date of the plan, that is not less than the amount (value) such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

The Plan Sponsors, with the assistance of their professionals, have prepared the Liquidation Analysis attached hereto as Exhibit 2. The Liquidation Analysis is based upon a hypothetical liquidation in a chapter 7 case. In preparing the Liquidation Analysis, the Plan Sponsors have taken into account the nature, status and underlying value of its Assets, the ultimate realizable value of its Assets, and the extent to which such Assets are subject to liens and security interests. In addition, the Liquidation Analysis also reflects the required time and resources necessary to effectuate an orderly wind down of the Community, which provides critical care to residents and must comply with numerous federal and state regulations.

Based upon the Liquidation Analysis, the Plan Sponsors believe that liquidation under chapter 7 would result in smaller distributions, if any, being made to Creditors than those provided for in the Plan because of: (a) the likelihood that the Debtors’ Assets would have to be sold or otherwise disposed of in an orderly fashion; (b) additional administrative expenses attendant to the appointment of a trustee and the trustee’s employment of attorneys and other professionals; and (c) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtors’ operations. In the opinion of the Plan Sponsors, the recoveries projected to be available in a chapter 7 liquidation are not likely to afford the holders of Claims as great a realization potential as afforded to them under the Plan.

Accordingly, the Plan Sponsors believe that in a chapter 7 liquidation, holders of Claims would receive less than such holders would receive under the Plan. There can be no assurance, however, as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Plan Sponsors’ conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

2. Feasibility of the Plan.

Pursuant to section 1129(a)(11) of the Bankruptcy Code, a plan proponent must demonstrate that a bankruptcy court’s confirmation of a plan is not likely to be followed by the

liquidation or need for further financial reorganization of the debtor or its successor under the plan, unless such liquidation or reorganization is proposed under the plan. The Plan contemplates the sale of substantially all of the Debtors' Assets to a Purchaser and transfer of remaining Assets, including the Retained Causes of Action, to the Litigation Trust to be liquidated and distributed to Holders of Litigation Trust Interests in accordance with the Plan and Litigation Trust Agreement. Therefore, the Bankruptcy Court's confirmation of the Plan is not likely to be followed by liquidation or the need for any further reorganization.

3. Acceptance by Impaired Classes.

The Bankruptcy Code requires, as a condition to confirmation, that, except as described below, each class of claims or equity interests that is Impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. As a general matter under the Bankruptcy Code, a class is "impaired," unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such claim or equity interest; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of Impaired claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds (2/3) in amount and a majority in number actually voting cast their ballots in favor of acceptance. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

Any Class of Claims that is not occupied as of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. If no votes to accept or reject the Plan are received with respect to a Class whose votes have been solicited under the Plan (other than a Class that is deemed eliminated under the Plan), such Class shall be deemed to have voted to accept the Plan.

4. Additional Requirements for Nonconsensual Confirmation.

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by all Impaired classes, as long as: (a) the plan otherwise satisfies the requirements for confirmation; (b) at least one Impaired class of claims has accepted it without taking into consideration the votes of any insiders in such class; and (c) the plan is "fair and equitable" and does not "discriminate unfairly" as to any Impaired class that has not accepted the plan. These so called "cramdown" provisions are set forth in Bankruptcy Code section 1129(b).

5. No Unfair Discrimination.

The “no unfair discrimination” test requires that the plan not provide for unfair treatment with respect to classes of claims or interests that are of equal priority, but are receiving different treatment under the plan.

6. Fair and Equitable.

The fair and equitable requirement applies to classes of claims of different priority and status, such as secured versus unsecured. The plan satisfies the fair and equitable requirement if no class of claims receives more than 100% of the allowed amount of the claims in such class. Further, if a class of claims is considered a dissenting class (“**Dissenting Class**”), i.e., a Class of Claims that is deemed to reject the Plan because the required majorities in amount and number of votes is not received from the Class, the following requirements apply:

a. **Class of Secured Claims.**

Each holder of an Impaired secured claim either: (i) retains its liens on the subject property, to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the effective date of the plan, of at least the allowed amount of such claim; (ii) has the right to credit bid the amount of its claim if its property is sold and retains its liens on the proceeds of the sale (or if sold, on the proceeds thereof); or (iii) receives the “indubitable equivalent” of its allowed secured claim.

b. **Class of Unsecured Creditors.**

Either (i) each holder of an Impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the Dissenting Class will not receive any property under the plan.

c. **Class of Interests.**

Either (i) each interest holder will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of interests that are junior to the interests of the Dissenting Class will not receive any property under the plan.

The Plan Sponsors believe the Plan does not “discriminate unfairly” and will satisfy the “fair and equitable” requirement notwithstanding that certain Classes of Interests are deemed to reject the Plan because no Class that is junior to such Class will receive or retain any property on account of the Claims and Interests in such Class and the Plan does not provide for unfair treatment with respect to Classes of Claims or Interests that are of equal priority.

VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Plan Sponsors believe the Plan is in the best interests of its Creditors and should accordingly be accepted and confirmed. If the Plan as proposed, however, is not confirmed, the

following alternatives may be available to the Plan Sponsors: (i) a liquidation of the Debtors' Assets pursuant to chapter 7 of the Bankruptcy Code; or (ii) an alternative plan of reorganization or liquidation may be proposed and confirmed; there can be no assurance that the terms of any such alternative would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

A. Chapter 7 Liquidation.

If a plan pursuant to chapter 11 of the Bankruptcy Code is not confirmed by the Bankruptcy Court, the Debtors' Chapter 11 Cases may be converted to liquidation cases under chapter 7 of the Bankruptcy Code, in which a trustee would be elected or appointed, pursuant to applicable provisions of chapter 7 of the Bankruptcy Code, to liquidate the Assets of the Debtors for Distribution in accordance with the priorities established by the Bankruptcy Code. The Plan Sponsors believe that such a liquidation would result in smaller distributions being made to the Debtors' creditors than those provided for in the Plan because: (a) the likelihood that other Assets of the Debtors would have to be sold or otherwise disposed of in an orderly fashion; (b) additional administrative expenses attendant to the appointment of a trustee and the trustee's employment of attorneys and other professionals; and (c) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtors' operations. The Plan Sponsors have concluded that confirmation of the Plan will provide each holder of an Allowed Claim with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

B. Alternative Plan Pursuant to Chapter 11 of the Bankruptcy Code.

If the Plan is not confirmed, the Plan Sponsors may propose a different plan, which might involve an alternative means for the reorganization or liquidation of the Debtors' Assets. However, the Plan Sponsors believe that the terms of the Plan provide for an orderly and efficient restructuring of the Debtors' obligations and will result in the realization of the most value for holders of Claims against the Debtors' Estates.

IX. RECOMMENDATION AND CONCLUSION

The Plan Sponsors believe the Plan is in the best interests of the Estates, creditors and other interested parties and urge the holders of Claims entitled to vote to accept the Plan and to evidence such acceptance by properly voting and timely returning their Ballots.

[Remainder of page intentionally left blank.]

Dated: November 2, 2022

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy

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Counsel to the Plan Sponsors

EXHIBIT 1

Plan of Reorganization

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹
Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**PLAN OF REORGANIZATION OF THE TRUSTEE AND DIP LENDER DATED
NOVEMBER 2, 2022**

HAYNES AND BOONE, LLP

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Counsel to the Plan Sponsors

Dated: November 2, 2022

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

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INTRODUCTION²

On April 14, 2022, Edgemere and SQLC commenced their Chapter 11 Cases, seeking relief under Chapter 11 of the Bankruptcy Code. Based upon a Bankruptcy Court order dated October 13, 2022, the Plan Sponsors have been granted authority to file a proposed plan of reorganization. The Plan Sponsors propose this Plan pursuant to Bankruptcy Code sections 1125 and 1129 for the resolution of outstanding Claims against, and Interests in, the Debtors.

Reference is made to the Disclosure Statement for a discussion of the Debtors' history and assets, a summary and analysis of this Plan, and certain related matters, including the Distributions to be made under this Plan and the risk factors relating to consummation of this Plan. No materials other than the Disclosure Statement, this Plan, the Plan Supplement, and any and all exhibits and/or schedules attached thereto or hereto have been authorized by the Plan Sponsors for use in soliciting votes of acceptance with respect to this Plan.

Copies of this Plan and the Disclosure Statement and all other documents related to the Chapter 11 Cases are available for review without charge, on the website for the Chapter 11 Cases at: <https://kccllc.net/edgemere>.

This Plan will implement the Sale Transaction, pursuant to which substantially all of the Debtors' assets will be sold to a Purchaser who will continue running the Community as a going concern. An initial Purchaser has been selected by the Plan Sponsors and the parties have agreed to an Asset Purchase Agreement, with the initial Purchaser's offer subject to higher and better bids, including through a potential Auction, pursuant to bidding and sale procedures to be filed with the Bankruptcy Court. The initial Purchaser has offered to purchase the Community for \$48.5 million, subject to certain adjustments set forth in the Asset Purchase Agreement. The remaining assets of the Estates shall be transferred to a Litigation Trust to be liquidated for the benefit of creditors.

Consultants have concluded that the Community cannot continue to operate solely as an entrance fee community. An entrance fee model, in the opinion of such consultants, is not feasible and will exacerbate the financial struggles of Edgemere. Accordingly, the Asset Purchase Agreement contemplates the conversion of the Community to a rental model. Pursuant to the Asset Purchase Agreement, all entrance-fee Residency Agreements will be rejected, with all Current Residents being offered a new monthly rental agreement which shall provide similar services to Current Residents as provided prior to the Closing Date.

This Plan will also establish a Litigation Trust, into which all assets of the Debtors not purchased through the Sale Transaction, including the Landlord Litigation and other Retained Causes of Action, will be transferred. The Litigation Trustee will prosecute and liquidate the Litigation Trust Assets, with the proceeds from such liquidation distributed on a Pro Rata basis to Holders of Allowed General Unsecured Claims, including Residents, pursuant to the terms and conditions of this Plan and the Litigation Trust Agreement.

² Capitalized terms used but not defined shall have the meanings ascribed to them in Section 1.A or Section 8 of this Plan.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THIS PLAN ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT FILED CONTEMPORANEOUSLY HERewith IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN.

SECTION 1. DEFINITIONS AND INTERPRETATION

A. Definitions.

The following terms used herein shall have the respective meanings below:

1.1 “*2015 Bond Documents*” means the 2015 Bond Indenture and any bonds, loan agreement, mortgage, security agreement, document, agreement, or instrument executed or delivered in connection with the issuance of the Series 2015 Bonds, including the 2015 Loan Agreement.

1.2 “*2015 Bond Indenture*” means that certain Indenture of Trust, dated May 1, 2015, by and between the Issuer and the Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2015 Bonds were issued.

1.3 “*2015 Loan Agreement*” means that certain Loan Agreement, dated May 1, 2015, by and between the Issuer and Edgemere, pursuant to which the Issuer loaned the proceeds of the Series 2015 Bonds to Edgemere.

1.4 “*2017 Bond Documents*” means the 2017 Bond Indenture, and any bonds, loan agreement, mortgage, security agreement, document, agreement, or instrument executed or delivered in connection with the issuance of the Series 2017 Bonds, including the 2017 Loan Agreement.

1.5 “*2017 Bond Indenture*” means that certain Indenture of Trust, dated March 1, 2017, between the Issuer and Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2017 Bonds were issued.

1.6 “*2017 Loan Agreement*” means that certain Loan Agreement, dated March 1, 2017, by and between the Issuer and Edgemere, pursuant to which the Issuer loaned the proceeds of the Series 2017 Bonds to Edgemere.

1.7 “*Administrative Claim*” means any Claim against any Debtor for costs and expenses of administration of the Chapter 11 Cases pursuant to Bankruptcy Code sections 503(b), 507(a)(2), or 507(b), including: (i) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date, of preserving the Estates and operating the Debtors’ businesses; (ii) Allowed Professional Claims; (iii) all Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to Bankruptcy Code sections 503(b)(3), (4), and (5); and (iv) all fees and charges assessed pursuant to 28 U.S.C. § 1930(a)(6).

1.8 “*Administrative Claims Bar Date*” means the date by which Administrative Claims must be filed, which shall be set by separate order of the Court pursuant to a separate motion.

1.9 “*Affiliate*” means, with respect to any Entity, an “affiliate” as defined in Bankruptcy Code section 101(2) as if such entity were a debtor.

1.10 “*Allowed*” means with respect to Claims: (i) any Claim, proof of which is timely filed by the applicable Bar Date; (ii) any Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely filed; or (iii) any Claim Allowed pursuant to this Plan or a Final Order of the Bankruptcy Court; provided, that with respect to any Claim described in clauses (i) and (ii) above, such Claim shall be considered Allowed only if and to the extent that, with respect to such Claim, no objection to the allowance thereof has been interposed within the applicable period of time, as may be extended by the Bankruptcy Court from time to time, fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim shall have been Allowed by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely filed, is not considered Allowed and shall be expunged without further action by the Litigation Trustee and without further notice to any party or action, approval, or order of the Bankruptcy Court. An Allowed Claim (i) includes a Disputed Claim to the extent such Disputed Claim becomes Allowed after the Effective Date and (ii) shall be net of any valid setoff exercised with respect to such Claim pursuant to the provisions of the Bankruptcy Code and applicable law; provided, however, such setoff shall not otherwise be applicable to the amounts owed with respect to the Original Bonds. Unless otherwise specified in this Plan, Bankruptcy Code section 506(b), or by Final Order of the Bankruptcy Court, “Allowed” Claims shall not, for purposes of Distributions under this Plan, include interest on such Claim accruing from and after the Petition Date. For the avoidance of doubt, the Trustee shall hold an Allowed Claim in an amount of \$111,728,919.22 as of the Petition Date, plus unliquidated, accrued, and unpaid fees and expenses of the Trustee and its professionals incurred through the Petition Date.

1.11 “*Asset Purchase Agreement*” means that certain agreement, substantially in the form attached hereto in Exhibit 1, between Edgemere and Bay 9 Holdings LLC or its designee for a sale of substantially all the Debtors’ Assets.

1.12 “*Assets*” means all interests, legal or equitable, in property, real, personal, tangible and intangible, of the Debtors as defined in Bankruptcy Code section 541(a)

1.13 “*Assumption Notice*” shall have the meaning set forth in Article 5

1.14 “*Auction*” has the meaning set forth in the Bidding Procedures Order.

1.15 “*Avoidance Actions*” means all actions, causes of action, suits, choses in action, and claims of the Debtors and/or the Estates against any entity or Person, whether direct, indirect, derivative, or otherwise arising under Bankruptcy Code section 510 or to avoid a transfer of property or recover property pursuant to Bankruptcy Code sections 542 through 550 or applicable non-bankruptcy law.

1.16 “*Ballot*” means the ballots upon which holders of Impaired Claims entitled to vote to accept or reject this Plan may indicate their acceptance or rejection in accordance with applicable rules and instructions regarding voting.

1.17 “*Bankruptcy Code*” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

1.18 “*Bankruptcy Court*” means the United States Bankruptcy Court for the Northern District of Texas, having jurisdiction over the Chapter 11 Cases or, if the Bankruptcy Court ceases to exercise jurisdiction over the Chapter 11 Cases, such court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases in lieu of the United States Bankruptcy Court for the Northern District of Texas.

1.19 “*Bankruptcy Rules*” means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time.

1.20 “*Bar Date(s)*” means the Claims Bar Date, the Governmental Bar Date, or the Rejection Damages Bar Date, as applicable; and “*Bar Dates*” means a collective reference to the Claims Bar Date, the Governmental Bar Date, and the Rejection Damages Bar Date.

1.21 “*Bar Date Order*” means, collectively, the Bankruptcy Court’s Order (I) Establishing Bar Dates, (II) Approving Form and Manner of Notice Thereof, and (III) Approving Procedures for Filing Proofs of Claims [Docket No. 325] and Order (I) Establishing Bar Dates, (II) Approving Form and Manner of Notice Thereof, and (III) Approving Procedures for Filing Proofs of Claims [Docket No. 386].

1.22 “*Bid Deadline*” has the meaning set forth in the Bidding Procedures Order.

1.23 “*Bidding Procedures Order*” means the Bankruptcy Court’s order establishing the sale procedures with respect to the Sale Transaction.

1.24 “*Bond Claims*” means the Series 2015 Bond Claims and the Series 2017 Bond Claims.

1.25 “*Bond Deficiency Claim*” means the Bond Claims minus the amount paid to the Trustee pursuant to the Sale Transaction.

1.26 “*Business Day*” means any day, other than a Saturday, Sunday or “legal holiday” as defined in Bankruptcy Rule 9006(a).

1.27 “*Cash*” means the legal tender of the United States of America or the equivalent thereof.

1.28 “*Causes of Action*” means any claims, causes of action (including Avoidance Actions), demands, actions, suits, obligations, liabilities, cross-claims, counterclaims, offsets, or setoffs of any kind or character whatsoever, in each case now owned or hereafter acquired by the Debtors and/or their Estates, and in each case, whether known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, under statute, in contract, in tort, in law, or in equity, or pursuant to any other theory of law, federal or state, whether asserted or assertable directly or derivatively in law or equity or otherwise by way of claim, counterclaim, cross-claim, third party action, action for indemnity or contribution or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition

Date or during the course of the Chapter 11 Cases, including through the Effective Date, including the Landlord Litigation and other Retained Causes of Action.

1.29 “*Chapter 11*” means chapter 11 of the Bankruptcy Code.

1.30 “*Chapter 11 Cases*” means (i) when used with reference to a particular Debtor, the case under chapter 11 of the Bankruptcy Code commenced by such Debtor in the Bankruptcy Court, and (ii) when used with reference to both Debtors, the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court being jointly administered under Case No. 22-30659.

1.31 “*Claim*” means a “claim,” as that term is defined in Bankruptcy Code section 101(5).

1.32 “*Claims Bar Date*” means July 21, 2022 at 4:00 Prevailing Central Time, the general bar date by which entities, other than Governmental Units, shall file Proofs of Claim.

1.33 “*Class*” means a category of holders of Claims or Interests as set forth in Section 3 hereof pursuant to Bankruptcy Code section 1122(a).

1.34 “*Closing*” means the closing on the transactions contemplated by the Sale Transaction pursuant to the Asset Purchase Agreement.

1.35 “*Closing Date*” has the meaning given to such term in the Asset Purchase Agreement.

1.36 “*Closing*” means the closing on the transactions contemplated by the Sale Transaction pursuant to the Asset Purchase Agreement.

1.37 “*Closing Date*” has the meaning given to such term in the Asset Purchase Agreement.

1.38 “*Committee*” means the official committee of creditors appointed by the U.S. Trustee in the Chapter 11 Cases pursuant to Bankruptcy Code section 1102 [Docket Nos. 135 and 150].

1.39 “*Community*” means the continuing care retirement community, located in Dallas, Texas, known as “Edgemere.”

1.40 “*Confirmation Date*” means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases within the meaning of Bankruptcy Rules 5003 and 9021.

1.41 “*Confirmation Hearing*” means the hearing(s) before the Bankruptcy Court under Bankruptcy Code section 1128 at which the Plan Sponsors seek entry of the Confirmation Order, as such hearing(s) may be adjourned or continued from time to time.

1.42 “*Confirmation Order*” means the Bankruptcy Court order confirming this Plan pursuant to Bankruptcy Code section 1129.

1.43 “*Contract Objection*” shall have the meaning set forth in Article 5.

1.44 “*Cure Schedule Notice*” shall have the meaning set forth in Article VIII(C) “*Cure Schedule Notice*” shall have the meaning set forth in Article VIII(C) “*Cure and Possible Assumption and Assignment Notice*” shall have the meaning set forth in Article 5.

1.45 “*Cure Objection*” shall have the meaning set forth in Article 5.

1.46 “*Current Resident*” means a Resident that currently resides at the Community pursuant to a Residency Agreement.

1.47 “*Debtors*” means, collectively, Edgemere and SQLC.

1.48 “*Diminution Claim*” means the Trustee’s claim for Diminution as defined in and arising under the DIP Orders.

1.49 “*DIP Credit Agreement*” means that certain Priming Superpriority Debtor-in-Possession Credit Agreement between the Debtors and the DIP Lender, together with any amendments, modifications or supplements thereto, which was approved pursuant to the DIP Orders.

1.50 “*DIP Facility Claims*” means a Claim held by the DIP Lender for all debts, indebtedness, obligations, covenants, and duties of payment and performance arising under or relating to the DIP Credit Agreement or the DIP Orders, including any and all accrued but unpaid interest and any unpaid fees or charges arising under the DIP Credit Agreement.

1.51 “*DIP Lender*” means the lender under the DIP Credit Agreement.

1.52 “*DIP Orders*” means the *Bankruptcy Court’s First Interim Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing the Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and Superpriority Claims; and (5) Scheduling a Final Hearing* [Docket No. 112]; *Second Interim Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing the Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and Superpriority Claims; and (5) Scheduling a Final Hearing* [Docket No. 228]; *Third Interim Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing the Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; (4) Granting Liens, Security Interests and Superpriority Claims; and (5) Scheduling a Final Hearing* [Docket No. 350]; bridge orders extending the deadline in paragraph 22(ii) of the Third Interim DIP Order [Docket Nos. 398 and 415]; and *Final Order (1) Authorizing Debtors in Possession to Obtain Post-Petition Financing; (2) Authorizing the Debtors in Possession to Use Cash Collateral; (3) Providing Adequate Protection; and (4) Granting Liens, Security Interests and Superpriority Claims* [Docket No. 421] (as may be amended, modified or supplemented).

1.53 “*Disclosure Statement*” means the Disclosure Statement, as may be modified or amended, accompanying and describing this Plan.

1.54 “*Disclosure Statement Motion*” means the Bankruptcy Court’s order approving the Disclosure Statement.

1.55 “*Disputed*” means, with respect to any Claim or Interest, or any portion thereof that is not yet Allowed, including (i) any Claim evidenced by a Proof of Claim that, on its face, is contingent or unliquidated; (ii) any Claim that is subject to an objection filed by the Claims Objection Deadline or a request for estimation, in each case that has not been withdrawn, resolved, or ruled on by a Final Order of the Bankruptcy Court; (iii) any Claim or Interest scheduled by the Debtors as contingent, unliquidated or disputed, (iv) any Claim or Interest evidenced by a Proof of Claim which amends a Claim or Interest scheduled by the Debtors as contingent, unliquidated or disputed, and (v) any Claim or Interest that is not an Allowed Claim or Allowed Interest or a Disallowed Claim or a Disallowed Interest; provided, however, that Resident Claims are not Disputed on account of being scheduled by the Debtors as contingent or unliquidated and the Bond Claims are not Disputed notwithstanding any pending challenges or claims.

1.56 “*Distribution*” means Cash, property, interests in property or other value distributed to holders of Allowed Claims, or their designated agents, under this Plan.

1.57 “*Distribution Record Date*” means, other than with respect to public securities cancelled by this Plan, the Effective Date or such other date as may be designated in the Confirmation Order.

1.58 “*Edgemere*” means Northwest Senior Housing Corporation.

1.59 “*Effective Date*” means the date which is the first Business Day on which the conditions set forth in Section 9 of this Plan have been satisfied or waived.

1.60 “*Entity*” shall have the meaning set forth in Bankruptcy Code section 101(15).

1.61 “*Entrance Fee Escrow*” means the escrow account holding entrance fees received from Residents on or after September 27, 2021, which account is maintained by Regions Bank, as escrow agent, on behalf of such Residents pursuant to the Escrow Agreement.

1.62 “*Entrance Fee Escrow Order*” means the Bankruptcy Court’s Final Order (I) Authorizing the Debtors to Continue (A) Escrowing Entrance Fees in the Ordinary Course and (B) Refunding Certain Entrance Fees During the Chapter 11 Case and (II) Granting Related Relief [Docket No. 393].

1.63 “*Escrow Agreement*” means that certain Escrow Agreement, dated September 27, 2021, by and among Edgemere, the Trustee, and Regions Bank, as escrow agent.

1.64 “*Estates*” means the estates of the Debtors created by the Chapter 11 Cases pursuant to Bankruptcy Code section 541.

1.65 “*Exculpated Party*” means each of: (i) the Purchaser, (ii) the Plan Sponsors (iii) the Issuer, (iv) the Committee and the members of the Committee and (v) with respect to each of the foregoing Entities in clauses (i) through (iv), such Entity and its current and former predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and all of their respective current and former officers, directors, principals, shareholders, members, partners, managers, employees, attorneys, advisors, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals.

1.66 “*Executory Contract*” means all contracts and leases to which any Debtor is a party that is subject to assumption or rejection under Bankruptcy Code section 365.

1.67 “*Final Order*” means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Cases that has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending and stayed, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought and a stay of the order or judgment has been granted, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, to petition for certiorari, or to move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rules 9023 or 9024, may be filed relating to such order shall not cause such order to not be a Final Order.

1.68 “*General Unsecured Claim*” means any Claim, other than Administrative Claims, Secured Claims, Other Priority Claims, Priority Tax Claims, DIP Facility Claims, and Bond Claims (other than the Bond Deficiency Claim).

1.69 “*Ground Lease*” means that certain Ground Lease, dated November 5, 1999, by and between Edgemere and the Landlord.

1.70 “*Governmental Bar Date*” means October 11, 2022 at 4:00 prevailing Central Time, the date by which Governmental Units must file Proofs of Claims.

1.71 “*Government Unit*” means a “governmental unit” as defined in Bankruptcy Code section 101(27).

1.72 “*Impaired*” means, with respect to a Claim, that such Class of Claims is “impaired” within the meaning of Bankruptcy Code section 1124.

1.73 “*Insurance Policies*” means, collectively, all of the Debtors’ insurance policies.

1.74 “*Interest*” means any membership interest in any Debtor, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest.

1.75 “*Issuer*” means the Tarrant County Cultural Education Facilities Finance Corporation.

1.76 “*KCC*” means Kurtzman Carson Consultants LLC.

1.77 “*Landlord*” means Intercity Investment Properties, Inc.

1.78 “*Landlord Litigation*” means that certain adversary proceeding commenced in the Bankruptcy Court on April 14, 2022 (Adv. No. 22-03040-mvl) and captioned *Northwest Senior Housing Corporation v. Intercity Investment Properties, Inc., et al.*

1.79 “*Lien*” means “lien,” as defined in Bankruptcy Code section 101(37).

1.80 “*Lifespace*” means Lifespace Communities, Inc.

1.81 “*Litigation Trust*” means the trust described in Section 4 of this Plan.

1.82 “*Litigation Trust Agreement*” means the agreement between the Plan Sponsors, the Debtors and the Litigation Trustee to be entered into as of the Effective Date, substantially in form set forth in the Plan Supplement, as it may be amended from time to time in accordance with its terms.

1.83 “*Litigation Trust Assets*” means from and after the Effective Date (i) all legal and equitable interests of the Debtors in Retained Causes of Action, including the Landlord Litigation, and Avoidance Actions, and the proceeds thereof; (ii) all legal and equitable defenses or counterclaims of the Debtors to Claims; and (iii) any other Assets to be vested in the Litigation Trust pursuant to this Plan and the Litigation Trust Agreement, including any Assets that are not sold under the Asset Purchase Agreement.

1.84 “*Litigation Trust Expenses*” means reasonable and documented out-of-pocket fees, costs and expenses incurred by the Litigation Trust or the Litigation Trustee (or any professional or other Person retained by the Litigation Trustee in administering the Litigation Trust) on or after the Effective Date in connection with any of their responsive duties under this Plan and the Litigation Trust Agreement, including any administrative fees, attorneys’ fees and expenses, insurance fees, taxes and escrow expenses, all as further set forth in the Litigation Trust Agreement.

1.85 “*Litigation Trust Interests*” means an uncertificated interest in the Litigation Trust representing the rights of holders of Allowed General Unsecured Claims.

1.86 “*Litigation Trust Proceeds*” means any Cash proceeds to be distributed to the holders of the Litigation Trust Interests pursuant to the terms of the Litigation Trust Agreement.

1.87 “*Litigation Trust Oversight Committee*” means three (3) Persons identified in the Plan Supplement that shall provide oversight and direction to the Litigation Trustee in accordance with the terms of the Litigation Trust Agreement.

1.88 “*Litigation Trustee*” means the Person identified as such in the Plan Supplement or other filing with the Bankruptcy Court, and retained as of the Effective Date pursuant to the terms of the Litigation Trust Agreement, as the fiduciary responsible for implementing the applicable provisions of this Plan and the Litigation Trust Agreement.

1.89 “*Local Rules*” means the Local Rules of Bankruptcy Practice and Procedure of the Bankruptcy Court, or any other court having jurisdiction over the Chapter 11 Cases.

1.90 “*Master Trustee*” means UMB Bank, N.A. as successor master trustee under the Original Master Indenture.

1.91 “*Notice of Auction Results*” shall have the meaning set forth in Article I(C)(2)(b) “*Net Sale Proceeds*” means the sale proceeds of the Sale Transaction, less any less customary transaction fees and expenses.

1.92 “*Non-Released Parties*” means Lifespace and the Debtors and their respective current and former predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and all of their respective current and former officers, directors, principals, shareholders, members, partners, managers, employees, attorneys, advisors, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals, each of which are not and shall not be deemed a Released Party under this Plan.

1.93 “*Non-Resident Contract Counterparty*” shall have the meaning set forth in Article 5.

1.94 “*Notice Parties*” shall have the meaning set forth in Article 5.

1.95 “*Obligated Group*” means Edgemere and SQLC.

1.96 “*Original Bonds*” means, collectively, the Series 2015 Bonds and the Series 2017 Bonds.

1.97 “*Original Bond Documents*” means, collectively the 2015 Bond Documents and the 2017 Bond Documents.

1.98 “*Original Master Indenture*” means that certain Amended and Restated Master Trust Indenture, Deed of Trust and Security Agreement, dated November 15, 1999 and effective as of April 1, 2006, by and between the Obligated Group and JP Morgan Chase Bank, National Association, as initial master trustee and UMB Bank, N.A., as successor Master Trustee, as supplemented by that certain Supplemental Indenture Number 6, dated March 1, 2017.

1.99 “*Other Priority Claim*” means any Claim, other than an Administrative Claim, a Priority Tax Claim, or the DIP Facility Claims, which is entitled to priority under Bankruptcy Code section 507(a).

1.100 “*Other Secured Claim*” means any Secured Claim other than a Bond Claim.

1.101 “*Person*” means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, estate, unincorporated organization, governmental unit, government (or agency or political subdivision thereof), or other entity.

1.102 “*Petition Date*” means April 14, 2022, the date on which the Debtors filed their voluntary petitions for relief commencing the Chapter 11 Cases.

1.103 “*Plan*” means this Plan of Reorganization, dated November 2, 2022, including all exhibits, supplements, appendices, and schedules thereto, either in its present form or as the same may be amended, supplemented, or modified from time to time.

1.104 “*Plan Sponsors*” means the Trustee and the DIP Lender.

1.105 “*Plan Supplement*” means the compilation of documents and forms of documents, schedules, and exhibits to this Plan, to be filed prior to the Confirmation Hearing, as amended, supplemented, or modified from time to time in accordance with the terms hereof, the Bankruptcy Code, and the Bankruptcy Rules.

1.106 “*Priority Tax Claim*” means any Claim of a governmental unit of a kind entitled to priority under Bankruptcy Code section 507(a)(8).

1.107 “*Pro Rata*” means, with respect to any Claim, the proportion that the amount of a Claim in a particular Class or Classes bears to the aggregate amount of all Claims in such Class or Classes, unless this Plan otherwise provides.

1.108 “*Professionals*” means all professionals employed in these Chapter 11 Cases pursuant to Bankruptcy Code sections 327, 328, and 1103.

1.109 “*Professional Claim*” means a Claim of a Professional for compensation and/or reimbursement of expenses incurred by such Professional through and including the Effective Date.

1.110 “*Proposed Assumed Contracts*” shall have the meaning given to such term in Article 5.

1.111 “*Purchaser*” means Bay 9 Holdings LLC or its designee, or the purchaser designated by the Plan Sponsors as the prevailing bidder at the Auction, if any.

1.112 “*Proof of Claim*” means a proof of Claim filed against any Debtor in the Chapter 11 Cases.

1.113 “*Qualified Bid*” has the meaning set forth in the Bidding Procedures Order.

1.114 “*Reinstate*,” “*Reinstated*,” or “*Reinstatement*” means with respect to Claims and Interests, that the Claim or Interest shall be rendered Unimpaired in accordance with Bankruptcy Code section 1124.

1.115 “*Rejection Claims*” means any Claim arising from or relating to, the rejection of an Executory Contract or Unexpired Lease pursuant to Bankruptcy Code section 365(a) by any of the Debtors, as limited, in the case of a rejected Unexpired Lease, by Bankruptcy Code section 502(b)(6).

1.116 “*Rejection Damages Bar Date*” means the date by which Rejection Claims must be filed, which shall be the latest of: (i) the General Bar Date, (ii) thirty (30) days after the date of the entry of any order authorizing the rejection of the Executory Contract or Unexpired Lease, or (iii) thirty (30) days after the effective date of rejection of such Executory Contract or Unexpired Lease, including pursuant to Bankruptcy Code section 365(d)(4).

1.117 “*Released Parties*” means (i) the Committee, (ii) the Purchaser, (iii) the Issuer, (iv) the Plan Sponsors, (v) the holders of the Original Bonds and (vi) with respect to each of the foregoing Entities in clauses (i) through (v), such Entity and its current and former predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and all of their respective current and former officers, directors, principals, shareholders, members, partners, managers, employees, attorneys, advisors, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals. For the avoidance of doubt, the Non-Released Parties are not and shall not be deemed a Released Party under this Plan.

1.118 “*Releasing Party*” means each holder of a Claim who has not chosen, by marking the appropriate box on the Ballot, to opt out of the “Releases by Holders of Claims” provided for in Section 8.3 of this Plan.

1.119 “*Residency Agreements*” means those certain agreements entered into by and between the Residents and the Debtors, including all assisted living residency agreements, life care agreements, skilled nursing residency agreements, memory care agreements, and any additional documents related thereto, including any amendments, supplements, or addendums.

1.120 “*Resident*” means a current or former resident of the Community who is or was a party to a Residency Agreement.

1.121 “*Retained Causes of Action*” means the Causes of Action, including the Landlord Litigation, that the Debtors or their Estates may hold and specifically retain that the Litigation Trustee may prosecute post Effective Date. For the avoidance of doubt, Retained Causes of Action shall not include any Claims or Causes of Action against any Released Parties.

1.122 “*Sale Transaction*” means the transactions associated with the sale of substantially all of the Debtors’ Assets, which transactions are described in the Asset Purchase Agreement.

1.123 “*Schedules*” means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs, if any, filed by a Debtor pursuant to Bankruptcy Code section 521 and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified, or supplemented from time to time.

1.124 “*Secured Claim*” means any Claim against any Debtor: (i) secured by a Lien on property in which an Estate has an interest, which Lien is valid, perfected and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to Bankruptcy Code section 553, to the extent of the value of the creditor’s interest in an Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or (ii) Allowed as such pursuant to this Plan.

1.125 “*Series 2015 Bonds*” means, collectively, the Series 2015A Bonds and the Series 2015B Bonds.

1.126 “*Series 2015 Bond Claims*” means any and all Claims in respect of the Series 2015 Bonds.

1.127 “*Series 2015A Bonds*” means the Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) Series 2015A, in the original aggregate principal amount of \$53,600,000 issued pursuant to the 2015 Bond Indenture.

1.128 “*Series 2015B Bonds*” means the Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) Series 2015B, in the original aggregate principal amount of \$40,590,000 issued pursuant to the 2015 Bond Indenture.

1.129 “*Series 2017 Bonds*” means the Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation – Edgemere Project) Series 2017A, in the original aggregate principal amount of \$21,685,000 issued pursuant to the 2017 Bond Indenture.

1.130 “*Series 2017 Bond Claims*” means any and all Claims in respect of the Series 2017 Bonds.

1.131 “*SQLC*” means Senior Quality Lifestyles Corporation.

1.132 “*Trustee*” means (i) UMB Bank, N.A., in its capacity as successor Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture; and (ii) any successor trustee in any such capacity.

1.133 “*Unexpired Lease*” means a lease to which a Debtor is a party that is subject to assumption or rejection under Bankruptcy Code section 365, including the Ground Lease.

1.134 “*Unimpaired*” means, with respect to a Claim, a Class of Claims that is “unimpaired” within the meaning of Bankruptcy Code section 1124.

1.135 “*U.S. Trustee*” means the Office of the United States Trustee for the Northern District of Texas.

1.136 “*U.S. Trustee Fees*” means all fees and charges assessed against the Estates of the Debtors under 28 U.S.C. § 1930.

1.137 “*Voting Agent*” means KCC.

1.138 “*Voting Deadline*” means the deadline to vote to accept or reject this Plan as set forth in the Disclosure Statement or an order of the Bankruptcy Court, as such deadline may be extended or modified from time to time.

B. Interpretation: Application of Definitions and Rules of Construction.

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan, as the same may be amended, waived, or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein. A term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code. The rules of construction contained in Bankruptcy Code section 102 shall apply to this Plan. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Unless otherwise provided, any reference in this Plan to an existing document, exhibit, or schedule means such document, exhibit, or schedule as it may have been amended, restated, revised, supplemented, or otherwise modified. If a time or date is specified for any payments or other Distribution under this Plan, it shall mean on or as soon as reasonably practicable thereafter. Further, where appropriate from a contextual reading of a term, each term includes the singular and plural form of the term regardless of how the term is stated and each stated pronoun is gender neutral.

C. Computation of Time.

In computing any period of time prescribed or allowed by the terms of this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any references to the Effective Date shall mean the Effective Date or as soon as reasonably practicable thereafter unless otherwise specified herein.

D. Controlling Document.

In the event of an inconsistency between this Plan and the Disclosure Statement, the terms of this Plan shall control in all respects. In the event of an inconsistency between this Plan and the Plan Supplement, the Plan Supplement shall control. In the event of an inconsistency between this Plan, the Plan Supplement and the Confirmation Order, the Confirmation Order shall control.

SECTION 2. TREATMENT OF ADMINISTRATIVE CLAIMS, PRIORITY TAX CLAIMS, AND U.S. TRUSTEE FEES

2.1 *Administrative Claims.* Unless a holder of an Allowed Administrative Claim and the Plan Sponsors before the Effective Date agree to less favorable treatment, each holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Allowed Administrative Claim in Cash: (i) if such Allowed Administrative Claim is based on liabilities that the Debtors incurred in the ordinary course of business after the Petition Date, on the Effective Date or in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim, in the Plan Sponsors’ discretion, and without any further action by any holder of such Allowed Administrative Claim; (ii) if such Allowed Administrative Claim is due on the Effective Date, or, if such Allowed Administrative Claim is not due as of the Effective Date, on the date that such Allowed Administrative Claim becomes due or as soon as reasonably

practicable thereafter; (iii) if an Administrative Claim is not Allowed as of the Effective Date, on the date that is no later than thirty (30) days after the date on which an order allowing such Administrative Claim becomes a Final Order of the Bankruptcy Court or as soon as reasonably practicable thereafter; or (iv) at such time and upon such terms as set forth in a Final Order of the Bankruptcy Court.

To be eligible to receive Distributions under this Plan on account of an Administrative Claim that is not otherwise Allowed by this Plan, a request for payment of an Administrative Claim must be filed with the Bankruptcy Court on or before the Administrative Claims Bar Date. Any Administrative Claim that is not asserted in accordance herewith shall be deemed disallowed under this Plan and shall be forever barred against the Debtors, the Debtors' Estates, or any of the Debtors' Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. For the avoidance of doubt, holders of the DIP Facility Claims and the Diminution Claim shall not be required to file an Administrative Claim for the allowance and satisfaction of such Claims.

2.2 Professional Claims. All Professionals seeking payment of Professional Claims shall (i) file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred in the Chapter 11 Cases by the date that is forty-five (45) days after the Effective Date and (ii) be paid (a) the full unpaid amount as is Allowed by the Bankruptcy Court within five (5) Business Days after the date that such Claim is Allowed by order of the Bankruptcy Court, or (b) upon such other terms as may be mutually agreed upon between the holder of such an Allowed Professional Claim and the Plan Sponsors. Any Professional Claim that is not asserted in accordance with this Section 2.2 shall be deemed disallowed under this Plan and shall be forever barred against the Debtors, the Debtors' Estates, or any of the Debtors' Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim.

2.3 Priority Tax Claims. In accordance with Bankruptcy Code section 1123(a)(1), Priority Tax Claims have not been classified and are treated as described in this Section 2 of this Plan. Unless otherwise agreed by the holder of an Allowed Priority Tax Claim, any Person holding an Allowed Priority Tax Claim will receive, as determined by the Plan Sponsors in their sole discretion and in full satisfaction of such Claim, payment in Cash in full on the later of (i) the Effective Date, or as soon as reasonably practicable thereafter as determined by the Litigation Trustee, or (ii) the first Business Day after the date that is thirty (30) calendar days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable.

2.4 U.S. Trustee Fees. U.S. Trustee Fees will be paid in full by the Debtors and the Litigation Trustee, as applicable, as they become due and owing.

2.5 DIP Facility Claims. The DIP Facility Claims shall be deemed Allowed Secured Claims and superpriority Administrative Claims in the full amount due and owing under the DIP Credit Agreement as of the Effective Date. The DIP Facility Claims shall be satisfied in full from Cash available on the Effective Date.

2.6 **Diminution Claim.** The Diminution Claim shall be deemed Allowed superpriority Administrative Claim in the full amount due and owing under the DIP Orders as of the Effective Date. The Diminution Claim shall be satisfied in full from Cash available on the Effective Date.

SECTION 3. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

3.1 **Classification and Specification of Treatment of Claims.** Pursuant to Bankruptcy Code sections 1122 and 1123, Claims (other than Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Diminution Claim and U.S. Trustee Fees) are classified for all purposes, including, without limitation, voting, confirmation and Distribution pursuant to this Plan, as set forth herein. A Claim or an Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or an Interest also is classified in a particular Class for the purpose of receiving Distributions under this Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

This Plan is premised upon the substantive consolidation of the Debtors solely for the purposes of voting, determining which Classes have accepted this Plan, confirming this Plan, and the resultant treatment of Claims and Interests and Distributions under this Plan.

3.2 **Classes of Claims and Interests.**

Class	Claim	Estimated Allowed Claims	Status	Voting Rights
1	Other Priority Claims	\$ 19,182.99	Unimpaired	Deemed to Accept
2	Bond Claims	\$111,728,919.22	Impaired	Entitled to Vote
3	Other Secured Claims	\$0	Unimpaired	Deemed to Accept
4	General Unsecured Claims	\$243,575,238.13 ³	Impaired	Entitled to Vote
5	Interests in Debtors	N/A	Impaired	Deemed to Reject

3.2.1 **Class 1 — Other Priority Claims.** In accordance with the Proofs of Claim on file, there are asserted priority claims in the amount of \$19,182.99. To the extent that such Claims have been or will be Allowed, Class 1 Claims will be Unimpaired and not entitled to vote on this Plan. Except to the extent that a holder of an Allowed Other Priority Claim has agreed

³ Includes an estimated Bond Deficiency Claim of \$77,402,439.22 based upon the initial Purchaser’s offer and after payment of other amounts set forth in the Plan.

to a different treatment of such Claim, each such holder shall receive, in full satisfaction of such Allowed Other Priority Claim, Cash in an amount equal to such Allowed Other Priority Claim, on or as soon as reasonably practicable after the later of (i) the Effective Date; (ii) the date the Other Priority Claim becomes an Allowed Claim; or (iii) the date for payment provided by any agreement or arrangement between the Plan Sponsors and the holder of the Allowed Other Priority Claim.

3.2.2 Class 2 — Bond Claims. Class 2 is Impaired and entitled to vote on this Plan. This Class consists of all Bond Claims and includes all Claims of the holders of the Series 2015 Bonds and the Series 2017 Bonds, which Claims shall be deemed Allowed pursuant to this Plan in the aggregate principal amount of \$109,185,000, plus accrued and unpaid interest as of the Petition Date in the amount of \$2,543,919.22. On the Effective Date, the Net Proceeds after payment of Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Diminution Claim and U.S. Trustee Fees, shall be paid to the Trustee, which funds shall be disbursed to holders of the Bond Claims in accordance with the Original Bond Documents. Assuming no competing qualified bids are received and the Sale Transaction with the initial Purchaser closes, Holders of Bond Claims are estimated to receive Distributions ranging from 30.1% to 31.4% of their Bond Claims. The Bond Deficiency Claim shall be treated on a Pro Rata basis with holders of Allowed General Unsecured Claims.

3.2.3 Class 3 — Other Secured Claims. This Class consists of all Other Secured Claims against the Debtors. In accordance with Debtors' books and records, no Class 3 Claims exist. To the extent that such Claims have been or will be asserted and Allowed, Class 3 Claims will be Unimpaired and not entitled to vote on this Plan. In full satisfaction of an Allowed Other Secured Claim, on the later of the Effective Date and the date on which the Other Secured Claim is Allowed, each holder of an Allowed Other Secured Claim shall receive, at the sole and exclusive option of the Plan Sponsors: (i) Cash equal to the amount of such Claim; (ii) return of the underlying collateral related to their Claims; or (iii) treatment of such Allowed Other Secured Claim in any other manner that renders the Claim Unimpaired, including Reinstatement.

3.2.4 Class 4 — General Unsecured Claims. Class 4 is Impaired and entitled to vote on this Plan. This Class consists of all General Unsecured Claims, including Claims of Residents under Residency Agreements and the Bond Deficiency Claim. Allowed General Unsecured Claims shall be payable from a Pro Rata share of the Litigation Trust Proceeds. Holders of Allowed General Unsecured Claims are estimated to receive Distributions ranging from 0% to 50% of their Allowed General Unsecured Claims, depending on the outcome of the Landlord Litigation, Retained Causes of Action and the liquidation of other Litigation Trust Assets. For the avoidance of doubt, Residents shall also maintain any direct individual claims against Lifespace, which recoveries will reduce the amount of Allowed General Unsecured Claims.

3.2.5 Class 5 — Interests in Debtors. Class 5 is Impaired and deemed to reject this Plan. This Class consists of Interests of Lifespace in the Debtors, which Interests shall be terminated on the Effective Date.

3.3 *Acceptance or Rejection of this Plan.*

3.3.1 Acceptance by an Impaired Class. In accordance with Bankruptcy Code section 1126(c) and except as provided in Bankruptcy Code section 1126(e), an Impaired

Class of Claims shall have accepted this Plan if this Plan is accepted by the holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject this Plan.

3.3.2 Presumed Acceptance of this Plan. Classes 1 and 3 are conclusively presumed to have accepted this Plan pursuant to Bankruptcy Code section 1126(f).

3.3.3 Presumed Rejection of this Plan. Class 5 is Impaired under this Plan and will receive no Distributions and, thus, is conclusively presumed to have rejected this Plan pursuant to Bankruptcy Code section 1126(g).

3.3.4 Voting Class. Classes 2 and 4 are Impaired under this Plan and are entitled to vote to accept or reject this Plan.

3.4 ***Subordinated Claims.*** The allowance, classification, and treatment of all Allowed Claims and Interests and the respective Distributions and treatments under this Plan take into account the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, Bankruptcy Code section 510(b), or otherwise. For purposes of Bankruptcy Rule 7001(8), this Plan provides for subordination. The Litigation Trustee, as set forth herein, shall have the right to subordinate any Claim in accordance with any contractual, legal, or equitable subordination relating thereto under the Bankruptcy Code as long as such treatment is consistent with the terms of the Litigation Trust Agreement. Subordinated Claims shall not receive a Distribution under this Plan until any and all senior Allowed Claims are paid in full.

3.5 ***Cramdown.*** If all applicable requirements for confirmation of this Plan are met as set forth in Bankruptcy Code section 1129(a) except subsection (8) thereof, the Plan Sponsors shall request that the Bankruptcy Court confirm this Plan in accordance with Bankruptcy Code section 1129(b) on the bases that this Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims or Interests that is Impaired hereunder, and has not accepted or is deemed to reject, this Plan.

SECTION 4. MEANS FOR IMPLEMENTATION OF THIS PLAN

4.1 *Sale Transaction*

4.1.1 Sale Transaction. Consistent with the Asset Purchase Agreement, substantially all of the property in the Estates shall be sold to the Purchaser (including such Purchaser to be identified as the winning bidder following an Auction), free and clear of all Liens, Claims, charges, or other encumbrances pursuant to section 1123(a)(5)(D) of the Bankruptcy Code, with all such Liens, Claims, charges or other encumbrances attaching automatically to the Net Proceeds in the same manner, extent, validity and priority as existed on the Closing Date, with the Net Proceeds to be distributed pursuant to this Plan. An initial Purchaser has been identified, whose purchase offer in the amount of \$48.5 million (subject to the adjustments in the Asset Purchase Agreement) is subject to higher and better bids. If a competing qualified bid is received by December 27, 2022 at 4:00 p.m. (prevailing Central Time), an Auction shall be held on December 28, 2022 at 10:00 a.m. (prevailing Central Time) to determine the ultimate Purchaser.

Upon the Closing of the Sale Transaction, all Net Proceeds therefrom after payments required under this Plan to pay any unpaid Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, Diminution Claim and the U.S. Trustee Fees, shall be paid to the Trustee for Distribution to holders of Original Bonds, pursuant to the terms of the Original Bond Documents.

4.1.2 Monthly Rental Agreements. The Asset Purchase Agreement contemplates the rejection of all Residency Agreements, provided that any Purchaser shall offer to all Current Residents a monthly rental agreement which shall provide similar services to Current Residents as provided prior to the Closing Date.

4.1.3 Transfer of Assets to Litigation Trust. On the Effective Date, all of the Estates' assets not sold in the Sale Transaction shall be transferred to the Litigation Trust and administered as set forth more fully below.

4.2 *Creation of the Litigation Trust and Appointment of the Litigation Trustee and Litigation Trust Oversight Committee*

4.2.1 Creation of the Litigation Trust. On or prior to the Effective Date, the Debtors shall execute the Litigation Trust Agreement. On the Effective Date, the Litigation Trust shall become effective and shall be deemed to be valid, binding and enforceable in accordance with the terms and provisions of this Plan and the Litigation Trust Agreement. After the Effective Date, the Litigation Trust Agreement may be amended in accordance with its terms without further order of the Bankruptcy Court. The Litigation Trust Agreement shall be satisfactory in form and substance to the Plan Sponsors.

4.2.2 Purpose of the Litigation Trust. The Litigation Trust shall be established for the purposes of (i) liquidating any non-Cash Litigation Trust Assets; (ii) maximizing recovery of the Litigation Trust Assets for the benefit of the holders of Litigation Trust Interests; (iii) distributing the proceeds of the Litigation Trust Assets to holders of the Litigation Trust Interests in accordance with this Plan and the Litigation Trust Agreement, with no objective to continue or engage in the conduct of a trade or business, except only in the event and to the extent necessary for, and consistent with, the liquidating purpose of the Litigation Trust; (iv) prosecuting or otherwise resolving Causes of Action comprising Litigation Trust Assets for the benefit of the holders of the Litigation Trust Interests; and (v) winding down the Chapter 11 Cases as provided in this Plan.

4.2.3 Funding of the Litigation Trust. \$150,000 of Cash shall be set aside for the payment of Litigation Trust Expenses to be incurred by the Litigation Trust.

4.2.4 Transfer of Litigation Trust Assets to the Litigation Trust. As of the Effective Date, pursuant to the provisions of sections 1141(b) and (c) of the Bankruptcy Code, the Debtors and the Estates shall preserve, transfer and assign all of their respective right, title and interest in and to all of the Litigation Trust Assets, which shall automatically vest in the Litigation Trust free and clear of all Claims, Liens, encumbrances, charges, Interests and other interests, subject only to the Allowed Claims of the holders of Litigation Trust Interests as set forth in this Plan and in the Litigation Trust Agreement.

4.2.5 Appointment of the Litigation Trustee. On the Effective Date, the Litigation Trustee shall be deemed the Estates' representative solely with respect to the Litigation Trust Assets in accordance with section 1123 of the Bankruptcy Code and shall have all powers, authority and responsibilities specified in this Plan and Litigation Trust Agreement solely with respect to the Litigation Trust Assets, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Bankruptcy Rule 2004.

4.2.6 Governance of Litigation Trust. The Litigation Trust shall be governed by the Litigation Trust Agreement and administered by the Litigation Trustee who shall report to the Litigation Trust Oversight Committee in accordance with the terms of this Plan and the Litigation Trust Agreement.

4.2.7 Tax Treatment. Except to the extent allocable to Disputed Claims, consistent with the principles of Revenue Procedure 94-45, 1994-2 C.B. 684, as of the Effective Date, for federal income tax purposes, (i) the Debtors will be deemed to transfer the Litigation Trust Assets to the holders of the Litigation Trust Interests, (ii) the holders of the Litigation Trust Interests will be deemed to transfer such Assets to the Litigation Trust, (iii) the Litigation Trust will be treated as a "liquidating trust," as defined in Treasury Regulation section 301.7701-4(d), and as a "grantor trust" within the meaning of Internal Revenue Code sections 671-679 and (iv) the holders of the Litigation Trust Interests will be treated as the "grantors" of the Litigation Trust.

4.2.8 Securities Registration Exemption. The Plan Sponsors intend that the Litigation Trust Interests shall not be deemed "securities" under applicable laws, but to the extent such units are deemed to be "securities," the Plan Sponsors believe the issuance of such units under this Plan is exempt, pursuant to section 1145 of the Bankruptcy Code (except with respect to an entity that is an "underwriter" as defined in section 1145(b) of the Bankruptcy Code).

4.2.9 Rights, Powers and Duties of the Litigation Trust and the Litigation Trustee. The Litigation Trustee will act for the benefit of holders of Litigation Trust Interests in a fiduciary capacity and shall have comparable authority as a bankruptcy trustee of the Debtors, as the exclusive representative of the Estates under section 1123(a)(5)(B) of the Bankruptcy Code or any corresponding federal or state laws with respect to the Litigation Trust Assets and shall succeed to all of the Debtors' and the Estate's rights with respect thereto, subject to the provisions of this Plan and the Litigation Trust Agreement. The Litigation Trust is the successor to the Debtors and their Estates. The powers, rights and duties of the Litigation Trustee shall arise on the Effective Date and shall include, all subject to the terms and conditions of the Litigation Trust Agreement, the following:

- (a) commencing, pursuing and liquidating all of the Litigation Trust Assets;
- (b) engaging attorneys, consultants, agents, employees and any other professional persons to assist the Litigation Trustee with respect to the Litigation Trustee's responsibilities;
- (c) paying the fees and expenses of the attorneys, consultants, agents, employees and other professional persons engaged by the Litigation Trust and paying all other expenses;

- (d) compromising and settling Claims without notice or Bankruptcy Court approval;
- (e) calculating and implementing Distributions of Litigation Trust Assets for the benefit of the holders of the Litigation Trust Interests;
- (f) resolving issues involving Claims and Interests in accordance with this Plan;
- (g) consulting with members of the Litigation Trust Oversight Committee regarding the prosecution and/or settlement of Retained Causes of Action and reporting to the Litigation Trust Oversight Committee regarding such matters, and seeking approval from the Litigation Trust Oversight Committee regarding the prosecution and/or settlement of each Cause of Action, to the extent set forth in the Litigation Trust Agreement;
- (h) investing Cash in accordance with section 345 of the Bankruptcy Code, and withdrawing and making Distributions of Cash to holders of Litigation Trust Interests holding and paying taxes and other obligations incurred by the Litigation Trustee in connection with winding down the Estates in accordance with this Plan;
- (i) coordinating the turnover of property, if any, subject to rejected executory contracts or abandonment or liquidation of any Litigation Trust Assets;
- (j) taking possession of all books, records, and files of the Debtors and their Estates; and providing for the retention and storage of such books, records, and files until such time as the Litigation Trust determines, in accordance with the Litigation Trust Agreement, that retention of same is no longer necessary or required;
- (k) overseeing compliance with the accounting, finance and reporting obligations;
- (l) paying taxes or other obligations incurred by the Litigation Trust;
- (m) preparing financial statements and U.S. Trustee post-confirmation quarterly reports, and filing such reports on the docket of the Chapter 11 Cases until such time as a final decree has been entered;
- (n) overseeing the filing of final tax returns, refund requests, audits and other corporate dissolution documents, as required;
- (o) performing any additional corporate actions as necessary to carry out the wind down and liquidation of the Estates;
- (p) exercising such other powers as may be vested in or assumed by the Litigation Trustee pursuant to this Plan, the Litigation Trust Agreement or other Order of the Bankruptcy Court or as may be needed or appropriate to carry out the provisions of this Plan; and

- (q) undertaking all administrative functions of the Chapter 11 Cases, including the payment of fees payable to the U.S. Trustee and the ultimate closing of the Chapter 11 Cases.

4.2.10 Litigation Trust Interests. Holders of Allowed General Unsecured Claims shall, by operation of this Plan, receive a Pro Rata share of the Litigation Trust Interests in accordance with the terms of and priorities set forth in this Plan. Litigation Trust Interests shall also be reserved for holders of Disputed Claims which, if Allowed, would be entitled to participate in Distributions from the Litigation Trust, and such reserved Litigation Trust Interests shall be held by the Litigation Trustee pending allowance or disallowance of such Claims. No other Person shall have any interest, legal, beneficial or otherwise, in the Litigation Trust Assets upon the assignment and transfer of such assets to the Litigation Trust. As set forth in the Litigation Trust Agreement, Distributions from the Litigation Trust on account of Litigation Trust Interests shall be made from the Litigation Trust Assets after paying, reserving against or satisfying, among other things, the Litigation Trust Expenses. The Litigation Trust Interests shall be uncertificated and shall be nontransferable except upon death of the holder or by operation of law. Holders of Litigation Trust Interests shall have no voting rights with respect to such interests.

4.2.11 Pending Adversary Proceedings. Without the need for filing any motion for such relief, in connection with the Litigation Trust Assets, the Litigation Trust or the Litigation Trustee (as applicable) hereby shall be deemed substituted for the applicable Debtor (i) in all pending matters including, but not limited to, motions, contested matters and adversary proceedings in the Bankruptcy Court; and (ii) with respect to any Retained Causes of Action pending before the Bankruptcy Court or any other court.

4.2.12 Preservation of Right to Conduct Investigations. The preservation for the Litigation Trust of any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 is necessary and relevant to the liquidation and administration of the Litigation Trust Assets. Accordingly, any and all rights to conduct investigations pursuant to Bankruptcy Rule 2004 held by the Debtors prior to the Effective Date shall vest with the Litigation Trust and shall continue until dissolution of the Litigation Trust.

4.3 *Entrance Fee Escrow.*

4.3.1 As of the Petition Date, the Entrance Fee Escrow held \$15,844,326. On the Effective Date, funds in the Entrance Fee Escrow shall be returned to those respective Residents that deposited such funds pursuant to the terms of the Escrow Agreement.

4.4 *Corporate Action.* Upon the Effective Date, all actions contemplated by this Plan (whether to occur before, on, or after the Effective Date) shall be deemed authorized and approved in all respects, and all matters provided for in this Plan involving the corporate structure of the Debtors and any corporate action required by the Debtors in connection with this Plan shall be deemed to have occurred, without any requirement of further action by the directors or officers of the Debtors.

On or (as applicable) before the Effective Date, the appropriate officers of the Debtors or the Litigation Trust, as applicable, shall be authorized and directed to issue, execute, and deliver

the agreements, documents, securities, certificates of incorporation, operating agreements, and instruments contemplated by this Plan (or necessary or desirable to effect the transactions contemplated by this Plan), including all documents necessary to consummate the Sale Transaction, in the name of and on behalf of the Debtors or the Litigation Trust, as the case may be, and any and all other agreements, documents, securities, and instruments relating to the foregoing.

4.5 **Section 1146 Exemption from Certain Taxes and Fees.** Pursuant to Bankruptcy Code section 1146(a), any transfer of property and any issuance, transfer, or exchange of a security in connection with or pursuant to this Plan shall not be subject to any stamp, mortgage recording, or other similar tax, charge, or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax, charge, or governmental assessment and, as applicable, to accept for filing and recordation instruments or other documents pursuant to such transfer of property or to permit the issuance, transfer, or exchange of a security without the payment of any such tax, charge, or governmental assessment. Such exemption specifically applies, without limitation, to (i) the sale of the Assets pursuant to the Asset Purchase Agreement effectuated under this Plan; (ii) the creation and recordation of any mortgage, deed of trust, lien, or other security interest; (iii) the making or assignment of any lease or sublease; and (iv) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with this Plan, including: (a) any merger agreements; (b) agreements of consolidation, restructuring, disposition, liquidation, or dissolution; (c) deeds; or (d) assignments executed in connection with any transaction occurring under this Plan.

4.6 **Preservation of Causes of Action of the Debtors.** In accordance with Bankruptcy Code section 1123(b), and except where such Causes of Action have been expressly released (including, for the avoidance of doubt, the Exculpated Claims against the Exculpated Parties and the Debtor Released Claims against the Released Parties), the Litigation Trustee shall be vested with the authority to enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtors, whether arising before or after the Petition Date, and the Litigation Trustee's right(s) to commence, prosecute, or settle such Causes of Action shall be consistent with the terms of the Litigation Trust Agreement. The Litigation Trustee is the sole party that may pursue such Causes of Action, as appropriate, in accordance with the best interests of the holders of the Litigation Trust Interests. No Person may rely on the absence of a specific reference in this Plan or the Disclosure Statement to any Cause of Action against such Person as any indication that the Debtors or the Litigation Trustee, as applicable, will not pursue any and all available Causes of Action against such Person. Except with respect to Causes of Action as to which the Debtors have released any Person on or before the Effective Date (including pursuant to the Releases by the Debtors or otherwise), the Litigation Trustee, as applicable, expressly reserves all rights to prosecute any and all Causes of Action of the Debtors against any Person, except as otherwise expressly provided in this Plan. Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised, or settled in this Plan or by an order of the Bankruptcy Court, the Litigation Trustee expressly reserves all Causes of Action for later adjudication and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation

or consummation of this Plan. For the avoidance of doubt, nothing in this Section 4.14 shall affect the “Releases by the Debtors” provided in Section 8.2 of this Plan.

SECTION 5. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumptions or rejections of such Executory Contracts or Unexpired Leases as set forth in this Plan or the Plan Supplement, all pursuant to Bankruptcy Code sections 365(a) and 1123. Unless otherwise indicated, all assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to this Plan are effective as of the Closing Date. Each Executory Contract or Unexpired Lease assumed pursuant to this Plan or by Bankruptcy Court order and assigned to a Purchaser shall vest in and be fully enforceable by the Purchaser in accordance with its terms, except as such terms may have been modified by such order. Notwithstanding anything to the contrary in this Plan, the Plan Sponsors reserve the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Plan Supplement at any time before the Effective Date. After the Effective Date, the Purchaser shall have the right to terminate, amend, or modify any contracts, leases, or other agreements without approval of the Bankruptcy Court, subject to the terms thereof. For the avoidance of doubt, Section 5 of this Plan shall apply to all Executory Contracts and Unexpired Leases except as otherwise provided herein and to the extent addressed and decided by an order of the Bankruptcy Court.

5.1 ***Rejection of Residency Agreements.*** On the Closing Date and as set forth in the Asset Purchase Agreement, the Debtors shall reject the Residency Agreements of all Current Residents including, without limitation, those set forth in the Plan Supplement. Resulting contract damages claims will be treated as Class 4 Claims. Any Current Resident that desires to remain at the Community may do so by entering into a new monthly rental agreement which agreements will provide similar services to such Current Resident as provided under their prior Residency Agreement.

5.2 ***Assumption and Rejection of Executory Contracts and Unexpired Leases.*** Unless assumed and assigned under the Asset Purchase Agreement, on the Closing Date the Debtors shall reject all Executory Contracts and Unexpired Leases. Resulting contract damages claims will be treated as Class 4 Claims.

5.3 ***Assumption of the Ground Lease.*** On the Closing Date and as set forth in the Asset Purchase Agreement, the Ground Lease shall be assumed, subject to the rights of the Litigation Trustee as set forth in this Plan and assigned to the Purchaser. The Landlord shall have an Allowed Administrative Claim for the amounts due and owing from the Petition Date through the Effective Date, subject to final approval of the Bankruptcy Court and the rights of parties in interest to challenge the asserted Administrative Claim amount. Nothing herein shall be construed as a waiver of the Debtors, the Litigation Trustee, the Plan Sponsors, the Committee or any third parties to pursue any and all Claims against the Landlord.

5.4 ***Claims Based on Rejection of Executory Contracts or Unexpired Leases.*** All Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed no later than the Rejection Damages Bar Date; *provided, that* any such Claims arising from the rejection of an Unexpired Lease shall be subject to the cap

on rejection damages imposed by Bankruptcy Code section 502(b)(6). Any Claims arising from the rejection of an Executory Contract or Unexpired Lease that is not timely filed with the Bankruptcy Court will be automatically disallowed and forever barred from assertion and shall not be enforceable against the Debtors, the Estates, or the Debtors' property, without the need for any objection by any party or further notice to, action by, or order or approval of the Bankruptcy Court. All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as Class 4 Claims and shall be treated in accordance with this Plan.

5.5 Cure of Defaults for Assumed Executory Contracts and Unexpired Leases. Any provisions or terms of the Debtors' Executory Contracts or Unexpired Leases to be assumed under the Sale Transaction that are, or may be, alleged to be in default, shall be satisfied solely by cure or by a waiver of cure agreed upon between the Purchaser and the applicable counterparty. Except with respect to Executory Contracts or Unexpired Leases in which the Purchaser and the applicable counterparties have stipulated in writing to payment of cure or with respect to Residency Agreements, the following procedures shall be established for determining cure with respect to the proposed assumed Executory Contracts or Unexpired Leases (the "**Proposed Assumed Contracts**"):

- (a) Within five (5) days after entry of the Bidding Procedures Order, the Plan Sponsors will file with the Bankruptcy Court and serve a notice to the counterparties to Executory Contracts and Unexpired Leases, other than Residents that are party to a Residency Agreement as of the Petition Date, (each, a "**Non-Resident Contract Counterparty**"), setting forth the Plan Sponsors' calculation of each Non-Resident Contract Counterparty's cure amount, if any, that would be owing to such Non-Resident Contract Counterparty if the Debtors were to assume or assume and assign such Executory Contract or Unexpired Lease, and alerting such Non-Resident Contract Counterparty that its agreement may be assumed and assigned to the Purchaser (the "**Cure and Possible Assumption and Assignment Notice**"). Any Non-Resident Contract Counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice, must file an objection (a "**Cure Objection**") no later than December 19, 2022 at 4:00 p.m. (prevailing Central Time), which Cure Objection must be served on the following by e-mail: (a) counsel for the Plan Sponsors, Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (b) RBC Capital Advisors, David Fields, david.fields@rbccm.com; (c) counsel for the Debtors, Trinitee G. Green, tggreen@polsinelli.com and Jeremy Johnson, Jeremy.johnson@polsinelli.com, and (d) counsel for the Committee, Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark Moore, mmoore@foley.com (collectively, the "**Notice Parties**").
- (b) If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party will be forever barred from objecting to the proposed cure amount. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Plan Sponsor are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the

Debtors' ability to assign the agreement to the Purchaser, will be determined at the Confirmation Hearing.

- (c) After the conclusion of the Auction, the Plan Sponsors shall file with the Bankruptcy Court and serve on the Notice Parties and Contract Counterparties a further notice (the "**Assumption Notice**") identifying the Purchaser, stating which Executory Contracts or Unexpired Leases may be assumed and assigned to the Purchaser, and providing such Contract Counterparties with the Purchaser's assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance or assumption and/or assignment of its Executory Contract or Unexpired Lease set forth in the Assumption Notice must file an objection with the Bankruptcy Court (a "**Contract Objection**") and serve the Contract Objection on the Notice Parties prior to the Confirmation Hearing. If a Contract Counterparty does not file a Contract Objection prior to the Confirmation Hearing, such party will be forever barred from objecting to the adequacy of the assurance to be provided by the Purchaser and assumption and assignment to the Purchaser. Where a Contract Counterparty files a Contract Objection prior to the Confirmation Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Purchaser or raised issues regarding the potential assumption and assignment will be determined at the Confirmation Hearing.
- (d) For the avoidance of doubt, this section does not address Residency Agreements although the Residency Agreements are Executory Contracts. As provided above, any Purchaser must provide detail regarding the treatment of Residency Agreements with the Debtors' Current Residents. To the extent a potential Purchaser includes the assumption of the Residency Agreements, the potential Purchaser will be required to satisfy the related cure costs and provide adequate assurance of future performance. The Assumption Notice shall include a description of the Purchaser's proposed treatment of Residency Agreements.
- (e) Except as specified herein, assumption or assumption and assignment of any Executory Contract or Unexpired Lease pursuant to this Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults on the part of the Debtors or the Estates, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed or assumed and assignment Executory Contract or Unexpired Lease at any time prior to the effective date of assumption or assumption and assignment.

5.6 **Insurance Policies.** Notwithstanding anything herein to the contrary, as of the Closing Date, and unless specifically rejected by the Purchaser, the Debtors shall assume all of the Insurance Policies, including director and officer and general liability policies, identified by the Plan Sponsors in the Plan Supplement pursuant to Bankruptcy Code section 365(a). Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the Insurance Policies.

5.7 **Modifications, Amendments, Supplements, Restatements, or Other Agreements.** Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated, or is rejected or repudiated under this Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtors.

5.8 **Reservation of Rights.** Nothing contained in this Plan or the Plan Supplement shall constitute an admission that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtors have any liability thereunder.

5.9 **Nonoccurrence of Effective Date.** If the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases under Bankruptcy Code section 365(d)(4), unless such deadline(s) have expired.

SECTION 6. PROVISIONS GOVERNING DISTRIBUTIONS

6.1 **Timing and Calculation of Amounts to Be Distributed.** Except as otherwise provided in this Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim against the Debtors shall receive the full amount of the Distributions that this Plan provides for Allowed Claims in the applicable Class and in the manner provided herein. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, Distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in this Plan. Except as otherwise provided for in this Plan, holders of Claims shall not be entitled to interest, dividends, or accruals on the Distributions provided for herein, regardless of whether such Distributions are delivered on or at any time after the Effective Date.

6.2 **Disbursements.** Except as otherwise provided in this Plan, all Distributions under this Plan shall be made by the Litigation Trustee,

6.3 **Rights and Powers of Litigation Trustee regarding Disbursements.** The Litigation Trustee shall be empowered to: (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under this Plan; (ii) make all

Distributions contemplated hereby; (iii) employ professionals to represent it with respect to its responsibilities; and (iv) exercise such other powers as may be vested in the Litigation Trustee by order of the Bankruptcy Court, pursuant to this Plan, or as deemed by the Litigation Trustee to be necessary and proper to implement the provisions of this Plan.

6.4 ***Payments and Distributions on Disputed Claims.*** Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date (but that later become Allowed Claims), shall be deemed to have been made on the Effective Date.

6.5 ***Special Rules for Distributions to Holders of Disputed Claims.*** Notwithstanding any other provision of this Plan and except as may be agreed to by the Plan Sponsors or the Litigation Trustee, on the one hand, and the holder of a Disputed Claim, on the other hand, no partial payments and no partial Distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

6.6 ***Delivery of Distributions in General.*** Except as otherwise provided in this Plan, Distributions to holders of Allowed Claims shall be made to holders of record as of the Distribution Record Date by the Litigation Trustee, including the Distribution to the Trustee of the Net Sale Proceeds as provided in this Plan. Distributions to holders of Allowed Claims will be made at the address of each such holder as set forth in the Debtors' books and records, except that, in the case of holders of the Original Bonds, Distributions will be made by means of book-entry exchange through the facilities of the Depository Trust Company in accordance with the customary practices of the Depository Trust Company, as and to the extent practicable. Distributions under this Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like legal process, so that each holder of an Allowed Claim shall have and receive the benefit of the Distributions in the manner set forth in this Plan. The Litigation Trustee shall not incur any liability whatsoever on account of any Distributions under this Plan except for gross negligence, willful misconduct, or fraud.

6.7 ***Undeliverable Distributions and Unclaimed Property.*** If any Distribution to any holder is returned as undeliverable, the Litigation Trustee shall use reasonable efforts to determine the current address of such holder. No Distribution to such holder shall be made unless and until the Litigation Trustee has determined such holder's then current address, at which time such Distribution shall be made as soon as practicable; *provided, however*, that such Distributions shall be deemed unclaimed property under Bankruptcy Code section 347(b) and forfeited at the expiration of six months from the later of (i) the Effective Date and (ii) the date of the initial attempted Distribution. After such date, all "unclaimed property" or interests in property shall revert to the Litigation Trust (notwithstanding any applicable federal or state escheat or abandoned or unclaimed property laws to the contrary), and the Claim of any holder to such property shall be discharged and forever barred.

6.8 ***Withholding and Reporting Requirements.*** In connection with this Plan and all instruments issued in connection therewith, the Litigation Trustee shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing

authority, and all Distributions under this Plan shall be subject to any such withholding or reporting requirements.

6.9 **Setoffs.** Except as otherwise provided herein and subject to applicable law, the Debtors shall, pursuant to the Bankruptcy Code (including Bankruptcy Code section 553), applicable non-bankruptcy law, or as may be agreed to by the holder of a Claim, setoff against any Allowed Claim (which setoff shall be made against the Allowed Claim, not against any Distributions to be made under this Plan with respect to such Allowed Claim), any claims, rights, and Causes of Action of any nature that the Debtors may hold against the holder of such Allowed Claim, to the extent such claims, rights, or Causes of Action against such holder have not been otherwise released, waived, relinquished, exculpated, compromised, or settled on or prior to the Effective Date (whether pursuant to this Plan or otherwise), and any Distribution to which a holder is entitled under this Plan shall be made on account of the Claim, as reduced after application of the setoff described above. In no event shall any holder of a Claim be entitled to setoff any Claim against any claim, right, or Cause of Action of the Debtors unless such holder obtains entry of a Final Order authorizing such setoff or unless such setoff is otherwise agreed to in writing by the Debtors and a holder of a Claim; *provided, that*, where there is no written agreement between the Debtors and a holder of a Claim authorizing such setoff, nothing herein shall prejudice or be deemed to have prejudiced the Debtors' right(s) to assert that any holder's setoff rights were required to have been asserted by motion to the Bankruptcy Court prior to the Effective Date. This Section 6.9 shall not be applicable to any Distributions to be made to or for the benefit of the beneficial holders of the Original Bonds.

6.10 **Insurance Claims.** No Distributions under this Plan shall be made on account of an Allowed Claim until the holder of such Allowed Claim has exhausted all remedies with respect to the Debtors' Insurance Policies. To the extent that one or more of the Debtors' insurers agrees to satisfy in full a Claim, then immediately upon such agreement, such Claim may be expunged without an objection to such Claim having to be filed and without any further notice to, action by, or order or approval of the Bankruptcy Court.

6.11 **Applicability of Insurance Policies.** Except as otherwise provided in this Plan, Distributions to holders of Allowed Claims shall be made in accordance with the provisions of any applicable Insurance Policy. Except as expressly provided in this Plan, nothing contained in this Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Person may hold against any other Person, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

6.12 **Allocation of Distributions Between Principal and Unpaid Interest.** With the exception of any Distributions on account of the Original Bonds, which shall be treated as provided in Class 2 herein (other than the Bond Deficiency Claim), to the extent that any Claim entitled to a Distribution under this Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for U.S. federal income tax purposes, be allocated on the Debtors' books and records to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the accrued but unpaid interest.

6.13 ***Interest on Claims.*** Unless otherwise specifically provided for in this Plan, postpetition interest will not accrue or be paid on Claims, and no Claim holder will be entitled to interest accruing on or after the Petition Date on any Claim. Similarly, unless otherwise specifically provided for in this Plan, postpetition interest will not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

SECTION 7. PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

7.1 ***Prosecution of Objections to Claims.*** The Litigation Trustee shall have the exclusive authority to file, settle, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under this Plan and the Litigation Trust Agreement. From and after the Effective Date, the Litigation Trustee may settle or compromise any Disputed Claim without approval of the Bankruptcy Court, but subject to the terms and conditions of the Litigation Trust Agreement. The Litigation Trustee reserves all rights to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

7.2 ***Allowance of Claims.*** Except as expressly provided in this Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation Order), the Litigation Trustee after the Effective Date will have and retain any and all rights and defenses held by the Debtors with respect to any Claim as of the Petition Date. All Claims of any Person against the Debtors shall be disallowed unless and until such Person pays, in full, the amount it owes the Debtors. For the avoidance of doubt, this section is not applicable to the Trustee or the beneficial holders of the Original Bonds.

7.3 ***Distributions After Allowance.*** As soon as practicable following the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Litigation Trustee shall provide to the holder of such Claim the Distribution (if any) to which such holder is entitled under this Plan, without any interest to be paid on account of such Claim.

7.4 ***Estimation of Claims.*** The Plan Sponsors (before the Effective Date) or the Litigation Trustee (on or after the Effective Date) may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to Bankruptcy Code section 502(c) regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or Person, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Litigation Trustee may elect to pursue any supplemental proceedings to object to any ultimate Distribution on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in this Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, objected to, settled, withdrawn, or resolved by any mechanism approved by the

Bankruptcy Court. This Section of this Plan shall not be applicable to the Trustee or the beneficial holders of the Original Bonds.

SECTION 8. SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

8.1 *Compromise and Settlement of Claims, Interests and Controversies.* Pursuant to Bankruptcy Code section 1123 and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided pursuant to this Plan, the provisions of this Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, including with respect to any challenges to the Bond Claims, or any Distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of this Plan, pursuant to Bankruptcy Code section 363 and Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Litigation Trustee may compromise and settle Claims against the Debtors and Causes of Action against other Persons.

8.2 *Releases by the Debtors.* Pursuant to Bankruptcy Code section 1123(b), as of the Effective Date, and except as otherwise specifically provided in this Plan, the Plan Supplement, or the Confirmation Order, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by this Plan, the Released Parties are deemed released and discharged by the Debtors and the Estates from any and all claims, interests, obligations, rights, suits, damages, Causes of Action, setoffs, recoupments, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that the Debtors, the Estates, or the Released Parties would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest, or other Person, based on or relating to, or in any manner arising from, in whole or in part, any act, omission, transaction, affiliation, event or other circumstance taking place or existing on or before the Effective Date (including before the Petition Date) in connection with or related to the Debtors, or their respective Assets, operations, finances, property and Estates, the Chapter 11 Cases or the negotiation, formulation, or preparation of this Plan, the Disclosure Statement, the Plan Supplement or related agreements, instruments or other documents, the DIP Facility, or the Restructuring Transaction (collectively, the "**Debtor Released Claims**"), other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct including fraud or gross negligence.

8.3 *Releases by Holders of Claims.* As of the Effective Date and except as otherwise specifically provided in this Plan, the Plan Supplement, or the Confirmation Order, for good and valuable consideration, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtors, the Estates, and the Released Parties from any and all claims, interests, obligations, rights, suits,

damages, Causes of Action, setoffs, recoupments, remedies, and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Person would have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' operations, the Debtors' restructuring, the Chapter 11 Cases or the negotiation, formulation, or preparation of this Plan, the Disclosure Statement, the Plan Supplement or related agreements, instruments or other documents, or the DIP Facility (collectively, "**Released Claims**"); for the avoidance of doubt, no claims shall be released against the Non-Released Parties.

8.4 *Exculpation.* UPON THE EFFECTIVE DATE, THE PLAN SPONSORS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THIS PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THIS PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THIS PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THIS PLAN, THE DISTRIBUTION OF PROPERTY UNDER THIS PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; *PROVIDED, THAT* THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); *PROVIDED FURTHER, THAT* EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THIS PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT.

8.5 *Discharge of Claims.* PURSUANT TO BANKRUPTCY CODE SECTION 1141(D), AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE BAR DATE ORDER, IN THIS PLAN, OR IN ANY CONTRACT, INSTRUMENT, OR OTHER AGREEMENT OR DOCUMENT CREATED PURSUANT TO THIS PLAN, THE

DISTRIBUTIONS, RIGHTS, AND TREATMENT THAT ARE PROVIDED IN THIS PLAN SHALL BE IN FULL AND FINAL SATISFACTION, SETTLEMENT, RELEASE, AND DISCHARGE, EFFECTIVE AS OF THE EFFECTIVE DATE, OF ALL CLAIMS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, WHETHER KNOWN OR UNKNOWN, AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THIS PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE, ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THIS PLAN. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN.

8.6 *Injunction.* FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED

Bankruptcy Code sections 105 or 362 or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in this Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays contained in this Plan or the Confirmation Order shall be in full force and effect in accordance with their terms.

8.8 ***Protection Against Discriminatory Treatment.*** Consistent with Bankruptcy Code section 525 and the Supremacy Clause of the U.S. Constitution, all Persons, including Governmental Units, shall not discriminate against the Litigation Trustee or the Purchaser or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, or discriminate with respect to such a grant against, the Litigation Trustee, the Purchaser or another Person with whom the Litigation Trustee or Purchaser have been associated, solely because the Debtors have been debtors under Chapter 11, have been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

8.9 ***Release of Liens.*** Except as otherwise provided in this Plan or any contract, instrument, release, or other agreement or document created pursuant to this Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to this Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Litigation Trustee. For the avoidance of doubt, except as otherwise provided in this Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

SECTION 9. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

9.1 ***Conditions Precedent to Confirmation.*** It shall be a condition precedent to the confirmation of this Plan, such that the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived pursuant to the provisions of this Plan:

- (a) The proposed Confirmation Order shall be in form and substance reasonably satisfactory in all respects to the Plan Sponsors and the Purchaser; and
- (b) This Plan and the Plan Supplement, including any schedules, documents, supplements and exhibits thereto shall be, in form and substance acceptable in all respects to the Plan Sponsors.

9.2 *Conditions Precedent to the Effective Date.* It shall be a condition precedent to the Effective Date that each of the following provisions, terms, and conditions shall have been satisfied or waived pursuant to the provisions of this Plan:

- (a) The Bankruptcy Court shall have entered the Confirmation Order containing findings of fact and conclusions of law satisfactory to the Plan Sponsors and Purchaser, which Confirmation Order shall not be subject to any stay, and which Confirmation Order shall include or provide, among other things:
 - (i) all provisions, terms and conditions of this Plan and related documents are approved; and
 - (ii) all Executory Contracts or Unexpired Leases assumed and assigned by the Debtors during the Chapter 11 Cases including under this Plan shall remain in full force and effect for the benefit of the Purchaser or their assignee(s) notwithstanding any provision in such contract or lease (including those described in Bankruptcy Code sections 365(b)(2) and (f)) that prohibits such assignment or transfer or that enables, permits, or requires termination of such contract or lease;
- (b) The Bankruptcy Court shall have entered a Final Order approving the Disclosure Statement as containing adequate information within the meaning of Bankruptcy Code section 1125;
- (c) On the occurrence of the Effective Date, the conditions to effectiveness of the Sale Transaction shall have been satisfied or waived and the Closing Date has occurred;
- (d) All actions, documents, certificates, and agreements necessary to implement this Plan, including, without limitation, the Asset Purchase Agreement and documents related to the Sale Transaction, shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws;
- (e) All payments and transfers to be made on the Effective Date shall be made or duly provided for;
- (f) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of this Plan shall have been obtained; and
- (g) All other actions, documents and agreements necessary to implement this Plan shall be in form and substance acceptable to the Plan Sponsors, and shall have been effected or executed.

9.3 *Effect of Failure of Conditions.* If the Effective Date does not occur, this Plan shall be null and void in all respects and nothing contained in this Plan or the Disclosure Statement shall: (i) constitute a waiver or release of any claims by the Plan Sponsors or Claims by or against the Debtors; (ii) prejudice in any manner the rights of the Plan Sponsors, the Debtors, any holders of Claims, or any other Person; or (iii) constitute an admission, acknowledgment, offer, or undertaking by the Plan Sponsors or any other Person in any respect.

SECTION 10. MODIFICATION, REVOCATION OR WITHDRAWAL OF THIS PLAN

10.1 *Modification and Amendments.* Except as otherwise specifically provided herein, the Plan Sponsors reserve the right to modify this Plan and seek confirmation consistent with the Bankruptcy Code and, as appropriate, not re-solicit votes on such modified Plan. Subject to certain restrictions and requirements set forth in Bankruptcy Code section 1127 of the and Bankruptcy Rule 3019 and those restrictions on modifications set forth in this Plan, the Plan Sponsors expressly reserve their rights to alter, amend, or modify materially this Plan one or more times, after confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify this Plan or remedy any defect or omission, or reconcile any inconsistencies in this Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of this Plan. For the avoidance of doubt, nothing in this Section 10.1 shall be deemed to supplant or supersede the requirements of Bankruptcy Rule 3019.

10.2 *Effect of Confirmation on Modifications.* Entry of the Confirmation Order shall mean that all modifications or amendments to this Plan occurring after the solicitation thereof are approved pursuant to Bankruptcy Code section 1127(a) and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

10.3 *Revocation or Withdrawal of this Plan.* The Plan Sponsors reserve the right to revoke or withdraw this Plan before the Effective Date. If the Plan Sponsors revoke or withdraw this Plan, or if confirmation does not occur, then: (i) this Plan shall be null and void in all respects, (ii) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of any Executory Contract or Unexpired Lease effected by this Plan, and any document or agreement executed pursuant to this Plan, shall be deemed null and void, and (iii) nothing contained in this Plan shall: (i) constitute a waiver or release of any Claims or Interests; (ii) prejudice in any manner the rights of the Plan Sponsors or any other Person; or (iii) constitute an admission, acknowledgment, offer or undertaking of any sort by the Plan Sponsors or any other Person.

SECTION 11. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases and all matters arising out of or related to the Chapter 11 Cases and this Plan, including, without limitation, jurisdiction to:

- (a) allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims;
- (b) decide and resolve all matters related to the granting and denying, in whole or in part, of any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or this Plan;
- (c) resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which any Debtor is party or with respect to which the Debtors may be liable in any manner and to hear, determine, and, if necessary, liquidate any Claims arising therefrom, including rejection Claims, cure Claims pursuant to Bankruptcy Code section 365, or any other matter related to such Executory Contract or Unexpired Lease, (ii) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed, (iii) the Litigation Trust or Purchaser amending, modifying, or supplementing, after the Effective Date, any Executory Contracts or Unexpired Leases on the list of Executory Contracts and Unexpired Leases to be assumed or rejected, and (iv) any dispute regarding whether a contract or lease is or was executory or unexpired;
- (d) ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;
- (e) adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving the Debtors that may be pending on the Effective Date;
- (f) adjudicate, decide, or resolve any and all matters related to any Cause of Action;
- (g) adjudicate, decide, or resolve any and all matters related to the Asset Purchase Agreement;
- (h) adjudicate, decide, or resolve any and all matters related to Bankruptcy Code section 1141;
- (i) resolve any avoidance or recovery actions under Bankruptcy Code sections 105, 502(d), 542 through 551, and 553;
- (j) resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the consummation of this Plan or any Person's obligations incurred in connection with this Plan;
- (k) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of this Plan;

- (l) resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the discharge, releases, injunctions, exculpations, indemnifications, and other provisions contained in this Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- (m) enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- (n) adjudicate any and all disputes arising from or relating to Distributions under this Plan;
- (o) consider any modifications of this Plan, cure any defect or omission, or reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
- (p) determine requests for the payment of Claims entitled to priority pursuant to Bankruptcy Code section 507;
- (q) hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with this Plan;
- (r) hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- (s) hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;
- (t) enforce all orders previously entered by the Bankruptcy Court;
- (u) hear any other matter not inconsistent with the Bankruptcy Code; and
- (v) enter an order concluding or closing the Chapter 11 Cases.

SECTION 12. MISCELLANEOUS PROVISIONS

12.1 ***Immediate Binding Effect.*** Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of this Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors and any and all holders of Claims or Interests (irrespective of whether such holders of Claims or Interests are deemed to have accepted this Plan), all Persons that are parties to or are subject to the settlements, compromises, releases, exculpation, discharges, and injunctions described in this Plan, each Person acquiring property under this Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

12.2 **Additional Documents.** On or before the Effective Date, the Plan Sponsors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan, subject to the consent of the Trustee. The Debtors and all holders of Claims receiving Distributions pursuant to this Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of this Plan.

12.3 **Dissolution of the Committee.** On the Effective Date, the Committee shall dissolve, and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases.

12.4 **Reservation of Rights.** Except as expressly set forth in this Plan, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of this Plan, any statement or provision contained in this Plan, or any action taken or not taken by the Plan Sponsors or other Person with respect to this Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of the Plan Sponsors or other Person with respect to the holders of Claims or Interests before the Effective Date.

12.5 **Successors and Assigns.** The rights, benefits, and obligations of any Person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, manager, agent, representative, attorney, beneficiary, or guardian, if any, of such Person.

12.6 **Votes Solicited in Good Faith.** Upon entry of the Confirmation Order, the Plan Sponsors will be deemed to have solicited votes on this Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to Bankruptcy Code section 1125(e), the Plan Sponsors and their respective affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of securities offered and sold under this Plan, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on this Plan.

12.7 **Closing of Chapter 11 Cases.** The Litigation Trustee shall, promptly after the full administration of the Chapter 11 Cases, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

12.8 **Notices.** All notices or requests in connection with this Plan shall be in writing and given by mail and email addressed to:

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY, AND POPEO, PC**

Daniel S. Bleck
Eric Blythe
Kaitlin R. Walsh
One Financial Center
Boston, MA 02111
Telephone: (617) 546-6000
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

-and-

HAYNES AND BOONE, LLP

J. Frasher Murphy
Thomas J. Zavala
2323 Victory Avenue, Suite 700
Dallas, TX 75219
Telephone: (214) 651-5000
frasher.murphy@haynesboone.com
tom.zavala@haynesboone.com

All notices and requests to Persons holding any Claim in any Class shall be sent to them at their last known address or to the last known address of their attorney of record in these Chapter 11 Cases. Any such holder of a Claim may designate in writing any other address for purposes of this Section 12.8, which designation will be effective upon receipt by the Debtors.

12.9 **Headings.** The headings used in this Plan are inserted for convenience only and neither constitute a portion of this Plan nor in any manner affect the construction of the provisions of this Plan.

12.10 **Severability.** If, prior to confirmation, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, Impaired, or invalidated by such holding, alteration, or interpretation.

12.11 **Validity and Enforceability.** The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Should any provision in this Plan be determined by the Bankruptcy Court or any

appellate court to be unenforceable following the Effective Date, such determination shall in no way limit the enforceability and operative effect of any and all other provisions of this Plan.

12.12 **Plan Supplement.** Any exhibits or schedules not filed with this Plan may be contained in the Plan Supplement and the Plan Sponsors reserve the right to alter, modify, or amend the Plan Supplement through and to the Confirmation Hearing.

12.13 **Governing Law.** Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Texas, without giving effect to the principles of conflicts of laws, shall govern the rights, obligations, construction, and implementation of this Plan and the restructuring transactions consummated or to be consummated in connection therewith.

12.14 **Request for Confirmation.** The Plan Sponsors request entry of a Confirmation Order under Bankruptcy Code section 1129(a) and, to the extent necessary, Bankruptcy Code section 1129(b).

[Remainder of page intentionally left blank.]

Dated: November 2, 2022

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy

J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
2323 Victory Avenue, Suite 700
Dallas, TX 75219
Telephone: (214) 651-5000
frasher.murphy@haynesboone.com
tom.zavala@haynesboone.com

– and –

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY, AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
Kaitlin R. Walsh (Admitted *Pro Hac Vice*)
One Financial Center
Boston, MA 02111
Telephone: (617) 546-6000
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

Counsel to the Plan Sponsors

Exhibit 1

Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

DATED AS OF NOVEMBER [•], 2022

BY AND BETWEEN

**NORTHWEST SENIOR HOUSING CORPORATION,
A TEXAS NOT-FOR-PROFIT CORPORATION, as Seller**

AND

BAY 9 HOLDINGS LLC or its designee, as Purchaser

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “**Agreement**”) is made and entered into as of November [•], 2022 (the “**Execution Date**”), by and between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**” or the “**Debtor**”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”). The Seller and the Purchaser are sometimes individually referred to as a “**Party**” and collectively as the “**Parties.**”

RECITALS

WHEREAS, Seller has filed a voluntary petition for relief under the Bankruptcy Code as Case Number 22-30659 (the “**Chapter 11 Case**”) with the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”);

WHEREAS, Seller is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community (the “**Edgemere Community**”) on land owned by Intercity Investments Properties, Inc. (the “**Landlord**”) located at 8523 Thackery St, Dallas, Texas 75225 and leased to Seller pursuant to that certain Ground Lease dated November 5, 1999 (the “**Ground Lease**”). The Edgemere Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

WHEREAS, UMB Bank, N.A., in its capacity as successor Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture (the “**Trustee**”) and in its capacity as DIP Lender (as defined below) (UMB Bank, N.A. in each such capacity, collectively, the “**Plan Sponsors**”), have filed a proposed a Plan of Reorganization under Chapter 11 of the Bankruptcy Code (including all related supplements and documents, the “**Plan**”) that contemplates the sale of the Edgemere Community and related assets to Purchaser, or another purchaser that submits a higher and better offer for the assets in accordance with the Sale Transaction Procedures (as defined below);

WHEREAS, Purchaser desires to acquire the Edgemere Community, including Edgemere’s leasehold interest in the Premises (as defined below) created by the Ground Lease, and the assets owned by Seller and used or useful to Seller’s operation of the Edgemere Community (the “**Business**”, and, together with Seller’s interests in the Ground Lease, the “**Assets**”) on the terms and conditions contained in this Agreement, subject to higher and better bids, as well as confirmation of the Plan;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Defined Terms. As used herein, the following terms have the meanings set forth below:

“**2015 Bond Indenture**” means that certain Indenture of Trust, dated May 1, 2015, by and between the Issuer and the Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2015 Bonds were issued.

“**2017 Bond Indenture**” means that certain Indenture of Trust, dated March 1, 2017, between the Issuer and Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2017 Bonds were issued.

“**Accounts Receivable**” means all accounts, accounts receivable, contractual rights to payment, notes, notes receivable, negotiable instruments, chattel paper, and vendor and supplier rebates of Seller in connection with, or relating to, the Business other than intercompany obligations by and among Seller, Lifespace and any Affiliates thereof.

“**Accrued PTO**” means accrued but unused paid time off (including any sick time) for each employee as of the Closing Date.

“**Action**” means any action, claim, proceeding, litigation, arbitration, mediation, suit, investigation or regulatory inquiry (whether civil, criminal, administrative or judicial), or any appeal therefrom or any material demand letter threatening the initiation of any of the foregoing, including, but not limited to, the Landlord Litigation and any all causes of action arising from Chapter 5 of the Bankruptcy Code.

“**Affiliate**” shall mean, as to the entity in question, any person or entity that directly or indirectly controls, is controlled by or is under common control with, the entity in question and the term “**control**” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity whether through ownership of voting securities, by contract or otherwise. For the avoidance of doubt, Lifespace shall not be deemed an affiliate of the Seller at the time of Closing.

“**Agreement**” has the meaning set forth in the recitals.

“**Alternative Transaction**” has the meaning set forth in Section 7.1(f).

“**Approvals**” means all consents and approvals from any Governmental Authority, including without limitation any Governmental Authority with regulatory oversight of healthcare organizations, which are necessary for the transfer of the Purchased Assets or the operation of the Business.

“**Assets**” has the meaning set forth in the recitals.

“**Assumed Contracts**” means all of the rights and interests of Seller in and to the executory contracts and unexpired leases that Purchaser designates for assumption and assignment, as listed on Schedule 5.5(b) (as may be supplemented or modified prior to Closing), but explicitly excluding all of the Residency Agreements and the Residency Escrow Agreement.

“**Assumed Liabilities**” has the meaning set forth in Section 2.3.

“**Assignment and Assumption Agreement**” has the meaning set forth in Section 2.8(a)(ii) and substantially in the form set forth in **Exhibit B** hereto.

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy”, as now in effect.

“**Bankruptcy Court**” has the meaning set forth in the recitals.

“**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure as now in effect.

“**Bidding Procedures Motion**” means that certain motion filed by the Plan Sponsors on November 2, 2022 seeking Bankruptcy Court approval of the bidding procedures attached thereto and this Agreement, and granting related relief.

“**Bidding Procedures Order**” means that certain order of the Bankruptcy Court dated [•], 2022 granting the relief sought in the Bidding Procedures Motion.

“**Bills of Sale**” has the meaning set forth in Section 2.8(a)(i) and substantially in the form set forth in **Exhibit A** hereto.

“**Bond Trustee**” means UMB Bank, N.A., in its capacity as successor Bond Trustee under (i) that certain Indenture of Trust, dated as of May 1, 2015 and (ii) that certain Indenture of Trust, dated March 1, 2017, each issued by the Tarrant County Cultural Education Facilities Finance Corporation for the benefit of the Seller.

“**Books and Records**” means the books and records of Seller relating to the Purchased Assets, to the greatest extent assignable; provided, however, that “Books and Records” shall not include the originals of Seller’s minute books, stock books and Tax returns.

“**Break-Up Fee**” has the meaning set forth in Section 7.1(f).

“**Business**” has the meaning set forth in the recitals.

“**Business Day**” means any day other than any Saturday, Sunday or legal holiday in Dallas, Texas.

“**Chapter 11 Case**” has the meaning set forth in the recitals.

“**Closing**” has the meaning set forth in Section 2.7.

“**Closing Date**” has the meaning set forth in Section 2.7.

“**Closing Escrow**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Agent**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Amount**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Objection**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Release Date**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Release Notice**” has the meaning set forth in Section 2.5(h).

“**Closing Statement**” has the meaning set forth in Section 2.8.

“**Confirmation Order**” means the order of the Bankruptcy Court in form and substance acceptable to the Plan Sponsors and Purchaser, confirming the Plan and approving the Sale pursuant to section 1129 of the Bankruptcy Code.

“**Contract Party**” has the meaning set forth in Section 5.5.

“**Cure Amounts**” means the amount necessary pursuant to 11 U.S.C. § 365 to cure defaults under Assumed Contracts.

“**Debtor**” has the meaning set forth in the recitals.

“**Deposit**” has the meaning set forth in Section 2.5(b) and shall include any interest earned thereon.

“**DIP Credit Agreement**” means that certain Priming Superpriority Debtor-in-Possession Credit Agreement between the Debtors and the DIP Lender as approved by the Bankruptcy Court.

“**DIP Lender**” means UMB Bank, N.A., in its capacity as lender under the DIP Credit Agreement.

“**Edgemere Community**” has the meaning set forth in the recitals.

“**Effective Time**” has the meaning set forth in Section 2.7.

“**Encumbrance**” means any charge, claim (as defined at Bankruptcy Code section 101(5)), community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, transfer, receipt of income or exercise of any other attribute of ownership.

“**Equipment**” means the furniture, tangible property and equipment owned by Seller and used or useful to the Business, including the property identified on Schedule 1(w).

“**Escrow Agent**” means UMB Bank, N.A.

“**Escrow Deposit Agreement**” means that certain agreement between Purchaser, Seller and Escrow Agent substantially in the form set forth in **Exhibit G** hereto.

“**Excluded Assets**” has the meaning set forth in Section 2.2.

“**Excluded Contracts**” has the meaning set forth in Section 5.5(b).

“**Execution Date**” has the meaning set forth in the recitals.

“**Existing Improvements**” shall have the meaning set forth in the Ground Lease.

“**Expense Reimbursement**” has the meaning set forth in Section 7.1(f).

“**Final Order**” means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Case that has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending and stayed, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought and a stay of the order or judgment has been granted, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, to petition for certiorari, or to move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rules 9023 or 9024, may be filed relating to such order shall not cause such order to not be a Final Order.

“**Governmental Authority**” means the Bankruptcy Court, any tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision.

“**Ground Lease**” has the meaning set forth in the recitals.

“**Ground Lease Assignment and Assumption Agreement**” has the meaning set forth in Section 2.8(a)(iii) and substantially in the form set forth in **Exhibit C** hereto.

“**Intangible Personal Property**” means all intangible property rights related to the Businesses or the Premises, including any warranties and guaranties, zoning approvals, building permits, and systems used or useful to the Business. .

“**Intellectual Property**” means all intellectual property and industrial property rights and assets, and any other similar or equivalent type of proprietary right or intellectual property right anywhere in the world, and all rights to sue, obtain damages or other remedies, including for past, present, and future infringement or misappropriation, and other administrative rights arising from or relating to any of the foregoing, and any interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, fictitious names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all

registrations, applications and renewals for, any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or governmental authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights; (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (e) patents (including all reissues, divisional, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other governmental-authority-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models); (f) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation; (g) semiconductor chips and mask works; (h) royalties, fees, income, payments and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and (i) all rights to any Actions of any nature available to or being pursued by Seller to the extent related to the foregoing, whether accruing before, on, or after the Execution Date, including all rights to and claims for damages, restitution and injunctive relief for infringement, dilution, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief, and to collect, or otherwise recover, any such damages.

“Intellectual Property Assets” means all Intellectual Property that is owned or licensed by Seller, to the greatest extent assignable, and used or useful to the Business. Intellectual Property Assets shall exclude computer software used by Seller in operation of the Assets which Seller has no right to sell, including computer software which can be purchased through retail outlets, and Matrix software used by Seller for minimum data set tabulation.

“Intellectual Property Assignment and Assumption Agreement” has the meaning set forth in Section 2.8(a)(iv) and substantially in the form set forth in **Exhibit D** hereto.

“Intellectual Property Registrations” means all Intellectual Property Assets that are subject to any issuance, registration, application, or other filing by, to or with any governmental authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

“Inventory” means all Seller's inventory used or useful to the Business.

“Issuer” means Tarrant County Cultural Education Facilities Finance Corporation.

“IT Assets” means IT Inventories, technical documentation, software contracts and computer equipment, in each case related to the Business.

“IT Inventories” means (i) computer software code (in all media) and materials, including all software programs; (ii) computer software documentation, including user materials;

and (iii) all other unused or reusable materials, stores, and supplies related to computer software, in each case to the extent used in, relating to, or arising out of the Business

“**Land**” shall have the meaning set forth in the Ground Lease.

“**Landlord**” has the meaning set forth in the recitals.

“**Landlord Litigation**” means that certain adversary proceeding commenced in the Bankruptcy Court on April 14, 2022 (Adv. No. 22-03040-mvl) and captioned *Northwest Senior Housing Corporation v. Intercity Investment Properties, Inc., et al.*

“**Liabilities**” means liabilities, obligations, or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute, or contingent, accrued or unaccrued, matured or unmatured or otherwise.

“**Lien**” shall have the meaning set forth in section 101(37) of the Bankruptcy Code, including any security interest, pledge, mortgage, lien, charge, adverse claim of ownership or use, restriction on transfer (such as a right of first refusal or other similar right), defect of title, encroachments, or other encumbrance of any kind or character.

“**Lifespace**” shall mean Lifespace Communities, Inc.

“**MAC**” shall mean either (i) if there has been a reduction of seventeen and a half percent (17.5%) or more, for any reason, when comparing the occupancy for independent living, memory care, and assisted living Residents, collectively, in the Edgemere Community during the month in which the Execution Date occurs to the monthly occupancy for such Residents over any one month period from the Execution Date to the Closing Date or (ii) the loss, revocation, or termination of any Permits necessary or material to operate the Business in the manner operated on the Execution Date, or the cessation of any material part of the Business.

“**Medicare**” means Title XVIII of the Social Security Act.

“**Modified Residency Agreement**” has the meaning set forth in Section 5.5(d).

“**Necessary Consent**” has the meaning set forth in Section 5.5(c).

“**Original Master Indenture**” means that certain Amended and Restated Master Trust Indenture, Deed of Trust and Security Agreement, dated November 15, 1999 and effective as of April 1, 2006, by and between the Obligated Group and JP Morgan Chase Bank, National Association, as initial master trustee and UMB Bank, N.A., as successor Master Trustee, as supplemented by that certain Supplemental Indenture Number 6, dated March 1, 2017, which shall be further amended on and after the Effective Date.

“**Outside Closing Date**” has the meaning set forth in Section 2.7.

“**Permits**” means to the greatest extent transferrable, all licenses, permits (including occupancy permits), certificates, registrations, approvals, franchises, consents and other

authorizations of Seller obtained from or filed with a Governmental Authority and used or useful to the Business, including Seller's Medicare provider agreements.

"Permitted Liens" means (i) statutory Liens for Taxes, assessments or other governmental charges not yet due and payable, (ii) workers', repairers', landlords' and similar Liens which arose or were incurred in the ordinary course of business and which secure obligations which are not yet due and payable and which do not exceed \$10,000 in the aggregate, (iii) Liens which are expressly assumed or consented to by Purchaser herein (including, without limitation, liens included in the Assumed Liabilities), (iv) Liens which are created by Purchaser, (v) easements, restrictions, covenants, and all other matters of record and legal highways with respect to the Premises, and (vi) matters which would be shown on an accurate survey of the Premises.

"Person" means any natural person, corporation, limited liability company, general partnership, limited partnership, sole proprietorship, trust, union, association, Governmental Authority or other business organization.

"Plan" has the meaning set forth in the recitals.

"Plan Sponsors" has the meaning set forth in the recitals.

"Premises" has the meaning set forth in the Ground Lease, consisting of, without limitation, approximately 16.2 acres of land located in Dallas, Texas.

"Proration Time" means 12:01 on the Closing Date.

"Purchase Price" has the meaning set forth in Section 2.5(a).

"Purchased Assets" has the meaning set forth in Section 2.1.

"Purchaser" has the meaning set forth in the recitals.

"Purchaser Closing Certificate" has the meaning set forth in Section 6.3(e) and substantially in the form set forth in **Exhibit F** hereto.

"Rejected Contracts" has the meaning set forth in Section 5.5(b).

"Related Agreements" means the Bill of Sale, the Assignment Assumption Agreement, Ground Lease Assumption Agreement, the Intellectual Property Assignment and Assumption Agreement, and other agreements, documents, and instruments related to the transactions contemplated herein.

"Residency Agreements" means those certain agreements entered into by and between any Resident and the Seller, including all independent living residency agreements, assisted living residency agreements, life care agreements, skilled nursing residency agreements, memory care agreements, and any additional documents related thereto, including any amendments, supplements, or addendums.

- (a) the Ground Lease;
- (b) all of Seller's interest in the Land and Existing Improvements pursuant to the Ground Lease;
- (c) the Accounts Receivable;
- (d) the Books and Records;
- (e) the Equipment;
- (f) the Inventory;
- (g) to the greatest extent transferable under applicable law, the Permits, including Seller's Medicare provider agreement;
- (h) the Intellectual Property Assets;
- (i) the Tangible Personal Property, only to the extent assignable;
- (j) the Intangible Personal Property;
- (k) the IT Assets;
- (l) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums, and fees which pertain to the Purchased Assets and are not Excluded Assets;
- (m) Seller's attorney-client and work-product privileges which pertain to the Purchased Assets; and
- (n) the Assumed Contracts.

2.2 Excluded Assets. Notwithstanding Section 2.1, the Parties acknowledge that Seller shall not sell, assign, transfer or convey to Purchaser, and Purchaser shall not purchase, acquire or accept from Seller, the assets consisting of the following (all such assets, the "**Excluded Assets**"):

- (a) the Purchase Price and all rights under this Agreement and the Related Agreements;
- (b) all cash and cash equivalents;
- (c) the contracts that are not Assumed Contracts (including the Residency Agreements and the Residency Escrow Agreement, which, for the avoidance of doubt, are Rejected Contracts);

- (d) all set-off rights to claims filed or asserted in the Chapter 11 Case (except to the extent arising in connection with (i) an Assumed Contract which is subject to cure, (ii) Assumed Liabilities, or (iii) Accounts Receivable);
- (e) all Actions;
- (f) all intercompany-related obligations between and among Lifespace, the Seller and their respective Affiliates;
- (g) hold-backs and escrows for any prorations or Taxes (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing) being paid by Seller in connection with the Closing or afterward, if applicable;
- (h) all insurance policies of Seller, any prepaid insurance premiums and any rights or claims or proceeds arising from such policies;
- (i) all Tax refunds and rebates which are related to Seller's operation of the Business prior to the Closing;
- (j) all (i) corporate seals, corporate organizational records, minute books, charter documents, record books, and stock transfer books pertaining to Seller, (ii) original Tax, accounting and financial records which pertain exclusively to the Excluded Assets, and (iii) such other files, books and records which pertain exclusively to the Excluded Assets or to the formation, existence or capitalization of Seller or of any other Person;
- (k) all Inventory and Assets disposed of or exhausted prior to Closing in the ordinary course of business;
- (l) any records which Seller is legally required to retain in its possession and any records related to Excluded Assets or Excluded Liabilities (as hereinafter defined);
- (m) all equipment and tangible property located at the Premises but not owned by Seller, and all other assets, properties and rights not related to or used in the Business;
- (n) personnel records for Employees who are not Transferred Employees and, to the extent the transfer of such records (whether directly or by means of the sale of the Purchased Assets) to Purchaser or its affiliates is prohibited by applicable Law, for Transferred Employees;
- (o) all board designated, self-insurance trusts, workers compensation trusts, working capital trust assets, and assets and investments restricted as to use), donor restricted assets, beneficial interests in charitable trusts and accrued earnings on all of the foregoing;
- (p) Employee Retention Tax Credit on qualified wages for the period from March 27, 2020 to December 31, 2021 provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT), the Consolidated Appropriations Act, 2021 (CAA), and the American Rescue Plan Act (ARPA); and

(q) any reserve or bond funds in possession of the Trustee, including, without limitation, any restricted and trustee-held or other escrowed funds (such as the debt service reserves, operating reserves and rent reserves).

2.3 Assumed Liabilities. Upon the terms and subject to the conditions contained in this Agreement, at the Closing, Purchaser shall assume or otherwise be responsible for, which amounts shall be in addition to the Purchase Price, for (collectively, the “**Assumed Liabilities**”):

(a) all liabilities and obligations under the Purchased Assets accruing or arising after the Closing (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing) and all Cure Amounts associated with the Assumed Contracts (other than the Ground Lease for which the Cure Amounts, if any, shall be paid by Seller at Closing);

(b) all liabilities and obligations arising under or related to the Assumed Contracts, from and after Closing; and

(c) all liabilities required to be paid by Purchaser pursuant to this Agreement (such as, without limitation, stamp and recording Tax, solely to the extent not exempt under 11 U.S.C. § 1146).

2.4 Excluded Liabilities. Except for the Assumed Liabilities, Purchaser shall not assume or be liable to pay, perform or discharge any liability, obligation, debt, claim against or contract of the Seller or any of its Affiliates which, in any case, pertain to the ownership, operation or conduct of the Business or the ownership of the Purchased Assets prior to the Closing Date, at any time existing or asserted, whether or not accrued, fixed, contingent or otherwise, whether known or unknown, and whether or not recorded on the books and records of Seller or any of its Affiliates. Without limiting the generality of the foregoing, the Excluded Liabilities shall include, but not be limited to, the following:

(a) any liabilities with respect to the transactions contemplated hereunder arising under the federal Worker Adjustment and Retraining Notification Act and any similar foreign, state, or local plant closing or collective dismissal Laws (collectively, the “WARN Act”);

(b) any Liability for Taxes of Seller (or any member or affiliate of Seller) or relating to the Business, the Purchased Assets, or the Assumed Liabilities for any accruing or arising prior to the Closing (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing);

(c) any Liabilities relating to or arising out of the Excluded Assets, whether arising prior to, or from and after the Closing,

(d) any Liabilities related to or arising out of any Rejected Contracts, Accrued PTO, or any pension, deferred compensation or retirement plan, whether arising prior to, or from and after the Closing;

(e) any Liabilities in respect of any pending or threatened Action arising out of, relating to or otherwise in respect of the ownership or operation of the Business or the Purchased Assets to the extent such Action relates to such operation on or prior to the Closing Date; and

(f) any liabilities related to cost report settlements, fines, penalties, overpayments or recoupments.

2.5 Closing Proceedings.

(a) The Purchase Price under this Agreement is Forty Eight Million and Five Hundred Thousand Dollars (\$48,500,000.00) (“**Purchase Price**”), as adjusted in accordance with this Section 2.5.

(b) Upon the entry of the Bidding Procedures Order by the Bankruptcy Court, Two Million and Four Hundred Thousand Dollars (\$2,425,000) (the “**Deposit**”) shall be paid to Escrow Agent, which will be held by Escrow Agent in accordance with the terms and conditions of this Agreement, the Escrow Deposit Agreement substantially in the form set forth in **Exhibit G** hereto, the Bidding Procedures Order and further orders of the Bankruptcy Court which have been reviewed and approved by the Purchaser. The Deposit will be credited against the Purchase Price at Closing, subject to Section 2.5(c), or, in the event an Alternative Transaction is consummated, returned to Purchaser in accordance with the terms of this Agreement.

(c) Notwithstanding anything to the contrary contained herein, if the Closing does not occur, the Deposit, including any interest earned thereon, shall be paid to the party entitled thereto pursuant to the terms of this Agreement.

(d) At the Closing, Purchaser shall assume the Assumed Liabilities (which shall be in addition to, and not a credit against, the Purchase Price), *provided, however*, with regard to Assumed Contracts other than the Ground Lease, the Purchaser shall pay to each Contract Party any Cure Amounts, in cash, by wire transfer of immediately available funds, necessary to assume and assign any Assumed Contract, at such time as may be designated by the Court in the Confirmation Order; *provided, further, however*, the Seller shall pay any Cure Amounts due in connection with the Ground Lease to permit the assumption and assignment of the Ground Lease to Purchaser free and clear of any Encumbrances and Liens effective as of the Closing Date.

(e) At the Closing, Purchaser shall pay all escrow fees, recording costs or fees, transfer Taxes (if applicable), and conveyance fees (if applicable). The provisions of this Section 2.5(e) shall survive the Closing.

(f) At the Closing, payment of the Purchase Price, minus the Deposit (and any interest earned thereon) and plus or minus prorations or adjustments as set forth herein, shall be paid by the Purchaser by wire transfer to Escrow Agent.

(g) At the Closing, the Parties will execute and deliver the Related Agreements.

(h) At the Closing, \$1,500,000 of the Purchase Price (the “**Closing Escrow Amount**”) shall be deposited into an escrow account (the “**Closing Escrow**”) with an independent escrow agent acceptable to the Plan Sponsors (the “**Closing Escrow Agent**”) upon terms and conditions consistent with this section. On or prior to the Closing Escrow Release Date (defined below), any portion of the Closing Escrow Amount shall only be released to Purchaser from the Closing Escrow upon fourteen (14) days’ notice by Purchaser to Closing Escrow Agent and Plan Sponsors for release of the amount (only up to the available Closing Escrow Amount) credited by

Medicare/CMS payor pursuant to a notice of recoupment or setoff against the Purchaser's post-Closing Medicare Accounts Receivable on account of pre-Closing Medicare/CMS payor overpayments on Seller's Accounts Receivable (each, a "**Closing Escrow Release Notice**"). The Plan Sponsors may assert any objection to a Closing Escrow Release Notice on or before seven (7) days from receipt of a Closing Escrow Release Notice (each, a "**Closing Escrow Objection**"). The Plan Sponsors and Purchaser shall meet and confer in good faith to discuss the Closing Escrow Objection. To the extent the Plan Sponsors fail to reach an agreement with Purchaser and continue(s) all or part of the Closing Escrow Objections, the Plan Sponsors shall (a) provide instruction to the escrow agent to release any undisputed amounts from the Closing Escrow (up to the available Closing Escrow Amount), and (b) seek further order of the Bankruptcy Court to resolve the Closing Escrow Objection. Upon the later of (i) the one (1) year anniversary of the Closing Date, or (ii) resolution of any payment audit relating to Seller's pre-Closing Medicare payments or Accounts Receivable that is pending at or initiated prior to the one (1) year anniversary of the Closing (the "**Closing Escrow Release Date**"), any remaining and undisputed Closing Escrow Amount shall be paid to Plan Sponsors as proceeds from the Sale, with any disputed remaining amounts being disbursed upon final resolution of any then pending Closing Escrow Objections.

2.6 Prorations. The following items shall be prorated as of the Proration Time and paid or credited at Closing, as shall be set forth on the Closing Statement. In the event any amounts at Closing cannot be accurately determined, such amounts shall be estimated and adjusted as promptly as practicable thereafter but in no event later than sixty (60) days after the Closing Date. Seller shall be responsible for such items prior to the Proration Time and Purchaser shall be responsible for such items after the Proration Time.

(a) All state, county, city, school, ad valorem, and other local real and personal property taxes and assessments and business personal property taxes relating to or assessed against the Purchased Assets shall be prorated as of the Proration Time.

(b) To the extent all utilities and other periodic charges cannot be changed to Purchaser's designee's account by the Closing Date, the same shall be prorated as of the Proration Time.

(c) Seller shall credit to Purchaser at Closing a pro-rata portion of the payments received by Seller for residents and patients, as well as other services to be provided after the Proration Time. Seller shall be credited at Closing with all prepayments made by Seller for services relating to Purchased Assets to be provided after the Proration Time (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing).

(d) Provider taxes, privilege taxes or so-called bed taxes or similar taxes or fees (howsoever designated) shall be prorated as of the Proration Time.

2.7 Time and Place of Closing. Subject to the terms of this Agreement, the closing of the transactions contemplated hereby (the "**Closing**") shall be held by electronic exchange of executed documents (or, if the parties elect to hold a physical Closing, at the offices of the Plan Sponsors' legal counsel at Haynes and Boone, LLP, 2323 Victory Avenue, Suite 700, Dallas, Texas 75219), prior to the close of business on a date which is not later than ten (10) days after all

of the conditions to Closing set forth in Article VI are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) (the “**Closing Date**”), but in no event later than forty-five (45) days after the entry of the Confirmation Order so long as an operation transition agreement is in place that enables Purchaser to operate the Business in the manner Seller was operating the Business as of the Execution Date (the “**Outside Closing Date**”) (unless otherwise mutually agreed by the Parties). The transactions contemplated hereby shall take place pursuant to, and in accordance with, the terms and conditions hereof. The Closing shall be effective as of 11:59 p.m. on the Closing Date or such other date and time as the parties may agree in writing (the “**Effective Time**”).

2.8 Closing Deliverables.

(a) At the Closing, Seller shall deliver to Purchaser or its designees the following:

(i) bills of sale in the form of **Exhibit A** (the “**Bills of Sale**”) duly executed by Seller, transferring the Existing Improvements, the Intellectual Property Assets, the Intangible Personal Property the Tangible Personal Property, and the IT Assets to Purchaser or its designees;

(ii) assignment and assumption agreements in the form of **Exhibit B** (the “**Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Assumed Contracts (other than the Ground Lease);

(iii) assignment and assumption agreement in the form of **Exhibit C** (“**Ground Lease Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Ground Lease;

(iv) assignment and assumption agreements in the form of **Exhibit D** (the “**Intellectual Property Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Intellectual Property Assets;

(v) a closing certificate duly executed by Seller in the form of **Exhibit E** (the “**Seller Closing Certificate**”);

(vi) a closing statement setting forth all prorations and adjustments (the “**Closing Statement**”);

(vii) a certified copy of the Confirmation Order;

(viii) physical possession of the Purchased Assets, including, without limitation, all access codes and keys to the Edgemere Community and Premises and all other things reasonably necessary in order for Purchaser to commence Business;

(ix) upon approval of the Bankruptcy Court, evidence of assumption of the Ground Lease; and

(x) all other documents and instruments contemplated to be delivered by Seller pursuant to this Agreement.

(b) At the Closing, Purchaser and/or its designees shall deliver to Seller the following:

(i) the Assignment and Assumption Agreements duly executed by Purchaser or its designees;

(ii) a closing certificate duly executed by the Purchaser in the form of **Exhibit F** (the “**Purchaser Closing Certificate**”);

(iii) the Closing Statement duly executed by Purchaser; and

(iv) all other documents and instruments contemplated to be delivered by Purchaser pursuant to this Agreement.

(c) On the Closing Date, Purchaser shall cause the Escrow Agent to deliver the Deposit to Seller and shall transfer to Seller the balance of the Purchase Price, less the \$1,500,000 escrow as described in Section 2.5(h).

2.9 Purchase Price Allocation. Purchaser shall allocate the Purchase Price (together with Assumed Liabilities properly included, if any) among the Purchased Assets in a manner consistent with the fair market values determined in good faith and on a reasonable basis by Purchaser prior to the Closing Date. Such allocation shall be consistent with Section 1060 of the Internal Revenue Code and the Treasury Regulations thereunder. Purchaser and Seller covenant and agree that all filings with Governmental Authorities regarding Taxes will be consistent with such allocation.

2.10 Casualty and Condemnation. If any material part of the Purchased Assets is condemned, damaged or destroyed (whether by fire, theft, or other casualty event) prior to the Closing, Seller shall immediately notify Purchaser of such condemnation, damage or destruction. In the event Seller’s reasonable estimate of such damage or destruction is in excess of \$2,500,000.00 (“**Threshold**”), then Purchaser shall have the option to: (x) terminate this Agreement by written notice delivered to Seller within ten (10) days after Purchaser’s receipt of notice of such damage or destruction, in which case the Deposit shall be returned to Purchaser and the Parties shall have no further obligations hereunder, or (y) proceed with the transaction contemplated in this Agreement without abatement of the Purchase Price, in which case (i) all insurance proceeds relating to such damage or casualty shall be deemed to have been absolutely and irrevocably assigned to and be payable directly to Purchaser from and after the Closing (and held by the Seller in trust for the Purchaser if received prior to the Closing), less any amounts reasonably expended by Seller with the written consent of the Purchaser prior to Closing, (ii) Purchaser shall have the right to conduct all settlement proceedings with respect to such insurance claims, and (iii) Seller shall deliver to Purchaser through escrow an unconditional assignment of all such insurance proceeds. If prior to Closing a material portion, but not all of the

Premises, is taken through any power of eminent domain, whether by condemnation or conveyance in lieu of condemnation, Seller shall promptly provide Purchaser written notice of such action and Purchaser shall have the option before the date of the Closing to terminate this Agreement by written notice to Seller delivered within ten (10) days after receipt of Seller's written notice to Purchaser, and Seller shall promptly return the Deposit to Purchaser in immediately available funds. In order to constitute a "material" portion of the Premises for purposes of this Section 2.10, there must be a decrease in the value of the Premises in excess of the Threshold. If this Agreement is not terminated, Seller shall not be obligated to repair any damage or destruction unless requires by law, regulation or Government Authority. Any documents provided pursuant to this Section shall be provided by the disclosing Party to counsel for the Bond Trustee within one (1) Business Day of such disclosure.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

In order to induce Purchaser to enter into this Agreement, Seller makes the representations and warranties set forth below which are true, correct and complete on the date hereof and shall be true, correct and complete as of the Closing.

3.1 Organization and Qualification of Seller. Seller is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Texas and has full corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as currently conducted.

3.2 Authority, Execution and Delivery. Subject to entry of the Confirmation Order and to the extent limited thereby, Necessary Consents, and the Approvals, Seller has full power, authority and capacity to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, and this Agreement has been duly and validly executed and delivered by Seller and constitutes, and upon the execution and delivery by the Seller of the Related Agreements, the Related Agreements shall constitute, legal, valid and binding obligations of Seller enforceable against Seller in accordance with their terms.

3.3 Broker. Except for the engagement of RBC Capital Markets, LLC, whose fee shall be paid from the proceeds of the sale at Closing, neither Seller nor any of its Affiliates has incurred any liability for any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement that would result in any liability, fee, expense or obligation being imposed on Purchaser.

3.4 Title to Purchased Assets. Seller has good and valid title to all the Purchased Assets. All such Purchased Assets are free and clear of Liens and Encumbrances except for the Permitted Liens.

3.5 Accuracy of Representations and Warranties. All representations and warranties of Seller contained in this Agreement are true and correct as of the Execution Date and shall be true and correct as of the Closing Date.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PURCHASER

In order to induce Seller to enter into this Agreement, Purchaser makes the representations and warranties set forth below which are true, correct and complete on the date hereof and shall be true, correct and complete as of the Closing.

4.1 **Organization.** Purchaser has full power, authority and capacity to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

4.2 **Authority, Execution and Delivery.** This Agreement has been duly and validly executed and delivered by Purchaser and constitutes and, upon the execution and delivery by Purchaser of the Related Agreements, the Related Agreements shall constitute, legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms.

4.3 **Brokers.** Neither Purchaser nor any of its Affiliates has incurred any liability for any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement that would result in any liability, fee, expense or obligation being imposed on Seller.

4.4 **Adequate Funds.** As of the Execution Date, Purchaser has the ability to obtain funds in cash in amounts equal to the Purchase Price and other funds needed to consummate the transaction and will at the Closing have immediately available funds in cash, which are sufficient to pay the Purchase Price and to pay any other amounts payable pursuant to this Agreement and to consummate the transaction contemplated herein.

4.5 **Condition of Assets; Disclaimers.** Purchaser expressly acknowledges and warrants that Purchaser is accepting the Purchased Assets, and taking assignment of the Ground Lease in an "AS IS" "WHERE IS" "WITH ALL FAULTS CONDITION". PURCHASER ACKNOWLEDGES THAT, EXCEPT AS OTHERWISE PROVIDED FOR IN THE REPRESENTATIONS AND WARRANTIES IN ARTICLE 3 OF THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS, WARRANTIES, OR GUARANTEES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PURCHASED ASSETS.

The representations and warranties in this Section 4 shall not survive Closing.

ARTICLE 5

COVENANTS

5.1 **Access to Books and Records.** Seller shall, commencing on the Execution Date, provide reasonable access to Purchaser of all of Seller's assets, books, accounting records, correspondence and files of Seller (to the extent related to the operation of the Assets) for examination by Purchaser (and its representatives), with the right to make copies of such books, records and files or extracts therefrom. Such access will be available to Purchaser during normal business hours, upon reasonable notice, in such manner as will not unreasonably interfere with the

conduct of the Business. Those books, records and files which relate to Seller's assets that are not transferred to Purchaser shall be maintained pursuant to the terms of and in accordance with the Confirmation Order. In addition, from the Execution Date until the Closing Date, Seller shall provide to Purchaser copies of the reports provided to the US Trustee and/or DIP Lender at Section 5.1(a), (c) and (d) of the DIP Credit Agreement [ECF #72] and paragraph 21(ii) of the Final Order approving entry into the DIP Credit Agreement [ECF #421].

5.2 Conduct of Business. From the Execution Date until the Closing Date, except as otherwise contemplated by this Agreement, authorized by the Bankruptcy Court or to the extent Purchaser otherwise consents in writing, and subject to the requirements of the Chapter 11 Case, Seller shall: (i) conduct the Business in the ordinary course, (ii) make no transfers of any Purchased Assets, (iii) use commercially reasonable efforts to maintain and preserve intact the organization and advantageous business relationships of the Business, and (iv) take no action which would materially adversely affect or materially delay the ability of Purchaser to obtain any Approvals for the transactions contemplated hereby or to perform its covenants under this Agreement.

5.3 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, at Purchaser's reasonable request and at the Purchaser's sole cost and expense, the Seller will execute and deliver to Purchaser such other instruments of sale, transfer, conveyance and assignment, provide such materials and information and take such other actions as Purchaser may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, all of the Purchased Assets. Additionally, Purchaser shall undertake all commercially reasonable efforts to obtain Permits and regulatory approvals as are needed to consummate the transaction described in this Agreement, and shall file any necessary applications within fifteen (15) days of entry of the Confirmation Order.

5.4 Employees.

(a) Not more than ten (10) days after the Execution Date, Seller shall provide Purchaser with a list of all employees of Seller working at the Edgemere Community, including, for each listed employee, his or her name, date of hire, job title, full-time/part-time status, exempt/non-exempt status, bonus eligibility, commission eligibility, current compensation and status (*e.g.*, leave of absence, disability, layoff, active, temporary).

(b) As of the Closing Date, Purchaser may, but shall not be obligated to, offer employment to such of the hourly and salaried employees of the Seller in its sole discretion (all such employees that accept the employment offer are collectively, the "**Transferred Employees**"). For the avoidance of doubt, Purchaser shall have no liability to Seller or any Transferred Employee for any accrued and unpaid obligations owing from Seller to such employee.

(c) As of the Closing Date, all such Transferred Employees shall be deemed to be the employees of Purchaser and no longer to be the employees of Seller. Effective as of the Closing, Seller agrees to terminate the employment of all of the Transferred Employees. Seller agrees to use its commercially reasonable efforts to make employment records and other related information reasonably requested by Purchaser available to Purchaser.

(d) Nothing herein, express or implied, shall confer upon any other Persons (including any current or former employee or contractor of Seller, Purchaser or any of their respective Affiliates) any rights or remedies hereunder, including any right to employment or continued employment for any specified period or continued participation in any benefit plan or other benefit plan, or any nature or kind whatsoever under or by reason of this Agreement. Nothing herein restricts or precludes the right of Purchaser to terminate the employment of any Transferred Employee after the Closing Date.

5.5 Assumed and Assigned Contracts.

(a) Cure Process. Purchaser shall pay cash or other acceptable consideration to the third party (or parties) to the applicable Assumed Contract (each, a **“Contract Party”**) in order to cure the monetary defaults and satisfy any pecuniary obligations of Seller (or obtain waivers with respect thereto) with respect to the Business. Notwithstanding anything to the contrary herein, Seller shall pay cash or other acceptable consideration to the Landlord in order to cure the monetary defaults and satisfy any pecuniary obligations of Seller in connection with the Ground Lease, with such consideration to permit the assumption and assignment of the Ground Lease to Purchaser free and clear of any Encumbrances and Liens, effective as of the Closing Date. The Purchaser shall provide adequate assurance of future performance under the Assumed Contracts. Further, Purchaser shall assume all obligations from and after the Closing Date under Assumed Contracts.

(b) Identification of Assumed Contracts. Schedule 5.5(b)(i) identifies all executory contracts and unexpired leases Purchaser wishes to be assumed by Seller and assigned by the Seller to Purchaser at Closing (the **“Assumed Contracts”**). At any time prior to the Closing, Purchaser will have the right to provide written notice to Seller of Purchaser’s election to designate an executory contract or an unexpired lease as an Assumed Contract or as a contract that will not be assumed by Purchaser (such contracts, the **“Excluded Contracts”**). Schedule 5.5(b)(ii) identifies all executory contracts and unexpired leases Purchaser wishes to be Excluded Contracts. Upon such designation of a contract as an Assumed Contract, such contract will constitute a Purchased Asset and will be conveyed to Purchaser under this Agreement at Closing. Upon such designation of a contract as an Excluded Contract, such contract will constitute an Excluded Asset. All executory contracts and unexpired leases that are not Assumed Contracts, including, the Excluded Contracts, shall be deemed to be rejected by Seller under Section 365(a) of the Bankruptcy Code as of the Closing Date (the **“Rejected Contracts”**). For the avoidance of doubt, the Residency Agreements, the Residency Escrow Agreement and the management agreement between the Seller and Lifespace are Rejected Contracts and Excluded Contracts. The Confirmation Order shall provide for the assumption and assignment to Purchaser, effective as of the Effective Time, of any Assumed Contract, and, to the extent not included in a prior order of the Bankruptcy Court, for the rejection, effective as of the Effective Time, of the Rejected Contracts. After the Closing Date, the Seller shall be released from any further liability under such Assumed Contracts as provided for under Sections 365(k) and 1141 of the Bankruptcy Code.

(c) Non-Assignment of Assets. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to assign or transfer and shall not affect the assignment or transfer of any Purchased Asset if (a) notwithstanding the rights and remedies available under the Bankruptcy Code, an attempted assignment thereof,

without the approval, authorization or consent of, or granting or issuance of any license or permit by, any Government Authority thereto would constitute a breach thereof or (b) the Bankruptcy Court shall not have approved assumption and assignment of any Assumed Contract for any reason (each such action in (a) and (b), a “**Necessary Consent**”). In such event, Seller and Purchaser shall use their commercially reasonable efforts, to obtain the Necessary Consents with respect to any such Assumed Contract after the Closing; provided that the failure to obtain any Necessary Consent shall not delay the Closing or give rise to a reduction in the Purchase Price. Nothing in this Section 5.5 shall in any way diminish or enlarge (x) Purchaser’s obligations hereunder to obtain the Approvals, or (y) the Parties’ obligations hereunder to obtain the Necessary Consents.

(d) Modified Residency Agreements. Purchaser will offer all current Residents at the Edgemere Community the option to enter into a new rental agreement which shall provide similar services to each current Resident as offered by Seller prior to Closing, at the then current private pay rate as advertised by Seller, subject to ordinary market adjustments (the “**Modified Residency Agreement**”).

5.6 Cost Reports. Seller shall prepare and file any Medicare cost reports for the Edgemere Community related to the period prior to Closing. Following the Closing, Seller shall be authorized to contact the business office manager or other persons with access to the information at the Edgemere Community during normal business hours in order to obtain information needed to prepare the final Medicare cost reports with respect to claims filed with Medicare for the Facilities prior to the Closing, and Purchaser shall provide Seller with such Edgemere Community records as Seller reasonably requests to complete such final cost reports.

ARTICLE 6

CONDITIONS TO CLOSING

6.1 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No governmental authority shall have enacted, issued, promulgated, enforced, or entered any governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) The Bankruptcy Court shall have entered the Confirmation Order on terms reasonably acceptable to the Parties approving the sale to the Purchaser, and the Confirmation Order shall have become a Final Order.

(c) Purchaser or its designees shall have received all Permits and regulatory approvals that are material to operation of the Purchased Assets as such Purchased Assets are currently owned and operated by Seller.

6.2 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Purchaser's waiver, at or prior to the Closing, of each of the following conditions:

(a) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Related Agreements to be performed or complied with by it prior to or on the Closing Date; provided, with respect to agreements, covenants and conditions that are qualified by materiality, Seller shall have performed such agreements, covenants, and conditions, as so qualified, in all respects.

(b) The representations and warranties of Seller contained in this Agreement, the other Related Agreements and any certificate or other writing delivered pursuant hereto 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) on and as of the Execution Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(c) No injunction or restraining order shall have been issued by any governmental authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) Seller shall have delivered to Purchaser duly executed counterparts to the Related Agreements and such other documents and deliveries set forth in Section 2.8(a).

(e) Purchaser shall have received a certificate, dated the Closing Date, and signed by a duly authorized officer of Seller, that each of the conditions set forth in Section 6.2(a) and Section 6.2(b) have been satisfied (the "**Seller Closing Certificate**").

(f) No MAC has occurred that Purchaser has not waived by written notice to Seller.

6.3 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Seller's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Purchaser contained in this Agreement, the other Related Agreements and any certificate or other writing delivered pursuant hereto 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 or) on and as of the Execution Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Purchaser shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other

Related Agreements to be performed or complied with by it prior to or on the Closing Date; provided, with respect to agreements, covenants and conditions that are qualified by materiality, Purchaser shall have performed such agreements, covenants, and conditions, as so qualified, in all respects.

(c) No injunction or restraining Order shall have been issued by any governmental authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) Purchaser shall have delivered to Seller duly executed counterparts to the Related Agreements (other than this Agreement) and such other documents and deliveries set forth in Section 2.8(b).

(e) Seller shall have received a certificate, dated the Closing Date, and signed by a duly authorized officer of Purchaser, that each of the conditions set forth in Section 6.3(a) and Section 6.3(b) have been satisfied (the “**Purchaser Closing Certificate**”).

(f) Seller shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Purchaser certifying that attached thereto are true and complete copies of all resolutions adopted by the officers of Purchaser authorizing the execution, delivery and performance of this Agreement and the other Related Agreements and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(g) Seller shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Purchaser certifying the names and signatures of the officers of Purchaser authorized to sign this Agreement, the Related Agreements, and the other documents to be delivered hereunder and thereunder.

(h) Purchaser shall have delivered to Seller such other documents or instruments as Seller reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE 7

TERMINATION

7.1 Termination. This Agreement may be terminated, or enforced in accordance with Section 7.2(c), at any time before the Closing by written notice to the applicable Party:

- (a) by mutual written agreement of Purchaser and Seller;
- (b) by Purchaser upon written notice to Seller of Seller’s material breach or default of any provision of this Agreement, which breach or default is not cured (only if capable of curing) within ten (10) Business Days after written notice thereof is received, provided, however, that the Purchaser is not then in material breach or default of this Agreement;

(c) by Seller with consent of Plan Sponsors, upon written notice to Purchaser of Purchaser's material breach or default of any provision of this Agreement, which breach or default is not cured within ten (10) Business Days after written notice thereof is received, provided, however, that the Seller is not then in material breach or default of this Agreement;

(d) by either Purchaser, or Seller with consent of Plan Sponsors, if the sale is not approved by the Bankruptcy Court, or there is an Alternative Transaction;

(e) by Purchaser, or Seller with consent of Plan Sponsors, if the Closing has not occurred by the Outside Closing Date by no fault of the Party terminating; and

(f) by either Purchaser with consent of Plan Sponsors, or Seller, if, prior to Closing, the Confirmation Order, after being entered by the Bankruptcy Court, has subsequently been reversed, revoked, or voided by an order of a court of competent jurisdiction.

(g) by Purchaser if any of the conditions set forth in Section 6.1(c) or 6.2 shall have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Closing Date, unless such failure shall be due to the failure of Purchaser to perform with any of the covenants, agreements or conditions hereof to be performed or complied with prior to the Closing; or

(h) by Seller if any of the conditions set forth in Section 6.3 shall have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Closing Date, unless such failure shall be due to the failure of Seller to perform with any of the covenants, agreements or conditions hereof to be performed or complied with prior to the Closing;

(i) If Seller sells, transfers, leases or otherwise disposes of, directly or indirectly, including through an asset sale, stock sale, merger or other similar transaction, all or substantially all of the Business or the Purchased Assets in a transaction or a series of transactions with one or more Persons other than Purchaser in any circumstance, including in accordance with the Sale Transaction Procedures (such event being an "**Alternative Transaction**"), Seller shall pay to Purchaser, within two (2) Business Days after the consummation of the Alternative Transaction, an amount in cash equal to (i) three percent (3%) of the Purchase Price (the "**Break-Up Fee**") and (ii) Purchaser's actual, out of pocket costs and expenses, not to exceed \$200,000 (the "**Expense Reimbursement**");

(j) by Purchaser if Seller fails to comply with Section 5.1(a), (c) or (d) of the DIP Credit Agreement [ECF #72] or paragraph 21(ii) of the Final Order approving entry into the DIP Credit Agreement [ECF #421] or if there is an Event of Default under Section 8.1 (k), or (l) under the DIP Credit Agreement; or

(k) by Purchaser if the Bidding Procedures Order is not in form and substance acceptable to the Purchaser, which order must include approval of the Break-Up Fee and Expense Reimbursement.

7.2 Remedies.

(a) If the Closing does not occur as a result of an Alternative Transaction, the payment of the Break-Up Fee and the Expense Reimbursement as set forth in Section 7.1(f) shall be Purchaser's sole and exclusive remedy.

(b) Upon termination by Seller in accordance with Section 7.1 due to Purchaser's default or breach, provided the Seller has not defaulted under or breached this Agreement, Purchaser will be deemed to have forfeited the Deposit as liquidated damages. The Parties intend that the remedy in Section 7.2(b) constitutes compensation, and not a penalty and shall be the sole and exclusive remedy to Seller for any such default or breach by Purchaser of this Agreement. The Parties acknowledge and agree that Seller's harm caused by Purchaser's default or breach of this Agreement would be impossible or very difficult to accurately estimate as of the date of this Agreement, and that upon termination due to Purchaser's breach or default pursuant to Section 7.1, the Deposit is a reasonable estimate of the anticipated or actual harm that might arise from such a default or breach.

(c) Upon default or breach by Seller in accordance with Section 7.1, provided the Purchaser has not defaulted under or breached this Agreement, Purchaser shall elect (1) and only one (1) of the following remedies:

(i) Purchaser may terminate this Agreement by written notice given to Seller and Plan Sponsors, in which event the Deposit will be refunded to Purchaser; or

(ii) Purchaser may demand specific performance of this Agreement by Seller and, if necessary, have a right to entry of an order enforcing the terms hereunder.

(d) Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except as set forth in Section 7.2 hereof.

Article 7 shall survive any termination of this Agreement.

ARTICLE 8

MISCELLANEOUS

8.1 Expenses. Except as specifically set forth in this Agreement, the Parties shall bear their own expenses, including, without limitation, fees, disbursements and other costs of any attorneys, accountants and other advisors, in connection with this Agreement, the Related Agreements, and the transactions contemplated hereby and thereby. This Section shall not apply, if the Closing does not occur, to any existing or future litigation, if a right to attorneys' fees and expenses otherwise exists.

8.2 Notices. All notices, requests, demands and other communications made in connection with this Agreement shall be in writing and shall be (a) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, (b) transmitted by hand delivery, (c)

sent by electronic means, or (d) sent by nationally recognized overnight courier for next Business Day delivery, addressed as follows:

Seller:

John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225

With a simultaneous copy to:

Jeremy R. Johnson & Trinitee G. Green
POLSINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

Purchaser:

Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

With a simultaneous copy to:

Adrienne K. Walker
Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

And with a simultaneous copy to counsel for the Plan Sponsors:

Daniel S. Bleck
Eric Blythe
Kaitlin R. Walsh
Mintz Levin Cohn Ferris Glovsky
and Popeo, PC
One Financial Center
Boston, Massachusetts 02111
dsbleck@mintz.com
erblythe@mintz.com

krwalsh@mintz.com

or, in each case, such other address as may be specified in writing to the other Party. All such notices, requests, demands, waivers and other communications shall be deemed to have been received (w) if by first-class, registered or certified mail, on the fifth Business Day after the mailing thereof, (x) if by hand delivery, on the day after such delivery, (y) if by electronic means and the transmitting Party receives a transmission receipt dated the day of transmission, on the same day as the transmission, and (z) if by nationally recognized overnight courier, on the next Business Day after deposit with such courier.

8.3 Amendment; Waivers, Etc. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the Party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the Party granting such waiver in any other respect or at any other time.

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

8.5 Assignment. Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned by either Party without the prior written consent of the other Party, except that Purchaser may assign its rights under this Agreement to an Affiliate.

8.6 Parties in Interest. This Agreement and the Related Agreements shall be binding upon and inure solely to the benefit of the Parties and their successors and permitted assigns, and nothing in this Agreement or any Related Agreement, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature under or by reason of this Agreement or any Related Agreement.

8.7 No Personal Liability. No individual officer, director, employee, manager, agent, or representative shall have personal liable for any of the obligations hereunder or claims of any kind in connection herewith.

8.8 Counterparts; Facsimile Signature. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which shall constitute one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the Parties. Any Party may execute this Agreement by facsimile (or .pdf copy) signature and the other Parties will be entitled to rely upon such facsimile (or .pdf copy) signature as conclusive evidence that this Agreement has been duly executed by such Party.

8.9 Governing Law. Except to the extent inconsistent with the Bankruptcy Code, this Agreement and the Related Agreements shall be governed by and construed and enforced in accordance with the laws of the State of Texas, without regard to its conflicts of law rules.

8.10 Jurisdiction. Each of the Parties agrees that any proceeding brought to enforce the rights or obligations of any Party under this Agreement or any Related Agreement shall be commenced and maintained in the Bankruptcy Court, and the Bankruptcy Court shall have

exclusive jurisdiction over any such proceeding. Each of the Parties consents to the exercise of jurisdiction over it and its properties, in accordance with the terms of this Section, with respect to any proceeding arising out of or in connection with this Agreement, any Related Agreement or the transactions contemplated hereby or thereby, or the enforcement of any rights under this Agreement or any Related Agreement. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDINGS BROUGHT BY ANY OTHER PARTY IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE PROPERTY OR THE RELATIONSHIP OF THE PARTIES HEREUNDER. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING OR EARLIER TERMINATION OF THIS AGREEMENT.

8.11 Severability. If any provision of this Agreement is inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever, so long as this Agreement, taken as a whole, still expresses the material intent of the Parties. The invalidity of any one or more phrases, sentences, clauses, sections or subsections of this Agreement shall not affect the remaining portions of this Agreement.

8.12 Entire Agreement. This Agreement and the Related Agreements constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof. There are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as set forth specifically herein.

8.13 Employees Not Third-Party Beneficiaries. Nothing in this Agreement or the Related Agreements is intended to confer upon any past, present or future employee of Seller or its Affiliates or his or her legal representatives or heirs any rights as a third-party beneficiary or otherwise or any other rights or remedies of any nature or kind whatsoever under or by reason of the transactions contemplated by this Agreement or by the Related Agreements, including, without limitation, any rights of employment, continued employment or any rights under or with respect to any employee benefit, welfare benefit, pension or other fringe benefit plan, fund, program or arrangement.

8.14 Bulk Sales or Transfer Laws. Purchaser hereby waives compliance by Seller with the provisions of the bulk sales or transfer laws of all applicable jurisdictions; it being understood that any Liabilities arising out of the failure of Seller to comply with the requirements and provisions of any bulk sales, bulk transfer or similar laws of any jurisdiction which would not otherwise constitute Assumed Liabilities shall be treated as Excluded Liabilities.

8.15 No Inferences. Inasmuch as this Agreement is the result of negotiations between sophisticated parties of equal bargaining power represented by counsel, no inference in favor of, or against, either party shall be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such party.

8.16 Interpretation. In this Agreement, unless the context otherwise requires: (a) references to this Agreement are references to this Agreement and to the Schedules and Exhibits hereto; (b) references to Articles and Sections are references to articles and sections of this Agreement; (c) references to any party to this Agreement shall include references to its respective successors, its designees, and permitted assigns; (d) references to a judgment shall include references to any order, writ, injunction, decree, determination or award of any court or tribunal; (e) the terms “hereof,” “herein,” “hereby,” and any derivative or similar words will refer to this entire Agreement; (f) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the parties thereof from time to time; (g) references to any law are references to that law as of the Closing Date, unless the context requires otherwise, and shall also refer to all rules and regulations promulgated thereunder, unless the context requires otherwise; (h) the word “including” shall mean including without limitation; and (i) references to time are references to Central Standard or Daylight time (as in effect on the applicable day) unless otherwise specified herein. The representations, warranties, and schedules will be deemed supplemented and amended by any Disclosure Update in order to cause the representations and warranties of Seller to be true as of the Closing.

8.17 WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY UNCONDITIONALLY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE DOCUMENTS RELATED HERETO, ANY DEALINGS BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR ANY RELATED TRANSACTIONS.

8.18 Time of the Essence. Time is of the essence for purposes of this Agreement and the rights and obligations of the Parties hereunder.

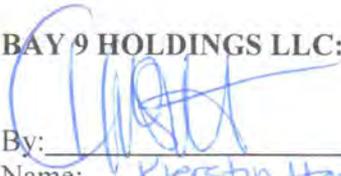
[Signatures Follow on Next Page]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the date first above written.

NORTHWEST SENIOR HOUSING CORPORATION:

By: _____
Name: _____
Title: _____

BAY 9 HOLDINGS LLC:


By: _____
Name: Kierstin Hatch
Title: Managing Member of HP

[Signature Page to Asset Purchase Agreement]

SCHEDULE 1(w) – EQUIPMENT

SCHEDULE 3.7 – PERMITS

SCHEDULE 5.5(b)(i) – ASSUMED CONTRACTS

SCHEDULE 5.5(b)(ii) – EXCLUDED CONTRACTS

EXHIBIT A

FORM OF BILL OF SALE

BILL OF SALE

Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”), for good and valuable consideration received from Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”), except as limited by that certain Asset Purchase Agreement, dated as of November [•], 2022 between Seller and Purchaser (as modified, amended, or supplemented, the “**Asset Purchase Agreement**”) and the Confirmation Order (as defined in the Asset Purchase Agreement), does hereby sell, convey, transfer, assign and deliver the Purchased Assets (as defined in the Asset Purchase Agreement) “AS-IS”, “WHERE-IS”, “WITH ALL FAULTS”, and Seller does not make any express or implied representations, statements, warranties or conditions of any kind or nature whatsoever concerning the Purchased Assets being sold, conveyed, transferred, assigned and delivered hereunder.

Seller hereby covenants that it will, from time to time upon written request therefor, execute and deliver to Purchaser, its nominees, successors and/or assigns, any new or confirmatory instruments which Purchaser, its nominees, successors and/or assigns, may reasonably request in order to assign and transfer to Purchaser its rights, title and interest in, such Purchased Assets.

IN WITNESS WHEREOF, the undersigned, being duly authorized, has executed and delivered this instrument effective as of January [•], 2023.

NORTHWEST SENIOR HOUSING CORPORATION,
a Texas not-for-profit corporation

By: _____
Name:
Title:

EXHIBIT B

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (“**Assignment**”), dated as of January [•], 2023, is between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Assignor**”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Assignee**”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Asset Purchase Agreement (as defined below).

RECITALS

A. This Assignment is executed pursuant to that certain Asset Purchase Agreement dated as of November [•], 2022, by and between Assignor as Seller and Assignee as Purchaser (the “**Purchase Agreement**”).

B. Subject to the terms and conditions set forth in the Purchase Agreement, Assignor has agreed to assign to Assignee the Assumed Contracts, and Assignee has agreed to assume the Assumed Liabilities.

AGREEMENT

NOW, THEREFORE, in consideration of the above promises and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Assignor does hereby assign transfer, convey, and deliver to Assignee, as of the Effective Time, all of its right, title, and interest in all Assumed Contracts.

2. Assignee, as of the Effective Time, hereby assumes and agrees to pay and perform in due course the Assumed Liabilities. For avoidance of doubt, Assignee is not assuming any of the Excluded Liabilities set forth in Section 2.4 of the Purchase Agreement.

3. This Assignment is binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

4. This Assignment may be executed in any number of counterparts (including by facsimile, .PDF, or email), each of which will be deemed to be an original and all of which, together, will constitute one and the same instrument.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF, INCLUDING AS TO MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE.

6. THE PARTIES AGREE THAT THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO (i) THE

INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT; OR (ii) THE ASSUMED CONTRACTS AND TRANSFERRED RIGHTS ASSIGNED PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT, AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

7. Nothing in this Assignment, express or implied, is intended to or shall be construed to modify, expand, or limit in any way the terms and conditions of the Purchase Agreement. In the event of a conflict between the terms and conditions of this Assignment and the terms and conditions of the Purchase Agreement, the terms and conditions of the Purchase Agreement shall govern, supersede, and prevail.

8. None of the provisions of this Assignment may be amended or waived unless such amendment or waiver is in writing and is signed, in the case of an amendment, by both parties, or in the case of a waiver, by the party against whom the waiver is to be effective.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed as of the date first written above.

ASSIGNOR

**NORTHWEST SENIOR HOUSING
CORPORATION**

By: _____

ASSIGNEE

BAY 9 HOLDINGS LLC

By: _____

EXHIBIT C

FORM OF GROUND LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this “Assignment Agreement”) is made and entered into this [•] day of January, 2023 (the “Effective Date”) by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“Assignor”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“Assignee”). Assignor and Assignee may be referred to individually herein as a “Party” and, collectively, as the “Parties” to this Assignment Agreement.

WHEREAS, Assignor is a party to the Ground Lease (as it may be amended, the “Lease Agreement”) dated as of November 1999 by and between Intercity Investment Properties, Inc., a Texas corporation (“Landlord”) and Assignor with respect to certain real property in the City and County of Dallas more specifically described in the Lease Agreement (the “Premises”); and

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of November [•], 2022 (the “Purchase Agreement”), Assignor desires to assign the Lease Agreement to Assignee effective as of the Closing Date (as defined in the Purchase Agreement) and Assignee desires to assume the Lease Agreement in accordance with, and subject to the terms hereof.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Parties agree as follows:

1. Effective as of the Effective Date, Assignor hereby irrevocably contributes, assigns, transfers, conveys and delivers to Assignee, and Assignee hereby accepts from Assignor, the entire right, title, and interest of Assignor in, to and under the Lease Agreement.

2. Notwithstanding anything to the contrary contained in the Lease Agreement and subject to the terms and conditions of the Purchase Agreement and Confirmation Order (as defined in the Purchase Agreement), effective as of the Effective Date, Assignee hereby assumes and agrees to be bound by the terms and conditions, pay, defend, discharge, and perform all of the liabilities and obligations of the tenant arising under the Lease Agreement on and after the Effective Date as if Assignee were the tenant named therein. Assignor shall remain responsible for all of the liabilities and obligations of the tenant arising under the Lease Agreement prior to the Effective Date subject to any limitations in the Purchase Agreement and the Confirmation Order.

3. Assignor represents that the Lease Agreement represents the entire agreement with respect to the Premises between Landlord and Assignor.

4. Effective as of the Effective Date, notice is hereby given that all notices and other communications to Assignor and Assignee under the Lease Agreement should be delivered to the addresses set forth below in lieu of (or, with respect to Assignee, in addition to) the addresses for notices set forth in the Lease Agreement. Notice to Landlord shall be given to the address set forth in the Lease Agreement. Any notice, demand, request, consent, approval or communication that a Party desires or is required to give to any other Party related to this Assignment Agreement shall be in writing and either served personally or sent by prepaid, certified or registered mail, return receipt requested, and addressed to such Party at the address set forth below. A Party may change its address by notifying the other Parties of the change of address. Notice shall be deemed

communicated on the date shown on the receipt card (or if no date is shown, on the date of the postmark) if mailed as provided in this paragraph, and upon receipt if served personally.

Assignor:

John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225

With a simultaneous copy to:

Jeremy R. Johnson & Trinitee G. Green
POLSINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

Assignee:

Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

With a simultaneous copy to:

Adrienne K. Walker
Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

Except as specifically amended or modified by this Assignment Agreement, the Lease Agreement shall remain unchanged and in full force and effect.

5. Assignee warrants and represents it has not contacted any broker regarding the Premises or this Assignment Agreement.

6. This Assignment Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective executors, administrators, successors and assigns.

7. This Assignment Agreement shall be governed by and construed in accordance with federal bankruptcy law, to the extent applicable, and where state law is implicated this Assignment

Agreement, shall be governed by and construed in accordance with the laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction).

8. THE PARTIES AGREE THAT THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS (THE "BANKRUPTCY COURT") SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO THE INTERPRETATION AND ENFORCEMENT OF THIS ASSIGNMENT AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS ASSIGNMENT AGREEMENT AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9. This Assignment Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which counterparts when taken together will constitute one and the same agreement. The exchange of copies of this Assignment Agreement and of signature pages by facsimile transmission or electronic mail transmission (e.g., in .PDF format) will constitute effective execution and delivery of this Assignment Agreement as to the parties and may be used in lieu of the original Assignment Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic mail (e.g., in .PDF format) will be deemed to be their original signatures for any purpose whatsoever. Without limiting the foregoing, the words "execution," "execute," "signed," "signature," and words of like import in or related to this Assignment Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures (e.g., through DocuSign or other similar electronic e-signature application), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act.

[Signature Page Follows]

EXECUTED under seal as of the date first above written.

ASSIGNOR:

Northwest Senior Housing Corporation

By: _____

Name: [____]

Title: [____]

Hereunto Duly Authorized

ASSIGNEE:

Bay 9 Holdings, LLC

By: _____

Name: [____]

Title: [____]

Hereunto Duly Authorized

EXHIBIT D

**FORM OF INTELLECTUAL PROPERTY
ASSIGNMENT AND ASSUMPTION AGREEMENT**

INTELLECTUAL PROPERTY ASSIGNMENT

This INTELLECTUAL PROPERTY ASSIGNMENT (this “**Agreement**”), is executed and delivered as of January [•], 2023, by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Assignor**”) and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Assignee**”) pursuant to the Asset Purchase Agreement (as hereinafter defined). Assignor and Assignee are each referred to individually as a “**Party**,” and collectively as the “**Parties**.”

WHEREAS, on the terms and subject to the conditions of the Asset Purchase Agreement, dated as of November [•], 2022, by and between Assignor (the “**Seller**”), and Assignee (the “**Purchaser**”) (as modified, amended, or supplemented, the “**Asset Purchase Agreement**”), Seller agreed to, on the Closing Date and at the Closing, sell, convey, transfer, assign, and deliver to Purchaser the Purchased Assets free and clear of all Claims and Encumbrances (other than Permitted Liens).

WHEREAS, Assignor is the owner of the Intellectual Property Assets as defined in the Asset Purchase Agreement, including as set forth on **Schedule 1** hereto; and

NOW, THEREFORE, for the consideration set forth in the Asset Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Defined Terms**. All initially capitalized terms used but not defined herein have the meaning given them in the Asset Purchase Agreement.
2. **Assignment**. On the terms and subject to the conditions set forth in the Asset Purchase Agreement and the Confirmation Order, Assignor hereby sells, conveys, transfers, assigns, and delivers to Assignee, and Assignee’s successors and assigns,
 - i) all right, title and interest in and to the Intellectual Property Assets, including all rights therein provided by international conventions and treaties, and the right to sue for past, present and future infringement thereof (“**Transferred Rights**”);
 - ii) any and all rights to sue at law or in equity for any infringement, imitation, impairment, distortion, dilution or other unauthorized use or conduct in derogation of the Transferred Rights occurring prior to the Closing, including the right to receive all proceeds and damages therefrom;
 - iii) any and all rights to royalties, profits, compensation, license fees or other payments or remuneration of any kind relating to the Transferred Rights arising from and after the date of this Agreement;
 - iv) any and all rights to obtain renewals, reissues, and extensions of registrations or other legal protections pertaining to the Transferred Rights; and

v) all goodwill and other intangible assets associated with the Intellectual Property Assets.

Assignee, its successors and assigns, shall hold the rights to the foregoing for and during the existence of such Transferred Rights, and all renewals, reissues and extensions thereof, as fully and as entirely as the same would have been held and enjoyed by Assignor had this Agreement not been made.

3. Asset Purchase Agreement. This Agreement is in accordance with and is subject to the terms of the Asset Purchase Agreement and Confirmation Order. Nothing contained herein shall be deemed to supersede, enlarge on, limit or modify any of the obligations, agreements, covenants or warranties of Seller contained in the Asset Purchase Agreement and Confirmation Order. If any conflict or other difference exists between the terms of this Agreement and the Asset Purchase Agreement or Confirmation Order, then the terms of the Asset Purchase Agreement and Confirmation Order shall govern and control. Except as set forth in the Asset Purchase Agreement and Confirmation Order, the Transferred Rights are being sold, conveyed, transferred, assigned and delivered hereunder “AS-IS”, “WHERE-IS”, “WITH ALL FAULTS”, and Seller does not make any express or implied representations, statements, warranties or conditions of any kind or nature whatsoever concerning the Transferred Rights being sold, conveyed, transferred, assigned and delivered hereunder.

4. Further Assurances. At the request and cost (if any) of Assignee, Assignor shall timely execute and deliver any additional documents and perform such additional acts reasonably necessary or desirable to record and perfect the interest of Assignee in and to the Intellectual Property Assets (including, without limitation, the Transferred Rights), and shall not enter into any agreement in conflict with this Agreement.

5. Binding on Successors; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and the respective successors in interest and permitted assigns of such parties. This Agreement is not intended to confer any rights or remedies upon any Person or entity other than the Parties hereto.

6. Counterparts. This Agreement may be executed in two (2) or more counterparts (including by DocuSign, or other electronic delivery by electronic mail), each of which shall be deemed an original but all of which together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party hereto and delivered to the other parties, it being understood that each party need not sign the same counterpart. No Party shall assert that the use of an electronic transmission to deliver a signature or the fact that any signature was transmitted or communicated through the use of an electronic transmission, constitutes a defense to the formation or delivery of a contract or a document, and each party hereto forever waives any such defenses.

7. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

8. Amendments, Etc. Any amendment, modification or waiver of any term or provision of this Agreement must be in writing and signed by Assignor and Assignee. Any waiver will be effective only in the specific instance and for the specific purpose for which it is given.

9. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF, INCLUDING AS TO MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE.

10. Bankruptcy Court Jurisdiction. THE PARTIES AGREE THAT THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO (i) THE INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT; OR (ii) THE INTELLECTUAL PROPERTY ASSETS, AND TRANSFERRED RIGHTS ASSIGNED PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT, AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the day and year first above written.

ASSIGNEE:

ASSIGNOR:

BAY 9 HOLDINGS LLC

NORTHWEST SENIOR HOUSING CORPORATION

By: _____

By: _____

Name:

Name:

Its:

Its:

Schedule 1 - Intellectual Property Assets

EXHIBIT E

FORM OF SELLER CLOSING CERTIFICATE

SELLER CLOSING CERTIFICATE

Pursuant to Section 6.2(e) of the Asset Purchase Agreement (the “**Agreement**”), dated as of November [•], 2022 between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”) and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”), the undersigned, being a duly authorized executive officer of Seller, does hereby certify that (i) all the covenants and obligations of the Agreement to be complied with and performed by Seller at or before the Closing Date (as defined in the Agreement) have been complied with and performed in all material respects, and (ii) the representations and warranties made by Seller in the Agreement (other than those that speak as of a specified date or time) are true and correct in all respects, as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a material effect.

Northwest Senior Housing Corporation,
a Texas not-for-profit corporation

By: _____
Name:
Title:

EXHIBIT F

FORM OF PURCHASER CLOSING CERTIFICATE

PURCHASER CLOSING CERTIFICATE

Pursuant to Section 6.3(e) of the Asset Purchase Agreement (the “**Agreement**”), dated as of November [•], 2022 between Northwest Senior Housing Corporation, a Texas not-for-profit company (“**Seller**”) and Bay 9 Holdings LLC, a Delaware limited liability company or its designee (“**Purchaser**”), the undersigned, being a duly authorized executive officer of Purchaser, does hereby certify that (i) all of the covenants and obligations of the Agreement to be complied with and performed by Purchaser at or before the Closing Date (as defined in the Agreement) have been complied with and performed in all material respects, and (ii) the representations and warranties made by Purchaser in the Agreement (other than those that speak as of a specified date or time) are true and correct in all respects, as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a material effect.

Bay 9 Holdings LLC
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT G

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW AGREEMENT

THIS Escrow Agreement (this “**Agreement**”) made and entered into as of this [•] day of November, 2022 by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”), Bay 9 Holdings LLC, a Delaware limited liability company or its designee (“**Purchaser**”), and UMB Bank, N.A., as Escrow Agent, a national banking association organized and existing under the laws of the United States of America (the “**Escrow Agent**”).

RECITALS

A. Seller has filed a voluntary petition for relief under the Bankruptcy Code as Case Number 22-30659 with the United States Bankruptcy Court for the Northern District of Texas;

B. Seller is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community located at 8523 Thackery St, Dallas, Texas 75225 (the “**Edgemere Community**”) on land owned by Intercity Investment Properties, Inc. pursuant to that certain Ground Lease dated November 5, 1999 (the “**Ground Lease**”). The Edgemere Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

C. UMB Bank, N.A., as the Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture (the “**Trustee**”) and in its capacity as DIP Lender, have filed a proposed a Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the “**Plan**”) that contemplates the sale of the Edgemere Community and related assets to Purchaser, or another purchaser that submits a higher and better offer for the assets in accordance with the Sale Transaction Procedures;

D. Purchaser desires to acquire the Edgemere Community, including Edgemere’s leasehold interest in the Premises created by the Ground Lease, and the assets owned by Seller and used or useful to Seller’s operation of the Edgemere Community (the “**Business**”, and, together with Seller’s interests in the Ground Lease, the “**Assets**”) on the terms and conditions contained in this Agreement, subject to higher and better bids, as well as confirmation of the Plan;

E. Seller and Purchaser have entered into that certain Asset Purchase Agreement dated November [•], 2022 (the “**APA**”)¹.

F. Seller and Purchaser desire that UMB Bank, N.A. act as Escrow Agent to hold the Deposit for the Sale described in the APA, and Escrow Agent is willing to act in such capacity. Seller and Purchaser acknowledge that UMB Bank, N.A. also serves as Bond Trustee and DIP Lender. Seller and Purchaser assert that no conflict exists, nor does Seller or Purchaser assert any objection thereto.

¹ Terms not defined herein shall have the meanings ascribed to them in the APA.

AGREEMENT

NOW, THEREFORE, Seller, Purchaser, and Escrow Agent agree to the terms of this Agreement as follows:

1. Commencement of Duties. Purchaser, subject to entry of the Bidding Procedures Order, simultaneously with the execution and delivery of this Agreement, shall transfer to the Escrow Agent the aggregate sum of Two Million and Four Hundred Thousand Dollars (\$2,425,000) (the “**Escrowed Funds**”). Upon receipt of the Escrowed Funds and after the parties’ submission of all documentation required by the Escrow Agent to comply with the Bank Secrecy Act, the duties and obligations of each of the parties to this Agreement will commence.

2. Operation of the Escrow. With respect to any requested disbursement, Seller and Purchaser (i) certify they have reviewed any wire instructions set forth in such written disbursement direction to confirm such wire instructions are accurate, (ii) agree to indemnify and hold harmless the Escrow Agent from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested up to the amount of the Escrowed Funds, and (iii) agree they will not seek recourse from the Escrow Agent as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.

3. Escrowed Funds. Upon receipt of the Escrowed Funds, the Escrow Agent shall hold the Escrowed Funds in escrow pursuant to the terms of this Agreement. Until such time as the Escrowed Funds shall be distributed by the Escrow Agent as provided herein, unless the Escrow Agent is otherwise directed in writing in a joint written investment direction signed by the Seller and the Purchaser, the Escrowed Funds shall be invested and reinvested by the Escrow Agent in the an interest-bearing money market deposit account. The parties hereto acknowledge that the Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

(a) The Escrow Agent shall be entitled to sell or redeem any such investment as necessary to make any distributions required under this Agreement and shall not be liable or responsible for any loss resulting from any such sale or redemption.

(b) Income, if any, resulting from the investment of the Escrowed Funds shall be retained by the Escrow Agent and shall be considered, for all purposes of this Agreement, to be part of the Escrowed Funds.

4. Disbursement of the Escrowed Funds. The Parties shall act in accordance with, and the Escrow Agent shall hold and release the Escrowed Funds as provided in this Section:

(a) Upon receipt of a joint written instruction executed by each of Seller and Purchaser with respect to the Escrowed Funds, the Escrow Agent shall promptly, but in any event within two (2) business days after receipt of such joint written instruction, disburse all or part of the Escrowed Funds in accordance with such joint written instruction;

(b) Upon receipt by the Escrow Agent of a copy of a final, non-appealable order of any court of competent jurisdiction which may be issued, together with (i) a certificate executed by an authorized representative of the prevailing party, to the

effect that such order is final and non-appealable and from a court of competent jurisdiction having proper authority and (ii) the written payment instructions executed by an authorized representative of the prevailing party to effectuate such order (a “Final Determination”) (a copy of which shall be delivered simultaneously to the Escrow Agent and the no-presenting party), the Escrow Agent shall, on the fifth (5th) business day following receipt of such Final Determination, disburse as directed, part of all, as the case may be, of the Escrowed Funds in accordance with such Final Determination; or

(c) the Escrow Agent shall release the Escrowed Funds in a manner consistent with the terms of the Bidding Procedures Order.

5. Duties of the Escrow Agent. The Escrow Agent shall have no duties or responsibilities other than those expressly set forth in this Agreement, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent has no fiduciary or discretionary duties of any kind. The Escrow Agent is not a party to, or bound by, the Purchase Agreement or any other agreement among the other parties hereto, and the Escrow Agent’s duties shall be determined solely by reference to this Agreement. The Escrow Agent shall have no duty to enforce any obligation of any person, other than as provided herein. The Escrow Agent shall be under no liability to anyone by reason of any failure on the part of any party hereto or any maker, endorser or other signatory of any document or any other person to perform such person’s obligations under any such document.

6. Liability of the Escrow Agent; Indemnification. The Escrow Agent acts hereunder as a depository only. The Escrow Agent is not responsible or liable in any manner for the sufficiency, correctness, genuineness or validity of this Escrow Agreement or with respect to the form of execution of the same. The Escrow Agent shall not be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith, and in the exercise of its own best judgment, and may rely conclusively and shall be protected in acting upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by the Escrow Agent), statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is believed by the Escrow Agent to be genuine and to be signed or presented by the proper person(s). The Escrow Agent shall not be held liable for any error in judgment made in good faith by an officer or employee of the Escrow Agent unless it shall be proved that the Escrow Agent was grossly negligent in ascertaining the pertinent facts or acted intentionally in bad faith. The Escrow Agent shall not be bound by any notice of demand, or any waiver, modification, termination or rescission of this Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall give its prior written consent thereto. In no event shall the Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages or penalties (including, but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such damages or penalty and regardless of the form of action. The Escrow Agent shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of God, strikes, lockouts, riots, acts of war or terror, epidemics, pandemics, governmental regulations, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters. The Escrow Agent shall not be obligated to take any legal action or commence any proceeding in connection with the

Escrowed Funds, any account in which Escrowed Funds are deposited, this Agreement or any other agreement, or to appear in, prosecute or defend any such legal action or proceeding.

The Escrow Agent may consult legal counsel in the event of any dispute or question as to the construction of any provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the opinion or instructions of such counsel.

The Escrow Agent shall not be responsible, may conclusively rely upon and shall be protected, indemnified and held harmless by Seller and Purchaser, acting jointly and severally, for the sufficiency or accuracy of the form of, or the execution, validity, value or genuineness of any document or property received, held or delivered by it hereunder, or of the signature or endorsement thereon, or for any description therein; nor shall the Escrow Agent be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any document, property or this Agreement.

In the event that the Escrow Agent shall become involved in any arbitration or litigation relating to the Escrowed Funds, the Escrow Agent is authorized to comply with any decision reached through such arbitration or litigation.

Seller and Purchaser, jointly and severally, hereby agree to indemnify the Escrow Agent and each direction, officer, employee, attorney, agent and affiliate of the Escrow Agent for, and to hold it harmless against any loss, liability or expense incurred in connection herewith up to the amount of the Escrowed Funds without gross negligence or willful misconduct on the part of the Escrow Agent, including without limitation legal or other fees arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including without limitation the costs and expenses of defending itself against any claim of liability in the premises or any action for interpleader. The Escrow Agent shall be under no obligation to institute or defend any action, suit, or legal proceeding in connection herewith, unless first indemnified and held harmless to its satisfaction in accordance with the foregoing, except that the Escrow Agent shall not be indemnified against any loss, liability or expense arising out of its own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction, subject to no further appeal. Such indemnity shall survive the termination or discharge of this Agreement or resignation of the Escrow Agent.

7. The Escrow Agent's Fee. Escrow Agent shall be entitled to fees and expenses for its regular services as Escrow Agent as set forth in Exhibit A. Additionally, Escrow Agent is entitled to fees for extraordinary services and reimbursement of any out of pocket and extraordinary costs and expenses, including, but not limited to, attorneys' fees. Escrow Agent shall have a first lien upon all Escrowed Funds for the purposes of paying its fees and expenses. All of the Escrow Agent's compensation, costs and expenses shall be paid by Seller. Any fees and expenses shall be payable from and may be deducted by Escrow Agent from interest and/or principal of any monies held in Escrowed Funds by Escrow Agent.

8. Security Interests. No party to this Escrow Agreement shall grant a security interest in any monies or other property deposited with the Escrow Agent under this Escrow Agreement, or otherwise create a lien, encumbrance or other claim against such monies or borrow against the same.

9. Dispute. In the event of any disagreement between the undersigned or the person or persons named in the instructions contained in this Agreement, or any other person, resulting in adverse claims and demands being made in connection with or for any papers, money or property involved herein, or affected hereby, the Escrow Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected hereby, the Escrow Agent shall not be or become liable to the undersigned or to any person named in such instructions for its refusal to comply with such conflicting or adverse demands, and the Escrow Agent shall be entitled to refuse and refrain to act until: (a) The rights of the adverse claimants shall have been fully and finally adjudicated in a Court assuming and having jurisdiction of the parties and money, papers and property involved herein or affected hereby, or (b) All differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing, signed by all the interested parties.

10. Resignation of Escrow Agent. Escrow Agent may resign or be removed, at any time, for any reason, by written notice of its resignation or removal to the proper parties at their respective addresses as set forth herein, at least 30 days before the date specified for such resignation or removal to take effect; upon the effective date of such resignation or removal:

(a) All cash and other payments and all other property then held by the Escrow Agent hereunder shall be delivered by it to such successor Escrow Agent as may be designated in writing by the Seller and the Purchaser, whereupon the Escrow Agent's obligations hereunder shall cease and terminate;

(b) If no such successor Escrow Agent has been designated by such date, all obligations of the Escrow Agent hereunder shall, nevertheless, cease and terminate, and the Escrow Agent's sole responsibility thereafter shall be to keep all property then held by it and to deliver the same to a person designated in writing by the Seller and the Purchaser or in accordance with the directions of a final order or judgment of a court of competent jurisdiction.

(c) Further, if no such successor Escrow Agent has been designated by such date, the resigning or removed Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor agent. In such instance, the resigning or removed Escrow Agent may pay into court all monies and property deposited with Escrow Agent under this Agreement.

11. Notices. All notices, demands and requests required or permitted to be given under the provisions hereof must be in writing and shall be deemed to have been sufficiently given, upon receipt, if (i) personally delivered, (ii) sent by telecopy or electronic mail and confirmed by phone or (iii) mailed by registered or certified mail, with return receipt requested, delivered as follows:

(1) If to Seller: John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225
John.Falldine@lifespacecommunities.com

with a copy to:

Jeremy Johnson & Trinitee Green
POLSINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

(2) If to Purchaser:

Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

with a copy to:

Adrienne K. Walker

Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue, 9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

(3) If to Escrow Agent:

Irina Palchuk, Senior Vice President
UMB Bank, N.A.
100 William Street, Suite 1850
New York, NY 10038
Irina.Palchuk@umb.com

with a copy to:

Daniel S. Bleck
Eric Blythe
Kaitlin R. Walsh
Mintz Levin Cohn Ferris Glovsky
and Popeo, PC
One Financial Center
Boston, Massachusetts 02111
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

12. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Missouri without regard to the principles of conflicts of law.

13. Binding Effect; Benefit. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

14. Modification. This Agreement may be amended, modified or terminated at any time by a writing executed by Seller, Purchaser, and the Escrow Agent; provided the party making such assignment provides written notice to the other parties hereto.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means.

16. Headings. The section headings contained in this Agreement are inserted for convenience only, and shall not affect in any way, the meaning or interpretation of this Agreement.

17. Severability. This Agreement constitutes the entire agreement among the parties and supersedes all prior and contemporaneous agreements and undertakings of the parties in connection herewith. No failure or delay of the Escrow Agent in exercising any right, power or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power or remedy preclude any other or further exercise of any right, power or remedy. In the event that any one or more of the provisions contained in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

18. Earnings Allocation; Tax Matters; Regulatory Compliance. The parties hereto agree that, for tax reporting purposes, all interest or other income, if any, attributable to the Escrowed Funds or any other amount held in escrow by the Escrow Agent pursuant to this Agreement shall be allocable to the Seller. The Seller agrees to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. persons) and other forms and documents that the Escrow Agent may reasonably request (collectively, "Tax Reporting Documentation") at the time of execution of this Agreement. Additionally, the parties hereto agree that they will provide any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time, and the Bank Secrecy Act of 1970, as amended from time to time (together the "Acts"), which information will be used to verify the identities of the parties to ensure compliance with the terms of such Acts. The parties hereto understand that if such Tax Reporting Documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

[SIGNATURE PAGES FOLLOW]

EXHIBIT A

ESCROW FEES AND EXPENSES

Acceptance Fee

Review escrow agreement and establish account \$1,250.00

Annual Fee (per year or part thereof)

Maintain account \$1,250.00

Fees specified are for the regular, routine services contemplated by the Escrow Agreement, and any additional or extraordinary services, including, but not limited to disbursements involving a dispute or arbitration, or administration while a dispute, controversy or adverse claim is in existence, will be charged based upon time required at the then standard hourly rate. In addition to the specified fees, all expenses related to the administration of the Escrow Agreement (other than normal overhead expenses of the regular staff) such as, but not limited to, travel, postage, shipping, courier, telephone, facsimile, supplies, legal fees, accounting fees, etc., will be reimbursable. Acceptance and first year annual fees will be payable at the initiation of the escrow and annual fees will be payable in advance thereafter. Other fees and expenses will be billed as incurred.

EXHIBIT 2

Liquidation Analysis

LIQUIDATION ANALYSIS

The Liquidation Analysis presents the hypothetical liquidation of the Estate under Chapter 7. Actual values shown below are estimates as of November 2, 2022, unless otherwise noted, and actual values are presented before any potential adjustments under Generally Accepted Accounting Principals ("GAAP"). The Actual Chapter 7 and Chapter 11 Administrative Claims, Secured Claims, and General Unsecured Claims, including Claims from the rejection of Executory Contracts or Unexpired Leases arising from a Chapter 7 liquidation, may be materially different from the estimates presented herein. The Liquidation Analysis should be reviewed in conjunction with the associated notes.

Edgemere
Liquidation Analysis
000s

	Notes	Actual		Total	Liquidation Recovery Percentage		Chapter 7 Liquidation	
		09/30/2022	Adjustment		Low	High	Low	High
Asset Liquidation								
Cash and Cash Equivalents	A	\$2,030		\$2,030	100%	100%	\$2,030	\$2,030
Escrow Entrance Fees and Reservation Deposits	B	212		212	0%	0%	0	0
Net A/R & Resident Receivables	C	511		511	30%	70%	153	358
Other Receivables	D	0		0	100%	100%	0	0
Inventory	E	85		85	0%	5%	0	4
Prepaid Expenses and Deposits	F	755		755	0%	0%	0	0
CIP	G	0		0	15%	40%	0	0
Fixed Assets, net	H	220,938	(91,895)	129,043	15%	20%	19,356	25,809
Intangible Assets	I	9,958		9,958	0%	0%	0	0
Restricted Assets	J	2,255		2,255	0%	100%	0	2,255
Total Proceeds Available		\$236,744	(\$91,895)	\$144,849	15%	21%	\$21,540	\$30,456
Professional Fee Carve Out								
Professional Fees	K						(\$3,000)	(\$3,000)
US Trustee Fees	L						(100)	(100)
Chapter 7 Trustee Fees	M						(150)	(150)
Total Professional Fee Carve-Out							(\$3,250)	(\$3,250)
Net Proceeds for Available Wind Down / Closure Cost and Secured Claims							\$18,290	\$27,206
Wind Down/Closure Cost								
Wind Down/Closure	N						(\$500)	(\$1,000)
Ground Lease Payment (Cure)	O						(\$2,255)	(\$2,255)
Accrued Property Taxes	P						(\$1,763)	\$1,763
Chapter 7 Trustee Commission	Q						(650)	(1,100)
Total Wind Down/ Closure Cost							(\$5,168)	(\$2,592)
Net Proceeds for Available Secured Claims							\$13,122	\$24,614
Estimated Senior Secured Claims								
Long Term Debt - Series 2015 & Series 2017	R	\$111,000		\$111,000			(\$111,000)	(\$111,000)
Subtotal Senior Secured Claims		\$111,000		\$111,000			(\$111,000)	(\$111,000)
Average Recovery on Senior Secured Claims							11.8%	22.2%
Net Proceeds Available for Administrative Claims							\$0	\$0
Administrative Claims								
Payroll Liabilities	S						(\$1,186)	(\$950)
Accrued Expenses / Post-Petition Trade / AP	T						(2,673)	(2,272)
Total Administrative Claims							(\$3,859)	(\$3,222)
Average Recovery on Administrative Claims							0.0%	0.0%
Net Proceeds for Unsecured Claims							\$0	\$0
Unsecured Claims								
Trade Creditors	U						(\$500)	(\$500)
Refundable Entrance Fees	V						(145,935)	(145,935)
Litigation Claims	W						unknown	unknown
Rejection Damages / Other (Contingency)	X						unknown	unknown
Due To Affiliate	Y	\$6,656		\$6,656			(6,656)	(6,656)
Total Unsecured Claims							(\$153,091)	(\$153,091)
Average Recovery on Total Unsecured Claims							0.0%	0.0%
Shortfall							(\$254,828)	(\$242,699)

SPECIFIC NOTES TO THE LIQUIDATION ANALYSIS

Current Assets

- A. Cash and cash equivalents as of September 30, 2022.
- B. Escrow Entrance Fees and Reservation Deposits represents escrowed entrance fees, wait list depositors or 10% deposits made by potential residents. Escrowed entrance fees are fully refundable during the bankruptcy period resulting in 0% recovery. Waitlist deposits and 10% deposits are fully refundable, with interest accruing to the depositors prior to occupancy and would be returned to residents resulting in 0% recovery.
- C. Net A/R Residents consists of A/R due from Medicare, Medicaid, Co-insurance, Private Pay, and other.
- D. Other Receivables represent interest receivable on Trustee-Held Funds, however, the funds have been set-off and are not available per the Indenture of Trust of the Series 2015 and Series 2017 Bond Issues.
- E. Inventory consists of food. A recovery of 0% to 5% is assumed due to the perishable nature of food inventory.
- F. Prepaid expenses include prepaid insurance, prepaid payroll, and prepaid taxes. Deposits include utility deposits of \$53,000.
- G. Construction in progress (CIP) has been adjusted to exclude deferred financing costs which has a 0% recovery.
- H. Fixed assets includes land, buildings, equipment, furniture and fixtures, and vehicles. Recoveries are estimated at a blended rate. Recoveries on all other fixed assets are estimated at 15% - 20% due to limited life and high cost of Lease. Recovery on Land Lease is made in the Adjustment for assumption of the Obligation under the Operating Lease
- I. Intangible assets represent capitalized marketing and other costs.
- J. Restricted Assets include the Ground Lease Escrow

Professional Fee Carve-Out

- K. Professional Fees estimated through January, 2023.
- L. US Trustee Fees reflect estimated fees for the US Trustee through January, 2023.
- M. Chapter 7 Trustee Fees (including counsel) projected to be \$150,000 for fees and expenses.

Wind Down / Closure Cost

- N. Wind Down / Closure is an estimate of the operating costs and wind down costs incurred during the wind down period.
- O. Ground Lease Cure Payment is estimated as to make the Operating lease Payment Current as of Closing.
- P. Accrued Unpaid Taxes as indicated on the MOR as of September 30, 2022.
- Q. Chapter 7 Trustee estimated to receive 3% of proceeds available per statutory default.

Estimated Senior Secured Claims

- R. Long Term Debt includes outstanding principal amounts and accrued interest due on the Series 2015 and Series 2017 Bonds at \$111,728,919 as specified in the Final DIP Order June 23, 2022 for amounts being calculated on April 14, 2022. (Does not take into account any set-off of Trustee-Held Funds)

Administrative Claims

- S. Payroll Liabilities represents two weeks of accrued payroll liabilities accrued post-petition and due as of the liquidation date.
- T. Accrued Expenses / Post-Petition Trade / AP / Accrued Property Taxes estimated to be post-petition trade vendors that are unpaid as of the liquidation date per the financial pr

Trade Creditors

- U. Trade creditors represents pre-petition amounts owed to vendors or other third parties.

Refundable Entrance Fees

- V. Refundable Entrance Fees represents pre-petition amounts owed to residents and former residents, and the refundable portion of entrance fees only (balance as of 9/30/22) less Escrowed entrance fees noted in B above.

Litigation Claims

- W. Litigation Claims represents the estimated cost of medical malpractice and other litigation to settle claims.

Rejection Damages / Other (Contingency)

- X. All contracts are assumed to be rejected under a liquidation scenario.

Due to Affiliate

- Y. There is a \$6.430 million Due to Affiliate obligation between the Edgemere and Lifespace as of 9/30/22.

CONCLUSION

The estimated recoveries under the Plan are based on a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies and that are beyond the control of the Plan Sponsor. There can be no assurances that the recoveries assumed would be realized if the Plan was, in fact, confirmed. Accordingly, actual recovery values and recovery percentages could vary from the amounts set forth in the Plan and such variances could be material.

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Counsel to the Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**MOTION OF TRUSTEE AND DIP LENDER FOR ENTRY OF AN ORDER
(I) AUTHORIZING AND APPROVING THE BIDDING PROCEDURES;
(II) AUTHORIZING AND APPROVING THE STALKING HORSE ASSET PURCHASE
AGREEMENT; (III) APPROVING PROCEDURES RELATED TO THE ASSUMPTION
OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES;
(IV) SCHEDULING COMBINED CONFIRMATION AND SALE HEARING;
AND (V) GRANTING RELATED RELIEF**

**A HEARING WILL BE CONDUCTED ON THE MATTERS SET FORTH
IN THIS MOTION ON NOVEMBER 30, 2022 AT 1:30 P.M. (PREVAILING
CENTRAL TIME) AT THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS, 1100 COMMERCE ST.,
14TH FLOOR, COURTROOM NO. 2, DALLAS, TEXAS 75242. THE
HEARING WILL ALSO BE CONDUCTED VIA WEBEX IN**

¹ The Debtors in the Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.



ACCORDANCE WITH INSTRUCTIONS PROVIDED IN A SEPARATE NOTICE OF HEARING FILED ON NOVEMBER 2, 2022.

UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**,” and together with the Trustee, the “**Plan Sponsors**”) hereby move this Court (the “**Motion**”) in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”) for entry of an order substantially in the form attached hereto as **Exhibit A** (the “**Proposed Order**”) pursuant to sections 105(a), 363, 365, 503, 507, 1123(a)(5)(D), and 1123(b)(4) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”), Rules 2002, 6004, 6006, 9007 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 2002-1(a)(2) and 9007-1 of the Local Bankruptcy Rules for the Northern District of Texas (the “**Local Rules**”): (a) authorizing and approving the Bidding Procedures (defined herein); (b) authorizing entry into the Stalking Horse APA (defined herein); (c) approving procedures related to the assumption of certain executory contracts and unexpired leases; (d) scheduling a hearing to consider the Sale Transaction (defined herein) concurrently with consideration of approval of the *Plan of Reorganization of the Trustee and the DIP Lender Dated November 2, 2022* (as amended, modified, and supplemented, the “**Plan**”)² [Docket No. 752] (the “**Confirmation and Sale Hearing**”); (e) establishing notice and objection procedures in respect of the proposed Sale Transaction in connection with the confirmation of the Plan; and (f) granting related relief. In support of the Motion, the Plan Sponsors respectfully represent as follows:

INTRODUCTION

The Plan proposed by the Plan Sponsors represents the best possible path to maximizing the value of the Debtors’ assets for the benefit of all stakeholders. The Plan will ensure the ongoing

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

contracts, and (c) scheduling the hearing to consider approval of the Sale Transaction to occur in connection with the hearing to consider approval of the Plan (the “**Confirmation and Sale Hearing**”). It is critical that the sale process be consummated on the timeline set forth in the Bidding Procedures and in this Motion. In recognition of the fact that the Debtors’ postpetition financing matures on December 31, 2022 and that it is imperative that a plan of reorganization is consummated as quickly as possible, the Debtors and the Plan Sponsors, with this Court’s blessing, agreed to a plan confirmation timeline that serves as the framework for the sale timeline. The sale timeline has been designed to ensure adequate time for a marketing process while preserving and maximizing the value of the Debtors’ estates for the benefit of all stakeholders, including the Residents.

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Plan Sponsors confirm their consent to the entry of a final order or judgment by the Court in connection with the Motion if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper in this District under 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief sought herein are sections 105(a), 363, 365, 503, 507, 1123(a)(5)(D), and 1123(b)(4) of the Bankruptcy Code, 2002, 6004, 6006, 9007 and 9014 of the Bankruptcy Rules, and Local Rules 2002-1(a)(2) and 9007-1.

PROCEDURAL BACKGROUND

4. On April 14, 2022 (the “**Petition Date**”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the “**Court**”).

5. The Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b). [Docket No. 88]. The Debtors continue to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

6. On April 28, 2022, the Office of the United States Trustee for the Northern District of Texas (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors (the “**Committee**”) pursuant to Bankruptcy Code section 1102(a)(1). [Docket No. 135].

7. No trustee or examiner has been appointed in the Chapter 11 Cases.

8. Pursuant to the *Order Granting in Part and Denying in Part the Debtors’ Motion for Entry of an Order Extending the Exclusivity Period for the Filing of a Chapter 11 Plan*, dated October 13, 2022 [Docket No. 705] (the “**Exclusivity Termination Order**”), the Plan Sponsors have been granted authority to file the Plan.

RELIEF REQUESTED

9. By this Motion, the Plan Sponsors seek approval of the following:
- a. the Bidding Procedures outlining the process for submitting bids for the Debtors’ assets and conducting an auction (the “**Auction**”) in the event the Plan Sponsors receive more than one qualified bid for the purchase of the Debtors’ assets;
 - b. the Stalking Horse APA, which includes a break-up fee of \$1,455,000.00 (the “**Break Up Fee**”) (representing approximately 3% of the transaction value under the Stalking Horse APA) and an expense reimbursement not to exceed \$200,000.00 (the “**Expense Reimbursement**”, and collectively with the Break Up Fee, the “**Bid Protections**”), and directing the Debtors to enter into the Stalking Horse

APA subject to higher and better bids as set forth in the Bidding Procedures;

- c. the form of notice of the sale of the Debtors’ assets at a public auction (the “**Notice of Sale**”), substantially in the form attached to the Proposed Order as **Exhibit 3**;
- d. the form of notice to counterparties to executory contracts and unexpired leases that will be assumed or rejected pursuant to the Plan (the “**Cure and Possible Assumption and Assignment Notice**”), substantially in the form attached to the Proposed Order as **Exhibit 4**; and
- e. the establishment of the following dates and deadlines with respect to the Sale process, subject to modification as necessary:

Proposed Date³	Event
5 Days after Entry of Order approving the Bidding Procedures	Deadline for Plan Sponsors to file and Serve Cure and Possible Assumption and Assignment Notice
December 19, 2022 at 4:00 p.m.	Deadline to file objections to Cure and Possible Assumption and Assignment Notice
December 27, 2022 at 4:00 p.m.	Bid Deadline
December 28, 2022 at 10:00 a.m.	Auction (if necessary)
January 3, 2023 at 4:00 p.m.	Deadline to Object to the Plan and the Sale
January 6, 2023	Deadline to File Replies to Plan Objections
January 10, 2023 at 9:30 a.m.	Confirmation and Sale Hearing

BASIS FOR RELIEF

10. The Plan Sponsors have identified the Stalking Horse Bidder as a potential purchaser of the Debtors’ assets. The Stalking Horse Bidder has established a minimum value of \$48,500,000.00 in cash plus certain assumed liabilities, subject to certain adjustments as set forth in the Stalking Horse APA, to be provided to the Debtors’ estates upon consummation of the sale. It is the Plan Sponsors’ hope that through a robust marketing process lead by RBC, as described

³ All times are prevailing Central Time.

in detail in the Bidding Procedures, higher and better offers will be obtained for the Debtors' assets and the Debtors' estates will realize even greater value.

I. The Court Should Approve the Stalking Horse APA and the Bid Protections Contained Therein

11. Section 1121(c) of the Bankruptcy Code provides that “[a]ny party in interest, including the debtor, the trustee, a creditors’ committee, an equity security holders’ committee, a creditor, an equity security holder, or any indenture trustee, may file a plan” after the expiration of a debtor’s exclusivity period. *See* 11 U.S.C. § 1121(c). Moreover, pursuant to the Exclusivity Termination Order, the Court expressly provided that “[o]n and after October 27, 2022, the Bond Trustee, the Debtors and Lifespace Communities, Inc. . . . shall each have the right to file a chapter 11 plan of reorganization”

12. Section 1123 of the Bankruptcy Code requires that a chapter 11 plan have an adequate means of implementation which may include, *inter alia*, the “sale of all or any part of the property of the estate, either subject to or free of any lien, or the distribution of all or any part of the property of the estate among those having an interest in such property of the estate.” *See* 11 U.S.C. 1123(a)(5)(D); *see also* COLLIER ON BANKRUPTCY ¶ 1123.01[5][c] (Richard Levin & Henry J. Sommer eds., 16th ed. 2022) (observing that “section 1123(a)(5)(D) ‘overrides nonbankruptcy law restrictions on the distribution of collateral to satisfy a claim secured by the same.’”) (internal citation omitted). Section 1123(b)(4), in turn, explicitly provides that a chapter 11 plan may “provide for the sale of all or substantially all of the property of the estate, and the distribution of the proceeds of such sale among holders of claims or interests.” 11 U.S.C. § 1123(b)(4); *see also* COLLIER ON BANKRUPTCY ¶ 1123.02[4] (Richard Levin & Henry J. Sommer eds., 16th ed. 2022) (noting that “Section 1123(b)(4) supplements section 1123(a)(5)(D), which permits the sale of all or any part of the debtor’s property as a means for the execution of the plan.

sale process contemplated by the Plan side-by-side with the solicitation of votes on the Plan, the Plan Sponsors request approval of their selection of Stalking Horse Bidder and request that this Court direct the Debtors to execute the Stalking Horse APA in order to ensure that the Stalking Horse Bidder’s offer to purchase the Debtors’ assets is binding, and to afford the Stalking Horse the Bid Protections set forth in the Stalking Horse APA and the Bidding Procedures as set forth below.

15. The key provisions of the Stalking Horse APA are as follows:

Purchase Consideration:	The consideration payable by the Stalking Horse Bidder is \$48,500,000.00 in cash, subject to certain adjustments, and the assumption of the Assumed Liabilities.
Escrow Deposit:	The Stalking Horse has agreed to deposit \$2,425,000.00 in cash with UMB Bank, N.A. as the “ Escrow Agent, ” which will be held by the Escrow Agent in accordance with the provisions of the Escrow Deposit Agreement and the Stalking Horse APA.
Holdback:	\$1,500,000.00 of the Purchase Price shall be deposited into an escrow account with an independent escrow agent to reimburse the Stalking Horse Bidder for any amounts subject to Medicare payor recoupment or setoff against the Stalking Horse Bidder’s post-Closing Accounts Receivable, but related to pre-Closing overpayments on Accounts Receivable made to Seller. Subject to any Medicare payment audit, upon the one-year anniversary of the Closing Date, any remaining and undisputed Closing Escrow Amount shall be paid to the Plan Sponsors as proceeds from the Sale.

<p>Bid Protections:</p>	<p>In the event the Debtors consummate an alternative sale transaction for substantially all of the business or the Purchased Assets (as defined in the Stalking Horse APA), the Stalking Horse APA contemplates that the Debtors shall pay to the Stalking Horse Bidder the Bid Protections in the aggregate amount of no more than \$1,655,000.00. The Bid Protections shall be entitled to priority as an administrative expense in the Chapter 11 Cases under sections 503(b) and 507(a)(2) of the Bankruptcy Code.</p>
<p>Treatment of Residency Agreements:</p>	<p>The Stalking Horse APA contemplates that the Debtors will reject all Residency Agreements, and the Stalking Horse Bidder will offer all Current Residents at the Edgemere Community the option to enter into a new monthly rental agreement which shall provide similar services to each Current Resident as offered by the Debtors prior to Closing, at the then current private pay rate as advertised by the Debtors, subject to ordinary market adjustments.</p>
<p>Treatment of Executory Contracts and Unexpired Leases (other than Residency Agreements):</p>	<p>The Stalking Horse APA provides that the Debtors will assume and assign the Ground Lease to the Stalking Horse Bidder, and sets forth a notice process pursuant to which the Landlord and other counterparties to unexpired leases and executory contracts may object to proposed cure amounts and adequate protection. The Stalking Horse APA also permits the Stalking Horse Bidder to schedule additional executory contracts and unexpired leases to be assumed and assigned to the Stalking Horse Bidder.</p>

16. In addition, the Bid Protections are appropriate and should be approved. Courts recognize that procedures intended to enhance competitive bidding are consistent with the goal of maximizing the value realized by the estate and therefore are appropriate in the context of bankruptcy transactions. *See In re ASARCO, L.L.C.*, 650 F.3d 593, 603 (5th Cir. 2011) (affirming a bankruptcy court’s approval of bidding procedures designed to maximize the value of the

debtor's estate); *In re Energy Future Holdings Corp.*, 593 B.R. 217, 246 (Bankr. D. Del. 2018) (recognizing the appropriateness of bidding procedures where the objective at all times was to maximize value for their estates); *In re Integrated Res., Inc.*, 147 B.R. 650, 659 (S.D.N.Y. 1992) (bidding procedures "encourage bidding and . . . maximize the value of the debtor's assets").

17. Here, the Bid Protections are a necessary component of the Stalking Horse APA and should be approved as in the best interests of the estates to maximize the Debtors' estates' assets. See *In re Acis Capital Mgmt., L.P.*, 604 B.R. 484, 518 (N.D. Tex. 2019), *aff'd sub nom. Matter of Acis Capital Mgmt., L.P.*, 850 Fed. Appx. 302 (5th Cir. 2021) ("the Break-Up Fee facilitated the plan confirmation process. Without the Break-Up Fee, the Trustee would have had no ready, willing, and able partner for the proposed . . . transaction . . ."). The Break Up Fee and Expense Reimbursement will only be paid if the Stalking Horse Bidder is not the Successful Bidder, and the Debtors close a sale with an alternative Successful Bidder. As additional protection to the Stalking Horse Bidder, upon the closing of any sale to an alternative Successful Bidder, the Bid Protections shall be paid directly to the Stalking Horse Bidder without further order of this Court and treated as an allowed superpriority administrative expense claim against the Debtors' estates pursuant to sections 105(a), 503(b), and 507(a)(2) of the Bankruptcy Code. The Break Up Fee represents approximately 3% of the transaction value under the Asset Purchase Agreement. This percentage is well within the order of magnitude of break-up fees approved in other cases, including cases within the Northern District of Texas. See, e.g., *In re Erickson Retirement Cmty., LLC*, Case No. 09-37010-SGJ11 (Bankr. N.D. Tex. 2009) [Docket No. 272] (finding break-up fee and expenses equal to 3.5% of purchase price reasonable); *In re GGI Holdings, LLC, et al.*, Case No. 20-31318-HDH11 (Bankr. N.D. Tex. 2020) [Docket No. 428] (approving break-up fee of 3%); *In re FC Background, LLC, d/b/a FC Constr. Servs.*, Case No. 19-32037-SGJ11 (Bankr. N.D. Tex.

2019) [Docket No. 83] (approving bid protections of up to \$300,000.00 or approximately 3% of the proposed purchase price, including \$200,000.00 of break-up fee and up to \$100,000.00 of expense reimbursement); *In re Bouchard Transp. Co., Inc.*, 639 B.R. 697, 721 (S.D. Tex. 2022) (affirming order allowing stalking horse bidder's administrative expense claim comprising a \$3.3 million breakup fee, equal to 3% of the stalking horse bidder's purchase price, and expense reimbursement of \$885,506.98); *In re Briggs & Stratton Corp.*, Case No. 20-43597 (BSS) (Bankr. E.D. Mo. Aug. 19, 2020) [Doc. No. 505] (approving breakup fee not exceeding \$16.5 million, representing 3% of the stalking horse bidder's purchase price, and expense reimbursement not exceeding \$2.75 million); *In re RMS Titanic, Inc.*, Case No. 16-02230 (PMG) (Bankr. M.D. Fla. Sept. 13, 2018) [Doc. No. 1201] (approving expense reimbursement and breakup fee of the greater of \$500,000.00 and 3% of the purchase price); *In re Sea Island Co.*, Case No. 10-21034 (EJC) (Bankr. S.D. Ga. Sept. 15, 2010) [Doc. No. 189] (finding a 3% breakup fee to be appropriate).

18. Approval of the Stalking Horse APA is in the best interests of the Debtors' estates. In the event no other qualified competing bid materializes, the Stalking Horse APA represents a viable path forward for the Debtors, and will ensure Current Residents the opportunity to stay in their homes and receive the same level of care they currently receive. The Court should approve the Stalking Horse APA and direct the Debtors to execute the Stalking Horse APA.

II. The Court Should Approve the Bidding Procedures

19. Pursuant to Bankruptcy Rule 6004(f)(1), sales of property outside the ordinary course of business may be made by private sale or public auction. Good cause exists to expose the Debtors' assets to auction. The Auction conducted in accordance with the proposed Bidding Procedures will enable the Plan Sponsors, in consultation with the Debtors and the Committee

(collectively, the “**Consultation Parties**”), to solicit higher and better offers for the Debtors’ assets, thereby maximizing the value of the Debtors’ estates for the benefit of all stakeholders.

20. To be eligible to participate in the Auction, each initial Bid and each party (other than the Stalking Horse Bidder) submitting such a Bid (each, a “**Bidder**”) must be determined by the Plan Sponsors, in consultation with the Consultation Parties, to satisfy each of the following conditions, and, if so met, such Bid shall constitute a “**Qualified Bid,**” and such Bidder shall constitute a “**Qualified Bidder**”:

Purchase Price	The Bid must include a cash purchase price in an amount that is at least \$48,500,000.00, plus the amount of the Break Up Fee, plus the amount of the Expense Reimbursement, plus \$100,000.00.
Good Faith Deposit	The Bid accompanied by a deposit in an amount of five percent (5%) of the Bidder’s proposed cash purchase price to be held in an interest bearing escrow account to be held by the Escrow Agent in accordance with the Escrow Deposit Agreement.
Asset Purchase Agreement	The Bid must include a marked version of the Stalking Horse APA (the “ Bidder APA ”) to identify what, if any, modifications the Bidder proposes.
Going Concern Information	The Bidder APA shall (a) identify all Non-Resident Contract Counterparty (defined below) agreements that the Bidder wishes to have assumed and assigned to it pursuant to the Sale; (b) provide details regarding the treatment of Residency Agreements with the Debtors’ current or former residents; (c) provide details regarding the operation and management of the Purchased Assets after the Sale; and (d) provide information pertinent to the ability to obtain regulatory approvals to purchase and operate the Purchased Assets.
Corporate Authority; Financial Ability to Perform; Irrevocable Bid	Each Bid must include written evidence that the Bidder has appropriate corporate authority and financial wherewithal to consummate the Sale Transaction, and that the Bid is irrevocable until the Closing Date of the Sale

Possible Assumption and Assignment Notice must file an objection (a “**Cure Objection**”) no later than December 19, 2022 at 4:00 p.m. (prevailing Central Time), which Cure Objection must be served on the following by e-mail: (a) counsel for the Plan Sponsors, Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (b) RBC Capital Advisors, David Fields, david.fields@rbccm.com; (c) counsel for the Debtors, Trinitee G. Green, tggreen@polsinelli.com and Jeremy Johnson, jeremy.johnson@polsinelli.com, and (d) counsel for the Committee, Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark Moore, mmoore@foley.com (collectively, the “**Notice Parties**”).

23. If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party will be forever barred from objecting to the proposed cure amount. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Plan Sponsor are unable to consensually resolve the dispute, the amount to be paid under section 365 of the Bankruptcy Code (if any) or, as the case may be, the Debtors’ ability to assign the agreement to the Purchaser, will be determined at the Confirmation and Sale Hearing.

24. After the conclusion of the Auction, the Plan Sponsors shall file with the Court and serve on the Notice Parties and Contract Counterparties a further notice (the “**Assumption Notice**”) identifying the Purchaser, stating which Executory Contracts or Unexpired Leases may be assumed and assigned to the Purchaser, and providing such Contract Counterparties with the Purchaser’s assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance set forth in the Assumption Notice must file an objection with the Court

Dated: November 2, 2022

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy

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EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

Re: Docket No. []

**ORDER (I) AUTHORIZING AND APPROVING THE BIDDING PROCEDURES;
(II) AUTHORIZING ENTRY INTO THE STALKING HORSE ASSET PURCHASE
AGREEMENT; (III) APPROVING PROCEDURES RELATED TO THE ASSUMPTION
OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES;
(IV) SCHEDULING COMBINED CONFIRMATION AND SALE HEARING
AND (V) GRANTING RELATED RELIEF**

Having considered the *Motion of Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking*

¹ The Debtors in the Chapter 11 Cases (the “Chapter 11 Cases”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

of notice of all bidding procedures, bid protection and related agreements described in the Motion; (vi) scheduling of the Auction (if necessary) and approval of the manner of notice thereof; and (vii) all related relief set forth herein. The good and sufficient reasons articulated by the Plan Sponsors, which were set forth in the Motion and on the record at the hearing held before this Court on November 30, 2022, are incorporated herein by reference and, among other things, form the basis for the findings of fact and conclusions of law set forth herein.

E. The Bidding Procedures, incorporated herein by reference as if fully set forth in this Order, are fair, reasonable, and appropriate, and represent the best method for maximizing the value of the Debtors' estates. The Break Up Fee and the Expense Reimbursement, on the terms set forth in the Bidding Procedures and the Stalking Horse APA: (i) shall, if triggered, be deemed actual and necessary costs and expenses of preserving the Debtors' estates, within the meaning of 503(b) and 507(a)(2) of the Bankruptcy Code treated as an allowed superpriority administrative expense claim against the Debtors' estates pursuant to sections 105(a), 503(b), and 507(a)(2) of the Bankruptcy Code in accordance with the Stalking Horse APA; (ii) are commensurate to the real and substantial benefit conferred upon the Debtors' estates by the Stalking Horse Bidder; (iii) are reasonable and appropriate, including in light of the size and nature of the sale transaction and comparable transactions, the commitments that have been made, and the efforts that have been and will be expended by the Stalking Horse Bidder, notwithstanding that the proposed transaction may be subject to better and higher offers, and are necessary to induce the Stalking Horse Bidder to pursue the transaction, and (iv) were conditions to, and necessary for, the Stalking Horse Bidder to pursue the Sale and to be bound by the Stalking Horse APA and were designed to ensure the highest and best offers are attained.

F. The Bidding Procedures, the Break Up Fee, and the Expense Reimbursement were each a material inducement to, and an express condition of, the willingness of the Stalking Horse Bidder to submit a bid through the execution of the Stalking Horse APA, which will serve as a minimum floor bid on which the Plan Sponsors, the Debtors, their creditors, and other bidders, may rely. The Stalking Horse Bidder has provided a material benefit to the Debtors and their creditors by increasing the likelihood that the best possible purchase price for the Purchased Assets will be realized.

G. Approval of the Stalking Horse APA with the Stalking Horse Bidder is in the best interests of the Debtors, the Debtors' estates, and creditors, and it reflects a sound exercise of business judgment. The Stalking Horse APA provides adequate opportunity to sell the Debtors' assets in order to preserve and realize their optimal value.

Accordingly,

IT IS HEREBY ORDERED, AND NOTICE IS HEREBY GIVEN, THAT:

1. The Motion is **GRANTED**.

Approval of the Asset Purchase Agreement & Bid Protections

2. The Stalking Horse APA is hereby **APPROVED**, subject to higher or better offers at the Auction.
3. The Debtors are hereby authorized and directed to execute the Stalking Horse APA.
4. The Break Up Fee in the amount of \$1,455,000.00 and the Expense Reimbursement in the amount of up to \$200,000.00 are hereby approved, and shall constitute actual and necessary costs and expenses of preserving the Debtors' estates within the meaning of section 503(b) of the Bankruptcy Code which are entitled to priority in accordance with section 507(a)(2) of the Bankruptcy Code. If the Debtors sell, transfer, lease, or otherwise dispose of, directly or indirectly,

including through an asset sale, stock sale, merger or other similar transaction, all or substantially all of the business or the Purchased Assets in a transaction or a series of transactions with one or more persons other than the Stalking Horse Bidder in accordance with the Bidding Procedures (such event being an “**Alternative Transaction**”), the Debtors shall pay, and is hereby authorized to pay, to the Stalking Horse Bidder, within two (2) Business Days after the consummation of the Alternative Transaction, (i) an amount in cash equal to the Break Up Fee and (ii) the Expense Reimbursement.

5. No person or entity, other than the Stalking Horse Bidder, shall be entitled to any expense reimbursement, break-up fees, “topping,” termination, substantial contribution, or other similar fee or payment, and by submitting a bid, such person or entity is deemed to have waived their right to request or to file with this Court any request for expense reimbursement or any fee of any nature, whether by virtue of section 503(b) of Bankruptcy Code or otherwise.

Approval of the Bidding Procedures, Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases, and Form and Manner of Notice of Sale

6. The Bidding Procedures are fully incorporated herein and are hereby **APPROVED** in their entirety. The Bidding Procedures shall govern the submission, receipt, and analysis of all Bids relating to any Proposed Transaction. Any party desiring to submit a Bid shall comply with the Bidding Procedures and this Bidding Procedures Order. The Plan Sponsors are authorized to take any and all actions necessary to implement the Bidding Procedures, in accordance therewith and the Stalking Horse APA.

7. The Sale Notice⁶ is hereby **APPROVED** in its entirety.

⁶ See **Exhibit 3** hereto.

	the Escrow Agent in accordance with the Escrow Deposit Agreement.
Asset Purchase Agreement	The Bid must include a marked version of the Stalking Horse APA (the “ Bidder APA ”) to identify what, if any, modifications the Bidder proposes.
Going Concern Information	The Bidder APA shall (a) identify all Non-Resident Contract Counterparty (defined below) agreements that the Bidder wishes to have assumed and assigned to it pursuant to the Sale; (b) provide details regarding the treatment of Residency Agreements with the Debtors’ current or former residents; (c) provide details regarding the operation and management of the Purchased Assets after the Sale; and (d) provide information pertinent to the ability to obtain regulatory approvals to purchase and operate the Purchased Assets.
Corporate Authority; Financial Ability to Perform; Irrevocable Bid	Each Bid must include written evidence that the Bidder has appropriate corporate authority and financial wherewithal to consummate the Sale Transaction, and that the Bid is irrevocable until the Closing Date of the Sale Transaction. Each Bid must acknowledge that the Bidder waives and is not entitled to any of the Stalking Horse Bid Protections or other similar bidder protections, including as a substantial contribution under section 503 of the Bankruptcy Code.

12. If any Bid (other than the Stalking Horse Bid) received by the Bid Deadline is determined by the Plan Sponsors, in consultation with the Consultation Parties, to be a Qualified Bid, the Plan Sponsors will hold an Auction in accordance with the Bidding Procedures. At the Auction, the Plan Sponsors may: (a) select, in consultation with the Consultation Parties and pursuant to the Bidding Procedures, the highest or otherwise best Bid and the Successful Bid or Backup Bid; and (b) reject any Bid (regardless of whether such Bid is a Qualified Bid) that, upon consultation with the Consultation Parties is (i) inadequate, insufficient, or not the highest or best Bid, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules,

or the Bidding Procedures, or (iii) contrary to, or otherwise not in the best interests of, the Debtors' estates, affected stakeholders, or other parties in interest.

**Approval of the Bidding Procedures Relating to the Assignment and Assumption of
Executory Contracts and Unexpired Leases**

13. The Bidding Procedures regarding the assumption and assignment of the Debtors' Executory Contracts or Unexpired Leases and the Cure and Possible Assumption and Assignment Notice⁷ are hereby **APPROVED**.

14. Any Non-Resident Contract Counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice, must file an objection (a "**Cure Objection**") no later than December 19, 2022 at 4:00 p.m. (prevailing Central Time), which Cure Objection must be served on the following by e-mail:

- a. Counsel for the Plan Sponsors: Daniel S. Bleck, Eric R. Blythe, & Kaitlin R. Walsh, Mintz Levin, One Financial Center, Boston MA 02111; DSbleck@mintz.com, ERBlythe@mintz.com, KRWalsh@mintz.com;
- b. Debtors: Trinitee G. Green, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201; tggreen@polsinelli.com; Jeremy R. Johnson & Brenna A. Dolphin, Polsinelli PC, 600 3rd Avenue, 42nd Floor, New York, New York 10016; jeremy.johnson@polsinelli.com, bdolphin@polsinelli.com;
- c. Counsel for the Official Committee of Unsecured Creditors of the Debtors: Stephen A. McCartin, Thomas C. Scannell, Mark C. Moore, Foley & Lardner LLP, 2021 McKinney Ave., Ste 1600, Dallas, TX 75201; smccartin@foley.com, tscannell@foley.com, mmoore@foley.com; and
- d. The Office of the United States Trustee, Attn: Lisa Lambert, 1100 Commerce St., Room 976, Dallas, TX 75242; lisa.l.lambert@usdoj.gov.

⁷ See **Exhibit 4** hereto.

15. If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party shall be forever barred from objecting to the proposed cure amount. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Plan Sponsor are unable to consensually resolve the dispute, the amount to be paid under section 365 of the Bankruptcy Code (if any) or, as the case may be, the Debtors' ability to assign the agreement to the Purchaser, shall be determined at the Confirmation and Sale Hearing.

16. After the conclusion of the Auction, the Plan Sponsors shall file with the Court and serve on the Notice Parties and Contract Counterparties a further notice (the "**Assumption Notice**") identifying the Purchaser, stating which Executory Contracts or Unexpired Leases may be assumed and assigned to the Purchaser, and providing such Contract Counterparties with the Purchaser's assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance set forth in the Assumption Notice must file an objection with the Court (a "**Contract Objection**") and serve the Contract Objection on the Notice Parties prior to the Confirmation and Sale Hearing. If a Contract Counterparty does not file a Contract Objection prior to the Confirmation and Sale Hearing, such party shall be forever barred from objecting to the adequacy of the assurance to be provided by the Purchaser and the assumption and assignment to the Purchaser. Where a Contract Counterparty files a Contract Objection prior to the Confirmation and Sale Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Purchaser or raised issues regarding the potential assumption and assignment will be determined at the Confirmation and Sale Hearing.

17. For the avoidance of doubt, the Bidding Procedures regarding the assumption and assignment of the Debtors' Executory Contracts or Unexpired Leases and the Cure and Possible Assumption and Assignment Notice shall not apply to Residency Agreements.

Approval of the Sale Notice

18. The Confirmation and Sale Hearing will be a combined evidentiary hearing on the confirmation of the Plan pursuant to Bankruptcy Rule 3018(c) and the proposed Sale Transaction, or an Alternative Transaction, as the case may be. The Confirmation and Sale Hearing shall commence before the Honorable Michelle V. Larson, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Texas, on **January 10, 2023 at 9:30 a.m.** (prevailing Central Time). The Confirmation and Sale Hearing may be adjourned or rescheduled from time to time by the Court without further notice other than an announcement made at the hearing or at any adjourned or rescheduled hearing thereon.

19. The form of the Sale Notice provides adequate notice of the time fixed for filing objections and the hearing to consider confirmation of the Plan in accordance with Bankruptcy Rules 2002(a), 2002(b), 2002(d), and 3017(d) and is hereby **APPROVED**.

Related Relief

20. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

21. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006, 7062, and 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

22. This Court retains jurisdiction to hear and consider all disputes arising from the interpretation or implantation of this Order.

Exhibits Referenced and Incorporated Hereto

- Exhibit 1 – Bidding Procedures
- Exhibit 2 – Stalking Horse APA
- Exhibit 3 – Sale Notice
- Exhibit 4 – Cure and Possible Assumption and Assignment Notice

End of Order

Prepared by:

HAYNES AND BOONE, LLP

/s/ Draft

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Counsel to the Plan Sponsors

Exhibit 1

Bidding Procedures

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

BIDDING PROCEDURES

UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “Trustee”) and in its capacity as lender under the DIP Credit Agreement (the “DIP Lender,” and collectively with the Trustee, the “Plan Sponsors”) are pursuing Court approval of the *Plan of Reorganization of the Trustee and the DIP Lender Dated November 2, 2022* [Docket No. 752] (the “Plan”).² Pursuant to the Plan, substantially all of the assets of the Debtors (the “Assets”) will be sold (the “Sale”). Bay 9 Holdings LLC, or its designee (the “Stalking Horse Bidder”) has agreed to purchase the Assets for a cash purchase price of \$48,500,000 plus assumed liabilities (the “Stalking Horse Bid”) pursuant to the terms and conditions of the Asset Purchase Agreement attached as an exhibit to the Plan (the “Stalking Horse APA”). To ensure that the maximum value is received for the Assets, the Stalking Horse APA is subject to higher or better offers. To that end, the Plan Sponsors are marketing the Assets and soliciting offers therefor in accordance with these procedures (the “Bidding Procedures”), which have been approved pursuant to an Order entered by this Court in the above-captioned bankruptcy case on November [], 2022 (the “Bidding Procedures Order”) [Docket No. []].

As provided below, the Plan Sponsors are soliciting bids (“Bids”) for the proposed acquisition of the Assets in accordance with these Bidding Procedures, which require, among other things, that potential purchasers submit an executed asset purchase agreement, along with a marked version evidencing any changes to the Stalking Horse APA. The Plan Sponsors will consider all Bids which comply with the terms of these Bidding Procedures.

Important Dates (All times are prevailing Central Time)³

December 19, 2022 at 4:00 p.m.: Deadline to file objections to the Cure and Possible Assumption and Assignment Notice

December 27, 2022 at 4:00 p.m.: Bid Deadline (as defined below).

December 28, 2022 at 10:00 a.m.: Auction date.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

³ All dates are subject to change in the Plan Sponsors’ discretion after consultation with the Debtors and Unsecured Creditors’ Committee (the “Committee” and together with the Debtors, the “Consultation Parties”).

Within Two (2) Business Days after Conclusion of Auction: Deadline for the Plan Sponsors to file a notice regarding the results of the Auction, including the selection of the Successful Bidder and the Backup Bidder (as each are defined below).

January 3, 2023 at 4:00 p.m.: Deadline to serve objections to the Sale and confirmation of the Plan Sponsors' Plan.

January 10, 2023 at 9:30 a.m.: Hearing to consider approval of the Sale and confirmation of the Plan.

Marketing Process

RBC Capital Markets, LLC ("RBC"), who will act as the investment banker for the solicitation of the purchase of the Assets, has developed a list of parties who the Plan Sponsors believe may be interested in consummating a Sale in addition to the Stalking Horse Bidder, which list includes both strategic and financial parties (each, individually, a "Contact Party", and collectively, the "Contact Parties").

RBC shall distribute to, or make available in the data room for, each Contact Party an "Information Package" that is comprised of:

- a cover letter;
- a copy of these Bidding Procedures; and
- a copy of a confidentiality agreement (the "Confidentiality Agreement"), a form of which is attached hereto as **Exhibit 1**.

To participate in the bidding process and to receive access to any confidential materials relating to the Assets (the "Diligence Materials"), each Contact Party must submit to the Plan Sponsors and the Debtors, through RBC, an executed Confidentiality Agreement, signed and transmitted by the person or entity wishing to have access to the Diligence Materials. Each Contact Party who qualifies for access to the Diligence Materials shall be a "Preliminary Potential Purchaser." All Diligence Material requests must be directed to RBC.

Bid Protections

Subject to the terms of the Bidding Procedures Order, as a component of the Stalking Horse APA, the Stalking Horse Bidder shall be entitled to a break-up fee of \$1,455,000 (*i.e.*, 3% of the cash purchase price) (the "Break Up Fee") and an expense reimbursement not to exceed \$200,000 (the "Expense Reimbursement"), payable from the proceeds of a closing of a Sale with an alternative purchaser in accordance with these Bidding Procedures, and a minimum bid increment for other bidders to submit competing bids, and other buyer protections set forth herein (collectively, the "Stalking Horse Bid Protections"). The Stalking Horse Bidder shall be entitled to credit bid the amount of its Break Up Fee plus its Expense Reimbursement at any Auction.

Qualifying Bid Process

To be eligible to participate in the auction, each initial Bid, and each party (other than the Stalking Horse Bidder) submitting such a Bid (each, a “Bidder”), must be determined by the Plan Sponsors, in consultation with the Consultation Parties, to satisfy each of the following conditions and, if so met, such Bid shall constitute a “Qualified Bid,” and such Bidder shall constitute a “Qualified Bidder”. For the avoidance of doubt, without the need for any further action, the Stalking Horse Bid is a Qualified Bid and the Stalking Horse Bidder is a Qualified Bidder.

1. Minimum Bid: Each initial Bid must be greater than or equal to (i) the value offered under the Stalking Horse APA, including a minimum cash purchase price of \$48,500,000, plus (ii) the amount of the Break Up Fee, plus (iii) the amount of the Expense Reimbursement, plus (iv) \$100,000 (the “Minimum Qualified Bid”).

2. Good Faith Deposit: Each initial Bid must be accompanied by a deposit in an amount of five percent (5%) of the Bidder’s proposed cash purchase price (the “Good Faith Deposit”) to an interest bearing escrow account (the “Escrow Deposit Account”) to be held by UMB Bank, N.A. as escrow agent (the “Escrow Agent”) in accordance with the Escrow Deposit Agreement attached hereto as Exhibit 2.

3. Terms of Bid: To be a Qualified Bid, each Bid must include:

- Transaction Documents. All executed transaction documents pursuant to which the Bidder proposes to effectuate the Sale, including (a) an executed asset purchase agreement (the “Bidder APA”), in word and pdf format; (b) a version of such Bidder APA marked against the Stalking Horse APA; and (c) related agreements and disclosures (collectively the “Transaction Documents”). Each Bid may provide for either a for-profit or not-for-profit entity as the owner and/or operator of the Debtors’ facility.
- Going Concern Information. The Bidder APA shall also (a) identify all Non-Resident Contract Counterparty (defined below) agreements that the Bidder wishes to have assumed and assigned to it pursuant to the Sale; (b) provide detail regarding the treatment of any agreement with any of the Debtors’ current or former residents (each, a “Residency Agreement”); (c) provide detail regarding the operation and management of the Assets after the Sale; and (d) provide information pertinent to the ability to obtain regulatory approvals to purchase and operate the Assets.
- Corporate Authority. Each Bid must disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid, and the complete terms of any such participation, and provide written evidence, reasonably acceptable to the Plan Sponsors, demonstrating appropriate corporate authorization to consummate the Sale.

- Proof of Financial Ability to Perform. Each Bid must include written evidence sufficient for the Plan Sponsors to reasonably conclude, after consultation with the Consultation Parties, that the Bidder has or will have the necessary financial ability to consummate the Sale and provide adequate assurance of future performance under all executory contracts to be assumed and assigned in accordance therewith. Such information should include, *inter alia*, the following:
 - contact names and numbers for verification of financing sources, if applicable;
 - evidence of the Bidder’s internal resources and proof of any outside funding sources that are needed to close the Sale; and
 - the Bidder’s current financial statements and any such other form, financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Plan Sponsors demonstrating that such Bidder has or will have the ability to close the Sale.
 - Each Bid must acknowledge that the Bidder waives and is not entitled to any of the Stalking Horse Bid Protections or other similar bidder protections, including as a substantial contribution under section 503 of the Bankruptcy Code.

4. Contingencies. Each Bid must include a statement that there are no conditions precedent to the Bidder’s ability to close the Sale other than Court and regulatory approvals, including that there are no due diligence or financing contingencies to the Bid, and that all necessary internal and shareholder approvals have been obtained prior to the Bid. Each Bid may be subject to the satisfaction of the conditions precedent to the Sale, as set forth in the Bidder APA.

5. Irrevocable: Each Bid must be irrevocable through the entry of the Confirmation Order; provided, however, that a Bid accepted as the Successful Bid or the Backup Bid (as each are defined below) shall remain irrevocable as set forth below, subject to the terms and conditions of the Bidding Procedures.

6. Bid Deadline: The Plan Sponsors must receive each Bid, in writing, on or before December 27, 2022, or such later date as may be agreed to by the Plan Sponsors (the “Bid Deadline”). Each Bid must be sent by the Bid Deadline to (i) counsel for the Plan Sponsors by e-mail: Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com and (ii) RBC, David Fields, david.fields@rbccm.com. Counsel to the Plan Sponsors will provide the Consultation Parties with any Bid within one (1) day of receipt thereof.

Bidder (the “Cure and Possible Assumption and Assignment Notice”).⁴ Any Non-Resident Contract Counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice, must file an objection (a “Cure Objection”) no later than December 19, 2022, which Cure Objection must be served on the following by e-mail: (a) counsel for the Plan Sponsors, Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (b) RBC, David Fields, david.fields@rbccm.com; (c) counsel for the Debtors, Trinitee G. Green, tggreen@polsinelli.com and Jeremy Johnson, Jeremy.johnson@polsinelli.com, and (d) counsel for the Committee: Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark Moore, mmoore@foley.com (collectively, the “Notice Parties”).

If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party will be forever barred from objecting to the proposed cure amount. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Plan Sponsor are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtors’ ability to assign the agreement to the Successful Bidder, will be determined at the Combined Hearing (as defined below)

After the conclusion of the Auction, the Plan Sponsors shall file with the Bankruptcy Court and serve on the Notice Parties and Contract Counterparties a further notice (the “Assumption Notice”) identifying the Successful Bidder, stating which Contracts may be assumed and assigned to the Successful Bidder, and providing such Contract Counterparties with the Successful Bidder’s assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance or assumption and/or assignment of its Contract set forth in the Assumption Notice must file an objection with the Bankruptcy Court (a “Contract Objection”) and serve the Contract Objection on the Notice Parties prior to the Combined Hearing. If a Contract Counterparty does not file a Contract Objection prior to the Combined Hearing, such party will be forever barred from objecting to the adequacy of the assurance to be provided by the Successful Bidder and assumption and assignment to the Successful Bidder. Where a Contract Counterparty files a Contract Objection prior to the Combined Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Successful Bidder or raised issues regarding the potential assumption and assignment will be determined at the Combined Hearing.

For the avoidance of doubt, this section does not address Residency Agreements although the Residency Agreements are executory contracts. As provided above, in order to constitute a Qualified Bid, each Bid must provide detail regarding the treatment of Residency Agreements with the Debtors’ current or former Residents. To the extent a Bid includes the assumption of the Residency Agreements, the Bidder will be required to satisfy the related cure costs and provide adequate assurance of future performance. The Assumption Notice shall include a description of the Successful Bidder’s proposed treatment of Residency Agreements.

⁴ For the avoidance of doubt, “Non-Resident Contract Counterparty” shall not include any resident, former resident, or other party asserting claims arising under the Residency Agreements.

Confirmation and Sale Hearing

The Successful Bid will be subject to approval by the Plan Sponsors and the Bankruptcy Court. The evidentiary hearing to consider approval of the Successful Bid will be combined with an evidentiary hearing to consider confirmation of the Plan. The combined hearing (the “Combined Hearing”) will be held before the Honorable Michelle V. Larson, United States Bankruptcy Court for the Northern District of Texas – Dallas Division, Earle Cabell Federal Building, 110 Commerce Street, Room 1254, Dallas Texas on January 10, 2023 at 9:30 a.m. (CT).

At the Combined Hearing, the Plan Sponsors will seek the entry of an order of the Bankruptcy Court (i) approving and authorizing the Sale to the Successful Bidder, and, if applicable, the Backup Bidder and (ii) confirming the Plan. The Successful Bidder shall appear at the Combined Hearing and be prepared to testify in support of the Successful Bid and the Successful Bidder’s ability to close in a timely manner.

Objections to the Sale of the Assets to the Successful Bidder or Backup Bidder must be filed and served so that they are actually received by the Notice Parties and counsel for the Office of the United States Trustee for the Northern District of Texas, Lisa Lambert, lisa.l.lambert@usdoj.gov, no later than January 3, 2023. The Combined Hearing may be adjourned or rescheduled as ordered by the Bankruptcy Court or by the Plan Sponsors with the approval of the Successful Bidder in consultation with the Consultation Parties but without further notice to creditors and parties in interest other than by announcement by the Plan Sponsors of the adjourned date at the Combined Hearing.

No later than ten (10) calendar days after entry of the Confirmation Order, the Successful Bidder, the Plan Sponsors and the Debtors shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing terms and conditions on which the Successful Bid was made and the Sale contemplated by the Successful Bid shall close contemporaneously with the effectiveness of the Plan.

Return of Good Faith Deposits

The Good Faith Deposits of all Qualified Bidders shall be held in one or more interest-bearing escrow accounts by the Escrow Agent, but shall not become property of the Debtors’ estates absent further order of the Bankruptcy Court. The Good Faith Deposit of any Qualified Bidder that is neither the Successful Bidder nor the Backup Bidder shall be returned to such Qualified Bidder not later than two (2) business days after announcement of the Successful Bidder and any Backup Bidder. The Good Faith Deposit of the Backup Bidder shall be returned to the Backup Bidder on the date that is the earlier of one (1) business day after the closing of the Sale with the Successful Bidder, and the Outside Backup Date; *provided, however*, that in the event the Successful Bidder does not consummate the Sale as described above and the Plan Sponsors provide notice to the Backup Bidder that it has been chosen as the replacement Successful Bidder and then the Backup Bidder’s Good Faith Deposit shall be held until the closing of the Sale with the Backup Bidder as set forth in the Backup Bidder APA. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If the Successful Bidder

or the Backup Bidder timely closes the Sale, its Good Faith Deposit shall be credited towards its purchase price.

Reservation of Rights

THE PLAN SPONSORS RESERVE THEIR RIGHTS TO MODIFY THESE BIDDING PROCEDURES IN ANY MANNER, IN CONSULTATION WITH CONSULTATION PARTIES, THAT WILL BEST PROMOTE THE GOALS OF THE BIDDING PROCESS AND TO IMPOSE, AT OR PRIOR TO THE AUCTION, ADDITIONAL OR DIFFERENT CUSTOMARY TERMS AND CONDITIONS ON THE SALE OF THE ASSETS, INCLUDING, WITHOUT LIMITATION, EXTENDING THE DEADLINES SET FORTH IN THESE BIDDING PROCEDURES, ADJOURNING THE AUCTION AT OR PRIOR TO THE AUCTION AND/OR ADJOURNING THE COMBINED HEARING PRIOR TO SUCH HEARING OR IN OPEN COURT WITHOUT FURTHER NOTICE, AND REJECTING ANY OR ALL QUALIFIED BIDS IF, IN THE PLAN SPONSORS' REASONABLE, GOOD-FAITH BUSINESS JUDGMENT DETERMINED THAT SUCH QUALIFIED BID IS (I) INADEQUATE OR INSUFFICIENT, (II) NOT IN CONFORMITY WITH THE REQUIREMENTS OF THE BANKRUPTCY CODE OR ANY RELATED RULES OR THE TERMS SET FORTH HEREIN, OR (III) CONTRARY TO THE BEST INTERESTS OF THE DEBTORS; PROVIDED THAT NOTHING HEREIN SHALL PERMIT THE MODIFICATION OF THE REQUIREMENT THAT ANY QUALIFIED BID MUST PROVIDE FOR THE PAYMENT OF THE STALKING HORSE BID PROTECTIONS. THE PLAN SPONSORS RESERVE THE RIGHT, AT ANY TIME, FOR ANY REASON AND IN THEIR REASONABLE, GOOD-FAITH BUSINESS JUDGMENT, IN CONSULTATION WITH THE CONSULTATION PARTIES, TO DECLINE TO PURSUE THE SALE AND TO WITHDRAW ANY MOTION FILED IN THE COURT SEEKING TO APPROVE THE SALE.

Dated: November 2, 2022

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy

J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
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– and –

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY, AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
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Counsel to the Plan Sponsors

Exhibit 2

Stalking Horse APA

ASSET PURCHASE AGREEMENT

DATED AS OF NOVEMBER [•], 2022

BY AND BETWEEN

**NORTHWEST SENIOR HOUSING CORPORATION,
A TEXAS NOT-FOR-PROFIT CORPORATION, as Seller**

AND

BAY 9 HOLDINGS LLC or its designee, as Purchaser

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “**Agreement**”) is made and entered into as of November [•], 2022 (the “**Execution Date**”), by and between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**” or the “**Debtor**”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”). The Seller and the Purchaser are sometimes individually referred to as a “**Party**” and collectively as the “**Parties.**”

RECITALS

WHEREAS, Seller has filed a voluntary petition for relief under the Bankruptcy Code as Case Number 22-30659 (the “**Chapter 11 Case**”) with the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”);

WHEREAS, Seller is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community (the “**Edgemere Community**”) on land owned by Intercity Investments Properties, Inc. (the “**Landlord**”) located at 8523 Thackery St, Dallas, Texas 75225 and leased to Seller pursuant to that certain Ground Lease dated November 5, 1999 (the “**Ground Lease**”). The Edgemere Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

WHEREAS, UMB Bank, N.A., in its capacity as successor Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture (the “**Trustee**”) and in its capacity as DIP Lender (as defined below) (UMB Bank, N.A. in each such capacity, collectively, the “**Plan Sponsors**”), have filed a proposed a Plan of Reorganization under Chapter 11 of the Bankruptcy Code (including all related supplements and documents, the “**Plan**”) that contemplates the sale of the Edgemere Community and related assets to Purchaser, or another purchaser that submits a higher and better offer for the assets in accordance with the Sale Transaction Procedures (as defined below);

WHEREAS, Purchaser desires to acquire the Edgemere Community, including Edgemere’s leasehold interest in the Premises (as defined below) created by the Ground Lease, and the assets owned by Seller and used or useful to Seller’s operation of the Edgemere Community (the “**Business**”, and, together with Seller’s interests in the Ground Lease, the “**Assets**”) on the terms and conditions contained in this Agreement, subject to higher and better bids, as well as confirmation of the Plan;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Defined Terms. As used herein, the following terms have the meanings set forth below:

“**2015 Bond Indenture**” means that certain Indenture of Trust, dated May 1, 2015, by and between the Issuer and the Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2015 Bonds were issued.

“**2017 Bond Indenture**” means that certain Indenture of Trust, dated March 1, 2017, between the Issuer and Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2017 Bonds were issued.

“**Accounts Receivable**” means all accounts, accounts receivable, contractual rights to payment, notes, notes receivable, negotiable instruments, chattel paper, and vendor and supplier rebates of Seller in connection with, or relating to, the Business other than intercompany obligations by and among Seller, Lifespace and any Affiliates thereof.

“**Accrued PTO**” means accrued but unused paid time off (including any sick time) for each employee as of the Closing Date.

“**Action**” means any action, claim, proceeding, litigation, arbitration, mediation, suit, investigation or regulatory inquiry (whether civil, criminal, administrative or judicial), or any appeal therefrom or any material demand letter threatening the initiation of any of the foregoing, including, but not limited to, the Landlord Litigation and any all causes of action arising from Chapter 5 of the Bankruptcy Code.

“**Affiliate**” shall mean, as to the entity in question, any person or entity that directly or indirectly controls, is controlled by or is under common control with, the entity in question and the term “**control**” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity whether through ownership of voting securities, by contract or otherwise. For the avoidance of doubt, Lifespace shall not be deemed an affiliate of the Seller at the time of Closing.

“**Agreement**” has the meaning set forth in the recitals.

“**Alternative Transaction**” has the meaning set forth in Section 7.1(f).

“**Approvals**” means all consents and approvals from any Governmental Authority, including without limitation any Governmental Authority with regulatory oversight of healthcare organizations, which are necessary for the transfer of the Purchased Assets or the operation of the Business.

“**Assets**” has the meaning set forth in the recitals.

“**Assumed Contracts**” means all of the rights and interests of Seller in and to the executory contracts and unexpired leases that Purchaser designates for assumption and assignment, as listed on Schedule 5.5(b) (as may be supplemented or modified prior to Closing), but explicitly excluding all of the Residency Agreements and the Residency Escrow Agreement.

“**Assumed Liabilities**” has the meaning set forth in Section 2.3.

“**Assignment and Assumption Agreement**” has the meaning set forth in Section 2.8(a)(ii) and substantially in the form set forth in **Exhibit B** hereto.

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy”, as now in effect.

“**Bankruptcy Court**” has the meaning set forth in the recitals.

“**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure as now in effect.

“**Bidding Procedures Motion**” means that certain motion filed by the Plan Sponsors on November 2, 2022 seeking Bankruptcy Court approval of the bidding procedures attached thereto and this Agreement, and granting related relief.

“**Bidding Procedures Order**” means that certain order of the Bankruptcy Court dated [•], 2022 granting the relief sought in the Bidding Procedures Motion.

“**Bills of Sale**” has the meaning set forth in Section 2.8(a)(i) and substantially in the form set forth in **Exhibit A** hereto.

“**Bond Trustee**” means UMB Bank, N.A., in its capacity as successor Bond Trustee under (i) that certain Indenture of Trust, dated as of May 1, 2015 and (ii) that certain Indenture of Trust, dated March 1, 2017, each issued by the Tarrant County Cultural Education Facilities Finance Corporation for the benefit of the Seller.

“**Books and Records**” means the books and records of Seller relating to the Purchased Assets, to the greatest extent assignable; provided, however, that “Books and Records” shall not include the originals of Seller’s minute books, stock books and Tax returns.

“**Break-Up Fee**” has the meaning set forth in Section 7.1(f).

“**Business**” has the meaning set forth in the recitals.

“**Business Day**” means any day other than any Saturday, Sunday or legal holiday in Dallas, Texas.

“**Chapter 11 Case**” has the meaning set forth in the recitals.

“**Closing**” has the meaning set forth in Section 2.7.

“**Closing Date**” has the meaning set forth in Section 2.7.

“**Closing Escrow**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Agent**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Amount**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Objection**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Release Date**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Release Notice**” has the meaning set forth in Section 2.5(h).

“**Closing Statement**” has the meaning set forth in Section 2.8.

“**Confirmation Order**” means the order of the Bankruptcy Court in form and substance acceptable to the Plan Sponsors and Purchaser, confirming the Plan and approving the Sale pursuant to section 1129 of the Bankruptcy Code.

“**Contract Party**” has the meaning set forth in Section 5.5.

“**Cure Amounts**” means the amount necessary pursuant to 11 U.S.C. § 365 to cure defaults under Assumed Contracts.

“**Debtor**” has the meaning set forth in the recitals.

“**Deposit**” has the meaning set forth in Section 2.5(b) and shall include any interest earned thereon.

“**DIP Credit Agreement**” means that certain Priming Superpriority Debtor-in-Possession Credit Agreement between the Debtors and the DIP Lender as approved by the Bankruptcy Court.

“**DIP Lender**” means UMB Bank, N.A., in its capacity as lender under the DIP Credit Agreement.

“**Edgemere Community**” has the meaning set forth in the recitals.

“**Effective Time**” has the meaning set forth in Section 2.7.

“**Encumbrance**” means any charge, claim (as defined at Bankruptcy Code section 101(5)), community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, transfer, receipt of income or exercise of any other attribute of ownership.

“**Equipment**” means the furniture, tangible property and equipment owned by Seller and used or useful to the Business, including the property identified on Schedule 1(w).

“**Escrow Agent**” means UMB Bank, N.A.

“**Escrow Deposit Agreement**” means that certain agreement between Purchaser, Seller and Escrow Agent substantially in the form set forth in **Exhibit G** hereto.

“**Excluded Assets**” has the meaning set forth in Section 2.2.

“**Excluded Contracts**” has the meaning set forth in Section 5.5(b).

“**Execution Date**” has the meaning set forth in the recitals.

“**Existing Improvements**” shall have the meaning set forth in the Ground Lease.

“**Expense Reimbursement**” has the meaning set forth in Section 7.1(f).

“**Final Order**” means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Case that has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending and stayed, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought and a stay of the order or judgment has been granted, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, to petition for certiorari, or to move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rules 9023 or 9024, may be filed relating to such order shall not cause such order to not be a Final Order.

“**Governmental Authority**” means the Bankruptcy Court, any tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision.

“**Ground Lease**” has the meaning set forth in the recitals.

“**Ground Lease Assignment and Assumption Agreement**” has the meaning set forth in Section 2.8(a)(iii) and substantially in the form set forth in **Exhibit C** hereto.

“**Intangible Personal Property**” means all intangible property rights related to the Businesses or the Premises, including any warranties and guaranties, zoning approvals, building permits, and systems used or useful to the Business. .

“**Intellectual Property**” means all intellectual property and industrial property rights and assets, and any other similar or equivalent type of proprietary right or intellectual property right anywhere in the world, and all rights to sue, obtain damages or other remedies, including for past, present, and future infringement or misappropriation, and other administrative rights arising from or relating to any of the foregoing, and any interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, fictitious names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all

registrations, applications and renewals for, any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or governmental authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights; (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (e) patents (including all reissues, divisional, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other governmental-authority-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models); (f) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation; (g) semiconductor chips and mask works; (h) royalties, fees, income, payments and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and (i) all rights to any Actions of any nature available to or being pursued by Seller to the extent related to the foregoing, whether accruing before, on, or after the Execution Date, including all rights to and claims for damages, restitution and injunctive relief for infringement, dilution, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief, and to collect, or otherwise recover, any such damages.

"Intellectual Property Assets" means all Intellectual Property that is owned or licensed by Seller, to the greatest extent assignable, and used or useful to the Business. Intellectual Property Assets shall exclude computer software used by Seller in operation of the Assets which Seller has no right to sell, including computer software which can be purchased through retail outlets, and Matrix software used by Seller for minimum data set tabulation.

"Intellectual Property Assignment and Assumption Agreement" has the meaning set forth in Section 2.8(a)(iv) and substantially in the form set forth in **Exhibit D** hereto.

"Intellectual Property Registrations" means all Intellectual Property Assets that are subject to any issuance, registration, application, or other filing by, to or with any governmental authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

"Inventory" means all Seller's inventory used or useful to the Business.

"Issuer" means Tarrant County Cultural Education Facilities Finance Corporation.

"IT Assets" means IT Inventories, technical documentation, software contracts and computer equipment, in each case related to the Business.

"IT Inventories" means (i) computer software code (in all media) and materials, including all software programs; (ii) computer software documentation, including user materials;

and (iii) all other unused or reusable materials, stores, and supplies related to computer software, in each case to the extent used in, relating to, or arising out of the Business

“**Land**” shall have the meaning set forth in the Ground Lease.

“**Landlord**” has the meaning set forth in the recitals.

“**Landlord Litigation**” means that certain adversary proceeding commenced in the Bankruptcy Court on April 14, 2022 (Adv. No. 22-03040-mvl) and captioned *Northwest Senior Housing Corporation v. Intercity Investment Properties, Inc., et al.*

“**Liabilities**” means liabilities, obligations, or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute, or contingent, accrued or unaccrued, matured or unmatured or otherwise.

“**Lien**” shall have the meaning set forth in section 101(37) of the Bankruptcy Code, including any security interest, pledge, mortgage, lien, charge, adverse claim of ownership or use, restriction on transfer (such as a right of first refusal or other similar right), defect of title, encroachments, or other encumbrance of any kind or character.

“**Lifespace**” shall mean Lifespace Communities, Inc.

“**MAC**” shall mean either (i) if there has been a reduction of seventeen and a half percent (17.5%) or more, for any reason, when comparing the occupancy for independent living, memory care, and assisted living Residents, collectively, in the Edgemere Community during the month in which the Execution Date occurs to the monthly occupancy for such Residents over any one month period from the Execution Date to the Closing Date or (ii) the loss, revocation, or termination of any Permits necessary or material to operate the Business in the manner operated on the Execution Date, or the cessation of any material part of the Business.

“**Medicare**” means Title XVIII of the Social Security Act.

“**Modified Residency Agreement**” has the meaning set forth in Section 5.5(d).

“**Necessary Consent**” has the meaning set forth in Section 5.5(c).

“**Original Master Indenture**” means that certain Amended and Restated Master Trust Indenture, Deed of Trust and Security Agreement, dated November 15, 1999 and effective as of April 1, 2006, by and between the Obligated Group and JP Morgan Chase Bank, National Association, as initial master trustee and UMB Bank, N.A., as successor Master Trustee, as supplemented by that certain Supplemental Indenture Number 6, dated March 1, 2017, which shall be further amended on and after the Effective Date.

“**Outside Closing Date**” has the meaning set forth in Section 2.7.

“**Permits**” means to the greatest extent transferrable, all licenses, permits (including occupancy permits), certificates, registrations, approvals, franchises, consents and other

- (a) the Ground Lease;
- (b) all of Seller's interest in the Land and Existing Improvements pursuant to the Ground Lease;
- (c) the Accounts Receivable;
- (d) the Books and Records;
- (e) the Equipment;
- (f) the Inventory;
- (g) to the greatest extent transferable under applicable law, the Permits, including Seller's Medicare provider agreement;
- (h) the Intellectual Property Assets;
- (i) the Tangible Personal Property, only to the extent assignable;
- (j) the Intangible Personal Property;
- (k) the IT Assets;
- (l) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums, and fees which pertain to the Purchased Assets and are not Excluded Assets;
- (m) Seller's attorney-client and work-product privileges which pertain to the Purchased Assets; and
- (n) the Assumed Contracts.

2.2 Excluded Assets. Notwithstanding Section 2.1, the Parties acknowledge that Seller shall not sell, assign, transfer or convey to Purchaser, and Purchaser shall not purchase, acquire or accept from Seller, the assets consisting of the following (all such assets, the "**Excluded Assets**"):

- (a) the Purchase Price and all rights under this Agreement and the Related Agreements;
- (b) all cash and cash equivalents;
- (c) the contracts that are not Assumed Contracts (including the Residency Agreements and the Residency Escrow Agreement, which, for the avoidance of doubt, are Rejected Contracts);

(d) all set-off rights to claims filed or asserted in the Chapter 11 Case (except to the extent arising in connection with (i) an Assumed Contract which is subject to cure, (ii) Assumed Liabilities, or (iii) Accounts Receivable);

(e) all Actions;

(f) all intercompany-related obligations between and among Lifespace, the Seller and their respective Affiliates;

(g) hold-backs and escrows for any prorations or Taxes (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing) being paid by Seller in connection with the Closing or afterward, if applicable;

(h) all insurance policies of Seller, any prepaid insurance premiums and any rights or claims or proceeds arising from such policies;

(i) all Tax refunds and rebates which are related to Seller's operation of the Business prior to the Closing;

(j) all (i) corporate seals, corporate organizational records, minute books, charter documents, record books, and stock transfer books pertaining to Seller, (ii) original Tax, accounting and financial records which pertain exclusively to the Excluded Assets, and (iii) such other files, books and records which pertain exclusively to the Excluded Assets or to the formation, existence or capitalization of Seller or of any other Person;

(k) all Inventory and Assets disposed of or exhausted prior to Closing in the ordinary course of business;

(l) any records which Seller is legally required to retain in its possession and any records related to Excluded Assets or Excluded Liabilities (as hereinafter defined);

(m) all equipment and tangible property located at the Premises but not owned by Seller, and all other assets, properties and rights not related to or used in the Business;

(n) personnel records for Employees who are not Transferred Employees and, to the extent the transfer of such records (whether directly or by means of the sale of the Purchased Assets) to Purchaser or its affiliates is prohibited by applicable Law, for Transferred Employees;

(o) all board designated, self-insurance trusts, workers compensation trusts, working capital trust assets, and assets and investments restricted as to use), donor restricted assets, beneficial interests in charitable trusts and accrued earnings on all of the foregoing;

(p) Employee Retention Tax Credit on qualified wages for the period from March 27, 2020 to December 31, 2021 provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT), the Consolidated Appropriations Act, 2021 (CAA), and the American Rescue Plan Act (ARPA); and

(q) any reserve or bond funds in possession of the Trustee, including, without limitation, any restricted and trustee-held or other escrowed funds (such as the debt service reserves, operating reserves and rent reserves).

2.3 Assumed Liabilities. Upon the terms and subject to the conditions contained in this Agreement, at the Closing, Purchaser shall assume or otherwise be responsible for, which amounts shall be in addition to the Purchase Price, for (collectively, the “**Assumed Liabilities**”):

(a) all liabilities and obligations under the Purchased Assets accruing or arising after the Closing (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing) and all Cure Amounts associated with the Assumed Contracts (other than the Ground Lease for which the Cure Amounts, if any, shall be paid by Seller at Closing);

(b) all liabilities and obligations arising under or related to the Assumed Contracts, from and after Closing; and

(c) all liabilities required to be paid by Purchaser pursuant to this Agreement (such as, without limitation, stamp and recording Tax, solely to the extent not exempt under 11 U.S.C. § 1146).

2.4 Excluded Liabilities. Except for the Assumed Liabilities, Purchaser shall not assume or be liable to pay, perform or discharge any liability, obligation, debt, claim against or contract of the Seller or any of its Affiliates which, in any case, pertain to the ownership, operation or conduct of the Business or the ownership of the Purchased Assets prior to the Closing Date, at any time existing or asserted, whether or not accrued, fixed, contingent or otherwise, whether known or unknown, and whether or not recorded on the books and records of Seller or any of its Affiliates. Without limiting the generality of the foregoing, the Excluded Liabilities shall include, but not be limited to, the following:

(a) any liabilities with respect to the transactions contemplated hereunder arising under the federal Worker Adjustment and Retraining Notification Act and any similar foreign, state, or local plant closing or collective dismissal Laws (collectively, the “WARN Act”);

(b) any Liability for Taxes of Seller (or any member or affiliate of Seller) or relating to the Business, the Purchased Assets, or the Assumed Liabilities for any accruing or arising prior to the Closing (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing);

(c) any Liabilities relating to or arising out of the Excluded Assets, whether arising prior to, or from and after the Closing,

(d) any Liabilities related to or arising out of any Rejected Contracts, Accrued PTO, or any pension, deferred compensation or retirement plan, whether arising prior to, or from and after the Closing;

(e) any Liabilities in respect of any pending or threatened Action arising out of, relating to or otherwise in respect of the ownership or operation of the Business or the Purchased Assets to the extent such Action relates to such operation on or prior to the Closing Date; and

(f) any liabilities related to cost report settlements, fines, penalties, overpayments or recoupments.

2.5 Closing Proceedings.

(a) The Purchase Price under this Agreement is Forty Eight Million and Five Hundred Thousand Dollars (\$48,500,000.00) (“**Purchase Price**”), as adjusted in accordance with this Section 2.5.

(b) Upon the entry of the Bidding Procedures Order by the Bankruptcy Court, Two Million and Four Hundred Thousand Dollars (\$2,425,000) (the “**Deposit**”) shall be paid to Escrow Agent, which will be held by Escrow Agent in accordance with the terms and conditions of this Agreement, the Escrow Deposit Agreement substantially in the form set forth in **Exhibit G** hereto, the Bidding Procedures Order and further orders of the Bankruptcy Court which have been reviewed and approved by the Purchaser. The Deposit will be credited against the Purchase Price at Closing, subject to Section 2.5(c), or, in the event an Alternative Transaction is consummated, returned to Purchaser in accordance with the terms of this Agreement.

(c) Notwithstanding anything to the contrary contained herein, if the Closing does not occur, the Deposit, including any interest earned thereon, shall be paid to the party entitled thereto pursuant to the terms of this Agreement.

(d) At the Closing, Purchaser shall assume the Assumed Liabilities (which shall be in addition to, and not a credit against, the Purchase Price), *provided, however*, with regard to Assumed Contracts other than the Ground Lease, the Purchaser shall pay to each Contract Party any Cure Amounts, in cash, by wire transfer of immediately available funds, necessary to assume and assign any Assumed Contract, at such time as may be designated by the Court in the Confirmation Order; *provided, further, however*, the Seller shall pay any Cure Amounts due in connection with the Ground Lease to permit the assumption and assignment of the Ground Lease to Purchaser free and clear of any Encumbrances and Liens effective as of the Closing Date.

(e) At the Closing, Purchaser shall pay all escrow fees, recording costs or fees, transfer Taxes (if applicable), and conveyance fees (if applicable). The provisions of this Section 2.5(e) shall survive the Closing.

(f) At the Closing, payment of the Purchase Price, minus the Deposit (and any interest earned thereon) and plus or minus prorations or adjustments as set forth herein, shall be paid by the Purchaser by wire transfer to Escrow Agent.

(g) At the Closing, the Parties will execute and deliver the Related Agreements.

(h) At the Closing, \$1,500,000 of the Purchase Price (the “**Closing Escrow Amount**”) shall be deposited into an escrow account (the “**Closing Escrow**”) with an independent escrow agent acceptable to the Plan Sponsors (the “**Closing Escrow Agent**”) upon terms and conditions consistent with this section. On or prior to the Closing Escrow Release Date (defined below), any portion of the Closing Escrow Amount shall only be released to Purchaser from the Closing Escrow upon fourteen (14) days’ notice by Purchaser to Closing Escrow Agent and Plan Sponsors for release of the amount (only up to the available Closing Escrow Amount) credited by

Medicare/CMS payor pursuant to a notice of recoupment or setoff against the Purchaser's post-Closing Medicare Accounts Receivable on account of pre-Closing Medicare/CMS payor overpayments on Seller's Accounts Receivable (each, a "**Closing Escrow Release Notice**"). The Plan Sponsors may assert any objection to a Closing Escrow Release Notice on or before seven (7) days from receipt of a Closing Escrow Release Notice (each, a "**Closing Escrow Objection**"). The Plan Sponsors and Purchaser shall meet and confer in good faith to discuss the Closing Escrow Objection. To the extent the Plan Sponsors fail to reach an agreement with Purchaser and continue(s) all or part of the Closing Escrow Objections, the Plan Sponsors shall (a) provide instruction to the escrow agent to release any undisputed amounts from the Closing Escrow (up to the available Closing Escrow Amount), and (b) seek further order of the Bankruptcy Court to resolve the Closing Escrow Objection. Upon the later of (i) the one (1) year anniversary of the Closing Date, or (ii) resolution of any payment audit relating to Seller's pre-Closing Medicare payments or Accounts Receivable that is pending at or initiated prior to the one (1) year anniversary of the Closing (the "**Closing Escrow Release Date**"), any remaining and undisputed Closing Escrow Amount shall be paid to Plan Sponsors as proceeds from the Sale, with any disputed remaining amounts being disbursed upon final resolution of any then pending Closing Escrow Objections.

2.6 Prorations. The following items shall be prorated as of the Proration Time and paid or credited at Closing, as shall be set forth on the Closing Statement. In the event any amounts at Closing cannot be accurately determined, such amounts shall be estimated and adjusted as promptly as practicable thereafter but in no event later than sixty (60) days after the Closing Date. Seller shall be responsible for such items prior to the Proration Time and Purchaser shall be responsible for such items after the Proration Time.

(a) All state, county, city, school, ad valorem, and other local real and personal property taxes and assessments and business personal property taxes relating to or assessed against the Purchased Assets shall be prorated as of the Proration Time.

(b) To the extent all utilities and other periodic charges cannot be changed to Purchaser's designee's account by the Closing Date, the same shall be prorated as of the Proration Time.

(c) Seller shall credit to Purchaser at Closing a pro-rata portion of the payments received by Seller for residents and patients, as well as other services to be provided after the Proration Time. Seller shall be credited at Closing with all prepayments made by Seller for services relating to Purchased Assets to be provided after the Proration Time (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing).

(d) Provider taxes, privilege taxes or so-called bed taxes or similar taxes or fees (howsoever designated) shall be prorated as of the Proration Time.

2.7 Time and Place of Closing. Subject to the terms of this Agreement, the closing of the transactions contemplated hereby (the "**Closing**") shall be held by electronic exchange of executed documents (or, if the parties elect to hold a physical Closing, at the offices of the Plan Sponsors' legal counsel at Haynes and Boone, LLP, 2323 Victory Avenue, Suite 700, Dallas, Texas 75219), prior to the close of business on a date which is not later than ten (10) days after all

of the conditions to Closing set forth in Article VI are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) (the “**Closing Date**”), but in no event later than forty-five (45) days after the entry of the Confirmation Order so long as an operation transition agreement is in place that enables Purchaser to operate the Business in the manner Seller was operating the Business as of the Execution Date (the “**Outside Closing Date**”) (unless otherwise mutually agreed by the Parties). The transactions contemplated hereby shall take place pursuant to, and in accordance with, the terms and conditions hereof. The Closing shall be effective as of 11:59 p.m. on the Closing Date or such other date and time as the parties may agree in writing (the “**Effective Time**”).

2.8 Closing Deliverables.

(a) At the Closing, Seller shall deliver to Purchaser or its designees the following:

(i) bills of sale in the form of **Exhibit A** (the “**Bills of Sale**”) duly executed by Seller, transferring the Existing Improvements, the Intellectual Property Assets, the Intangible Personal Property the Tangible Personal Property, and the IT Assets to Purchaser or its designees;

(ii) assignment and assumption agreements in the form of **Exhibit B** (the “**Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Assumed Contracts (other than the Ground Lease);

(iii) assignment and assumption agreement in the form of **Exhibit C** (“**Ground Lease Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Ground Lease;

(iv) assignment and assumption agreements in the form of **Exhibit D** (the “**Intellectual Property Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Intellectual Property Assets;

(v) a closing certificate duly executed by Seller in the form of **Exhibit E** (the “**Seller Closing Certificate**”);

(vi) a closing statement setting forth all prorations and adjustments (the “**Closing Statement**”);

(vii) a certified copy of the Confirmation Order;

(viii) physical possession of the Purchased Assets, including, without limitation, all access codes and keys to the Edgemere Community and Premises and all other things reasonably necessary in order for Purchaser to commence Business;

(ix) upon approval of the Bankruptcy Court, evidence of assumption of the Ground Lease; and

(x) all other documents and instruments contemplated to be delivered by Seller pursuant to this Agreement.

(b) At the Closing, Purchaser and/or its designees shall deliver to Seller the following:

(i) the Assignment and Assumption Agreements duly executed by Purchaser or its designees;

(ii) a closing certificate duly executed by the Purchaser in the form of **Exhibit F** (the “**Purchaser Closing Certificate**”);

(iii) the Closing Statement duly executed by Purchaser; and

(iv) all other documents and instruments contemplated to be delivered by Purchaser pursuant to this Agreement.

(c) On the Closing Date, Purchaser shall cause the Escrow Agent to deliver the Deposit to Seller and shall transfer to Seller the balance of the Purchase Price, less the \$1,500,000 escrow as described in Section 2.5(h).

2.9 Purchase Price Allocation. Purchaser shall allocate the Purchase Price (together with Assumed Liabilities properly included, if any) among the Purchased Assets in a manner consistent with the fair market values determined in good faith and on a reasonable basis by Purchaser prior to the Closing Date. Such allocation shall be consistent with Section 1060 of the Internal Revenue Code and the Treasury Regulations thereunder. Purchaser and Seller covenant and agree that all filings with Governmental Authorities regarding Taxes will be consistent with such allocation.

2.10 Casualty and Condemnation. If any material part of the Purchased Assets is condemned, damaged or destroyed (whether by fire, theft, or other casualty event) prior to the Closing, Seller shall immediately notify Purchaser of such condemnation, damage or destruction. In the event Seller’s reasonable estimate of such damage or destruction is in excess of \$2,500,000.00 (“**Threshold**”), then Purchaser shall have the option to: (x) terminate this Agreement by written notice delivered to Seller within ten (10) days after Purchaser’s receipt of notice of such damage or destruction, in which case the Deposit shall be returned to Purchaser and the Parties shall have no further obligations hereunder, or (y) proceed with the transaction contemplated in this Agreement without abatement of the Purchase Price, in which case (i) all insurance proceeds relating to such damage or casualty shall be deemed to have been absolutely and irrevocably assigned to and be payable directly to Purchaser from and after the Closing (and held by the Seller in trust for the Purchaser if received prior to the Closing), less any amounts reasonably expended by Seller with the written consent of the Purchaser prior to Closing, (ii) Purchaser shall have the right to conduct all settlement proceedings with respect to such insurance claims, and (iii) Seller shall deliver to Purchaser through escrow an unconditional assignment of all such insurance proceeds. If prior to Closing a material portion, but not all of the

Premises, is taken through any power of eminent domain, whether by condemnation or conveyance in lieu of condemnation, Seller shall promptly provide Purchaser written notice of such action and Purchaser shall have the option before the date of the Closing to terminate this Agreement by written notice to Seller delivered within ten (10) days after receipt of Seller's written notice to Purchaser, and Seller shall promptly return the Deposit to Purchaser in immediately available funds. In order to constitute a "material" portion of the Premises for purposes of this Section 2.10, there must be a decrease in the value of the Premises in excess of the Threshold. If this Agreement is not terminated, Seller shall not be obligated to repair any damage or destruction unless requires by law, regulation or Government Authority. Any documents provided pursuant to this Section shall be provided by the disclosing Party to counsel for the Bond Trustee within one (1) Business Day of such disclosure.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

In order to induce Purchaser to enter into this Agreement, Seller makes the representations and warranties set forth below which are true, correct and complete on the date hereof and shall be true, correct and complete as of the Closing.

3.1 Organization and Qualification of Seller. Seller is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Texas and has full corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as currently conducted.

3.2 Authority, Execution and Delivery. Subject to entry of the Confirmation Order and to the extent limited thereby, Necessary Consents, and the Approvals, Seller has full power, authority and capacity to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, and this Agreement has been duly and validly executed and delivered by Seller and constitutes, and upon the execution and delivery by the Seller of the Related Agreements, the Related Agreements shall constitute, legal, valid and binding obligations of Seller enforceable against Seller in accordance with their terms.

3.3 Broker. Except for the engagement of RBC Capital Markets, LLC, whose fee shall be paid from the proceeds of the sale at Closing, neither Seller nor any of its Affiliates has incurred any liability for any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement that would result in any liability, fee, expense or obligation being imposed on Purchaser.

3.4 Title to Purchased Assets. Seller has good and valid title to all the Purchased Assets. All such Purchased Assets are free and clear of Liens and Encumbrances except for the Permitted Liens.

3.5 Accuracy of Representations and Warranties. All representations and warranties of Seller contained in this Agreement are true and correct as of the Execution Date and shall be true and correct as of the Closing Date.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PURCHASER

In order to induce Seller to enter into this Agreement, Purchaser makes the representations and warranties set forth below which are true, correct and complete on the date hereof and shall be true, correct and complete as of the Closing.

4.1 **Organization.** Purchaser has full power, authority and capacity to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

4.2 **Authority, Execution and Delivery.** This Agreement has been duly and validly executed and delivered by Purchaser and constitutes and, upon the execution and delivery by Purchaser of the Related Agreements, the Related Agreements shall constitute, legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms.

4.3 **Brokers.** Neither Purchaser nor any of its Affiliates has incurred any liability for any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement that would result in any liability, fee, expense or obligation being imposed on Seller.

4.4 **Adequate Funds.** As of the Execution Date, Purchaser has the ability to obtain funds in cash in amounts equal to the Purchase Price and other funds needed to consummate the transaction and will at the Closing have immediately available funds in cash, which are sufficient to pay the Purchase Price and to pay any other amounts payable pursuant to this Agreement and to consummate the transaction contemplated herein.

4.5 **Condition of Assets; Disclaimers.** Purchaser expressly acknowledges and warrants that Purchaser is accepting the Purchased Assets, and taking assignment of the Ground Lease in an "AS IS" "WHERE IS" "WITH ALL FAULTS CONDITION". PURCHASER ACKNOWLEDGES THAT, EXCEPT AS OTHERWISE PROVIDED FOR IN THE REPRESENTATIONS AND WARRANTIES IN ARTICLE 3 OF THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS, WARRANTIES, OR GUARANTEES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PURCHASED ASSETS.

The representations and warranties in this Section 4 shall not survive Closing.

ARTICLE 5

COVENANTS

5.1 **Access to Books and Records.** Seller shall, commencing on the Execution Date, provide reasonable access to Purchaser of all of Seller's assets, books, accounting records, correspondence and files of Seller (to the extent related to the operation of the Assets) for examination by Purchaser (and its representatives), with the right to make copies of such books, records and files or extracts therefrom. Such access will be available to Purchaser during normal business hours, upon reasonable notice, in such manner as will not unreasonably interfere with the

conduct of the Business. Those books, records and files which relate to Seller's assets that are not transferred to Purchaser shall be maintained pursuant to the terms of and in accordance with the Confirmation Order. In addition, from the Execution Date until the Closing Date, Seller shall provide to Purchaser copies of the reports provided to the US Trustee and/or DIP Lender at Section 5.1(a), (c) and (d) of the DIP Credit Agreement [ECF #72] and paragraph 21(ii) of the Final Order approving entry into the DIP Credit Agreement [ECF #421].

5.2 Conduct of Business. From the Execution Date until the Closing Date, except as otherwise contemplated by this Agreement, authorized by the Bankruptcy Court or to the extent Purchaser otherwise consents in writing, and subject to the requirements of the Chapter 11 Case, Seller shall: (i) conduct the Business in the ordinary course, (ii) make no transfers of any Purchased Assets, (iii) use commercially reasonable efforts to maintain and preserve intact the organization and advantageous business relationships of the Business, and (iv) take no action which would materially adversely affect or materially delay the ability of Purchaser to obtain any Approvals for the transactions contemplated hereby or to perform its covenants under this Agreement.

5.3 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, at Purchaser's reasonable request and at the Purchaser's sole cost and expense, the Seller will execute and deliver to Purchaser such other instruments of sale, transfer, conveyance and assignment, provide such materials and information and take such other actions as Purchaser may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, all of the Purchased Assets. Additionally, Purchaser shall undertake all commercially reasonable efforts to obtain Permits and regulatory approvals as are needed to consummate the transaction described in this Agreement, and shall file any necessary applications within fifteen (15) days of entry of the Confirmation Order.

5.4 Employees.

(a) Not more than ten (10) days after the Execution Date, Seller shall provide Purchaser with a list of all employees of Seller working at the Edgemere Community, including, for each listed employee, his or her name, date of hire, job title, full-time/part-time status, exempt/non-exempt status, bonus eligibility, commission eligibility, current compensation and status (*e.g.*, leave of absence, disability, layoff, active, temporary).

(b) As of the Closing Date, Purchaser may, but shall not be obligated to, offer employment to such of the hourly and salaried employees of the Seller in its sole discretion (all such employees that accept the employment offer are collectively, the "**Transferred Employees**"). For the avoidance of doubt, Purchaser shall have no liability to Seller or any Transferred Employee for any accrued and unpaid obligations owing from Seller to such employee.

(c) As of the Closing Date, all such Transferred Employees shall be deemed to be the employees of Purchaser and no longer to be the employees of Seller. Effective as of the Closing, Seller agrees to terminate the employment of all of the Transferred Employees. Seller agrees to use its commercially reasonable efforts to make employment records and other related information reasonably requested by Purchaser available to Purchaser.

(d) Nothing herein, express or implied, shall confer upon any other Persons (including any current or former employee or contractor of Seller, Purchaser or any of their respective Affiliates) any rights or remedies hereunder, including any right to employment or continued employment for any specified period or continued participation in any benefit plan or other benefit plan, or any nature or kind whatsoever under or by reason of this Agreement. Nothing herein restricts or precludes the right of Purchaser to terminate the employment of any Transferred Employee after the Closing Date.

5.5 Assumed and Assigned Contracts.

(a) Cure Process. Purchaser shall pay cash or other acceptable consideration to the third party (or parties) to the applicable Assumed Contract (each, a **“Contract Party”**) in order to cure the monetary defaults and satisfy any pecuniary obligations of Seller (or obtain waivers with respect thereto) with respect to the Business. Notwithstanding anything to the contrary herein, Seller shall pay cash or other acceptable consideration to the Landlord in order to cure the monetary defaults and satisfy any pecuniary obligations of Seller in connection with the Ground Lease, with such consideration to permit the assumption and assignment of the Ground Lease to Purchaser free and clear of any Encumbrances and Liens, effective as of the Closing Date. The Purchaser shall provide adequate assurance of future performance under the Assumed Contracts. Further, Purchaser shall assume all obligations from and after the Closing Date under Assumed Contracts.

(b) Identification of Assumed Contracts. Schedule 5.5(b)(i) identifies all executory contracts and unexpired leases Purchaser wishes to be assumed by Seller and assigned by the Seller to Purchaser at Closing (the **“Assumed Contracts”**). At any time prior to the Closing, Purchaser will have the right to provide written notice to Seller of Purchaser’s election to designate an executory contract or an unexpired lease as an Assumed Contract or as a contract that will not be assumed by Purchaser (such contracts, the **“Excluded Contracts”**). Schedule 5.5(b)(ii) identifies all executory contracts and unexpired leases Purchaser wishes to be Excluded Contracts. Upon such designation of a contract as an Assumed Contract, such contract will constitute a Purchased Asset and will be conveyed to Purchaser under this Agreement at Closing. Upon such designation of a contract as an Excluded Contract, such contract will constitute an Excluded Asset. All executory contracts and unexpired leases that are not Assumed Contracts, including, the Excluded Contracts, shall be deemed to be rejected by Seller under Section 365(a) of the Bankruptcy Code as of the Closing Date (the **“Rejected Contracts”**). For the avoidance of doubt, the Residency Agreements, the Residency Escrow Agreement and the management agreement between the Seller and Lifespace are Rejected Contracts and Excluded Contracts. The Confirmation Order shall provide for the assumption and assignment to Purchaser, effective as of the Effective Time, of any Assumed Contract, and, to the extent not included in a prior order of the Bankruptcy Court, for the rejection, effective as of the Effective Time, of the Rejected Contracts. After the Closing Date, the Seller shall be released from any further liability under such Assumed Contracts as provided for under Sections 365(k) and 1141 of the Bankruptcy Code.

(c) Non-Assignment of Assets. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to assign or transfer and shall not affect the assignment or transfer of any Purchased Asset if (a) notwithstanding the rights and remedies available under the Bankruptcy Code, an attempted assignment thereof,

without the approval, authorization or consent of, or granting or issuance of any license or permit by, any Government Authority thereto would constitute a breach thereof or (b) the Bankruptcy Court shall not have approved assumption and assignment of any Assumed Contract for any reason (each such action in (a) and (b), a “**Necessary Consent**”). In such event, Seller and Purchaser shall use their commercially reasonable efforts, to obtain the Necessary Consents with respect to any such Assumed Contract after the Closing; provided that the failure to obtain any Necessary Consent shall not delay the Closing or give rise to a reduction in the Purchase Price. Nothing in this Section 5.5 shall in any way diminish or enlarge (x) Purchaser’s obligations hereunder to obtain the Approvals, or (y) the Parties’ obligations hereunder to obtain the Necessary Consents.

(d) Modified Residency Agreements. Purchaser will offer all current Residents at the Edgemere Community the option to enter into a new rental agreement which shall provide similar services to each current Resident as offered by Seller prior to Closing, at the then current private pay rate as advertised by Seller, subject to ordinary market adjustments (the “**Modified Residency Agreement**”).

5.6 Cost Reports. Seller shall prepare and file any Medicare cost reports for the Edgemere Community related to the period prior to Closing. Following the Closing, Seller shall be authorized to contact the business office manager or other persons with access to the information at the Edgemere Community during normal business hours in order to obtain information needed to prepare the final Medicare cost reports with respect to claims filed with Medicare for the Facilities prior to the Closing, and Purchaser shall provide Seller with such Edgemere Community records as Seller reasonably requests to complete such final cost reports.

ARTICLE 6

CONDITIONS TO CLOSING

6.1 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No governmental authority shall have enacted, issued, promulgated, enforced, or entered any governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) The Bankruptcy Court shall have entered the Confirmation Order on terms reasonably acceptable to the Parties approving the sale to the Purchaser, and the Confirmation Order shall have become a Final Order.

(c) Purchaser or its designees shall have received all Permits and regulatory approvals that are material to operation of the Purchased Assets as such Purchased Assets are currently owned and operated by Seller.

6.2 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Purchaser's waiver, at or prior to the Closing, of each of the following conditions:

(a) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Related Agreements to be performed or complied with by it prior to or on the Closing Date; provided, with respect to agreements, covenants and conditions that are qualified by materiality, Seller shall have performed such agreements, covenants, and conditions, as so qualified, in all respects.

(b) The representations and warranties of Seller contained in this Agreement, the other Related Agreements and any certificate or other writing delivered pursuant hereto 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) on and as of the Execution Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(c) No injunction or restraining order shall have been issued by any governmental authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) Seller shall have delivered to Purchaser duly executed counterparts to the Related Agreements and such other documents and deliveries set forth in Section 2.8(a).

(e) Purchaser shall have received a certificate, dated the Closing Date, and signed by a duly authorized officer of Seller, that each of the conditions set forth in Section 6.2(a) and Section 6.2(b) have been satisfied (the "**Seller Closing Certificate**").

(f) No MAC has occurred that Purchaser has not waived by written notice to Seller.

6.3 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Seller's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Purchaser contained in this Agreement, the other Related Agreements and any certificate or other writing delivered pursuant hereto 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 or) on and as of the Execution Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Purchaser shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other

Related Agreements to be performed or complied with by it prior to or on the Closing Date; provided, with respect to agreements, covenants and conditions that are qualified by materiality, Purchaser shall have performed such agreements, covenants, and conditions, as so qualified, in all respects.

(c) No injunction or restraining Order shall have been issued by any governmental authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) Purchaser shall have delivered to Seller duly executed counterparts to the Related Agreements (other than this Agreement) and such other documents and deliveries set forth in Section 2.8(b).

(e) Seller shall have received a certificate, dated the Closing Date, and signed by a duly authorized officer of Purchaser, that each of the conditions set forth in Section 6.3(a) and Section 6.3(b) have been satisfied (the “**Purchaser Closing Certificate**”).

(f) Seller shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Purchaser certifying that attached thereto are true and complete copies of all resolutions adopted by the officers of Purchaser authorizing the execution, delivery and performance of this Agreement and the other Related Agreements and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(g) Seller shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Purchaser certifying the names and signatures of the officers of Purchaser authorized to sign this Agreement, the Related Agreements, and the other documents to be delivered hereunder and thereunder.

(h) Purchaser shall have delivered to Seller such other documents or instruments as Seller reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE 7

TERMINATION

7.1 Termination. This Agreement may be terminated, or enforced in accordance with Section 7.2(c), at any time before the Closing by written notice to the applicable Party:

- (a) by mutual written agreement of Purchaser and Seller;
- (b) by Purchaser upon written notice to Seller of Seller’s material breach or default of any provision of this Agreement, which breach or default is not cured (only if capable of curing) within ten (10) Business Days after written notice thereof is received, provided, however, that the Purchaser is not then in material breach or default of this Agreement;

(c) by Seller with consent of Plan Sponsors, upon written notice to Purchaser of Purchaser's material breach or default of any provision of this Agreement, which breach or default is not cured within ten (10) Business Days after written notice thereof is received, provided, however, that the Seller is not then in material breach or default of this Agreement;

(d) by either Purchaser, or Seller with consent of Plan Sponsors, if the sale is not approved by the Bankruptcy Court, or there is an Alternative Transaction;

(e) by Purchaser, or Seller with consent of Plan Sponsors, if the Closing has not occurred by the Outside Closing Date by no fault of the Party terminating; and

(f) by either Purchaser with consent of Plan Sponsors, or Seller, if, prior to Closing, the Confirmation Order, after being entered by the Bankruptcy Court, has subsequently been reversed, revoked, or voided by an order of a court of competent jurisdiction.

(g) by Purchaser if any of the conditions set forth in Section 6.1(c) or 6.2 shall have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Closing Date, unless such failure shall be due to the failure of Purchaser to perform with any of the covenants, agreements or conditions hereof to be performed or complied with prior to the Closing; or

(h) by Seller if any of the conditions set forth in Section 6.3 shall have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Closing Date, unless such failure shall be due to the failure of Seller to perform with any of the covenants, agreements or conditions hereof to be performed or complied with prior to the Closing;

(i) If Seller sells, transfers, leases or otherwise disposes of, directly or indirectly, including through an asset sale, stock sale, merger or other similar transaction, all or substantially all of the Business or the Purchased Assets in a transaction or a series of transactions with one or more Persons other than Purchaser in any circumstance, including in accordance with the Sale Transaction Procedures (such event being an "**Alternative Transaction**"), Seller shall pay to Purchaser, within two (2) Business Days after the consummation of the Alternative Transaction, an amount in cash equal to (i) three percent (3%) of the Purchase Price (the "**Break-Up Fee**") and (ii) Purchaser's actual, out of pocket costs and expenses, not to exceed \$200,000 (the "**Expense Reimbursement**");

(j) by Purchaser if Seller fails to comply with Section 5.1(a), (c) or (d) of the DIP Credit Agreement [ECF #72] or paragraph 21(ii) of the Final Order approving entry into the DIP Credit Agreement [ECF #421] or if there is an Event of Default under Section 8.1 (k), or (l) under the DIP Credit Agreement; or

(k) by Purchaser if the Bidding Procedures Order is not in form and substance acceptable to the Purchaser, which order must include approval of the Break-Up Fee and Expense Reimbursement.

7.2 Remedies.

(a) If the Closing does not occur as a result of an Alternative Transaction, the payment of the Break-Up Fee and the Expense Reimbursement as set forth in Section 7.1(f) shall be Purchaser's sole and exclusive remedy.

(b) Upon termination by Seller in accordance with Section 7.1 due to Purchaser's default or breach, provided the Seller has not defaulted under or breached this Agreement, Purchaser will be deemed to have forfeited the Deposit as liquidated damages. The Parties intend that the remedy in Section 7.2(b) constitutes compensation, and not a penalty and shall be the sole and exclusive remedy to Seller for any such default or breach by Purchaser of this Agreement. The Parties acknowledge and agree that Seller's harm caused by Purchaser's default or breach of this Agreement would be impossible or very difficult to accurately estimate as of the date of this Agreement, and that upon termination due to Purchaser's breach or default pursuant to Section 7.1, the Deposit is a reasonable estimate of the anticipated or actual harm that might arise from such a default or breach.

(c) Upon default or breach by Seller in accordance with Section 7.1, provided the Purchaser has not defaulted under or breached this Agreement, Purchaser shall elect (1) and only one (1) of the following remedies:

(i) Purchaser may terminate this Agreement by written notice given to Seller and Plan Sponsors, in which event the Deposit will be refunded to Purchaser; or

(ii) Purchaser may demand specific performance of this Agreement by Seller and, if necessary, have a right to entry of an order enforcing the terms hereunder.

(d) Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except as set forth in Section 7.2 hereof.

Article 7 shall survive any termination of this Agreement.

ARTICLE 8

MISCELLANEOUS

8.1 Expenses. Except as specifically set forth in this Agreement, the Parties shall bear their own expenses, including, without limitation, fees, disbursements and other costs of any attorneys, accountants and other advisors, in connection with this Agreement, the Related Agreements, and the transactions contemplated hereby and thereby. This Section shall not apply, if the Closing does not occur, to any existing or future litigation, if a right to attorneys' fees and expenses otherwise exists.

8.2 Notices. All notices, requests, demands and other communications made in connection with this Agreement shall be in writing and shall be (a) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, (b) transmitted by hand delivery, (c)

sent by electronic means, or (d) sent by nationally recognized overnight courier for next Business Day delivery, addressed as follows:

Seller:

John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225

With a simultaneous copy to:

Jeremy R. Johnson & Trinitee G. Green
POLSINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

Purchaser:

Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

With a simultaneous copy to:

Adrienne K. Walker
Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

And with a simultaneous copy to counsel for the Plan Sponsors:

Daniel S. Bleck
Eric Blythe
Kaitlin R. Walsh
Mintz Levin Cohn Ferris Glovsky
and Popeo, PC
One Financial Center
Boston, Massachusetts 02111
dsbleck@mintz.com
erblythe@mintz.com

krwalsh@mintz.com

or, in each case, such other address as may be specified in writing to the other Party. All such notices, requests, demands, waivers and other communications shall be deemed to have been received (w) if by first-class, registered or certified mail, on the fifth Business Day after the mailing thereof, (x) if by hand delivery, on the day after such delivery, (y) if by electronic means and the transmitting Party receives a transmission receipt dated the day of transmission, on the same day as the transmission, and (z) if by nationally recognized overnight courier, on the next Business Day after deposit with such courier.

8.3 Amendment; Waivers, Etc. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the Party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the Party granting such waiver in any other respect or at any other time.

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

8.5 Assignment. Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned by either Party without the prior written consent of the other Party, except that Purchaser may assign its rights under this Agreement to an Affiliate.

8.6 Parties in Interest. This Agreement and the Related Agreements shall be binding upon and inure solely to the benefit of the Parties and their successors and permitted assigns, and nothing in this Agreement or any Related Agreement, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature under or by reason of this Agreement or any Related Agreement.

8.7 No Personal Liability. No individual officer, director, employee, manager, agent, or representative shall have personal liable for any of the obligations hereunder or claims of any kind in connection herewith.

8.8 Counterparts; Facsimile Signature. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which shall constitute one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the Parties. Any Party may execute this Agreement by facsimile (or .pdf copy) signature and the other Parties will be entitled to rely upon such facsimile (or .pdf copy) signature as conclusive evidence that this Agreement has been duly executed by such Party.

8.9 Governing Law. Except to the extent inconsistent with the Bankruptcy Code, this Agreement and the Related Agreements shall be governed by and construed and enforced in accordance with the laws of the State of Texas, without regard to its conflicts of law rules.

8.10 Jurisdiction. Each of the Parties agrees that any proceeding brought to enforce the rights or obligations of any Party under this Agreement or any Related Agreement shall be commenced and maintained in the Bankruptcy Court, and the Bankruptcy Court shall have

exclusive jurisdiction over any such proceeding. Each of the Parties consents to the exercise of jurisdiction over it and its properties, in accordance with the terms of this Section, with respect to any proceeding arising out of or in connection with this Agreement, any Related Agreement or the transactions contemplated hereby or thereby, or the enforcement of any rights under this Agreement or any Related Agreement. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDINGS BROUGHT BY ANY OTHER PARTY IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE PROPERTY OR THE RELATIONSHIP OF THE PARTIES HEREUNDER. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING OR EARLIER TERMINATION OF THIS AGREEMENT.

8.11 Severability. If any provision of this Agreement is inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever, so long as this Agreement, taken as a whole, still expresses the material intent of the Parties. The invalidity of any one or more phrases, sentences, clauses, sections or subsections of this Agreement shall not affect the remaining portions of this Agreement.

8.12 Entire Agreement. This Agreement and the Related Agreements constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof. There are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as set forth specifically herein.

8.13 Employees Not Third-Party Beneficiaries. Nothing in this Agreement or the Related Agreements is intended to confer upon any past, present or future employee of Seller or its Affiliates or his or her legal representatives or heirs any rights as a third-party beneficiary or otherwise or any other rights or remedies of any nature or kind whatsoever under or by reason of the transactions contemplated by this Agreement or by the Related Agreements, including, without limitation, any rights of employment, continued employment or any rights under or with respect to any employee benefit, welfare benefit, pension or other fringe benefit plan, fund, program or arrangement.

8.14 Bulk Sales or Transfer Laws. Purchaser hereby waives compliance by Seller with the provisions of the bulk sales or transfer laws of all applicable jurisdictions; it being understood that any Liabilities arising out of the failure of Seller to comply with the requirements and provisions of any bulk sales, bulk transfer or similar laws of any jurisdiction which would not otherwise constitute Assumed Liabilities shall be treated as Excluded Liabilities.

8.15 No Inferences. Inasmuch as this Agreement is the result of negotiations between sophisticated parties of equal bargaining power represented by counsel, no inference in favor of, or against, either party shall be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such party.

8.16 Interpretation. In this Agreement, unless the context otherwise requires: (a) references to this Agreement are references to this Agreement and to the Schedules and Exhibits hereto; (b) references to Articles and Sections are references to articles and sections of this Agreement; (c) references to any party to this Agreement shall include references to its respective successors, its designees, and permitted assigns; (d) references to a judgment shall include references to any order, writ, injunction, decree, determination or award of any court or tribunal; (e) the terms “hereof,” “herein,” “hereby,” and any derivative or similar words will refer to this entire Agreement; (f) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the parties thereof from time to time; (g) references to any law are references to that law as of the Closing Date, unless the context requires otherwise, and shall also refer to all rules and regulations promulgated thereunder, unless the context requires otherwise; (h) the word “including” shall mean including without limitation; and (i) references to time are references to Central Standard or Daylight time (as in effect on the applicable day) unless otherwise specified herein. The representations, warranties, and schedules will be deemed supplemented and amended by any Disclosure Update in order to cause the representations and warranties of Seller to be true as of the Closing.

8.17 WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY UNCONDITIONALLY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE DOCUMENTS RELATED HERETO, ANY DEALINGS BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR ANY RELATED TRANSACTIONS.

8.18 Time of the Essence. Time is of the essence for purposes of this Agreement and the rights and obligations of the Parties hereunder.

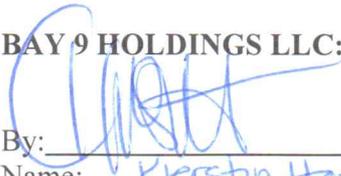
[Signatures Follow on Next Page]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the date first above written.

NORTHWEST SENIOR HOUSING CORPORATION:

By: _____
Name: _____
Title: _____

BAY 9 HOLDINGS LLC:


By: _____
Name: Kierstin Hatch
Title: Managing Member of HP

[Signature Page to Asset Purchase Agreement]

SCHEDULE 1(w) – EQUIPMENT

SCHEDULE 3.7 – PERMITS

SCHEDULE 5.5(b)(i) – ASSUMED CONTRACTS

SCHEDULE 5.5(b)(ii) – EXCLUDED CONTRACTS

EXHIBIT A

FORM OF BILL OF SALE

BILL OF SALE

Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”), for good and valuable consideration received from Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”), except as limited by that certain Asset Purchase Agreement, dated as of November [•], 2022 between Seller and Purchaser (as modified, amended, or supplemented, the “**Asset Purchase Agreement**”) and the Confirmation Order (as defined in the Asset Purchase Agreement), does hereby sell, convey, transfer, assign and deliver the Purchased Assets (as defined in the Asset Purchase Agreement) “AS-IS”, “WHERE-IS”, “WITH ALL FAULTS”, and Seller does not make any express or implied representations, statements, warranties or conditions of any kind or nature whatsoever concerning the Purchased Assets being sold, conveyed, transferred, assigned and delivered hereunder.

Seller hereby covenants that it will, from time to time upon written request therefor, execute and deliver to Purchaser, its nominees, successors and/or assigns, any new or confirmatory instruments which Purchaser, its nominees, successors and/or assigns, may reasonably request in order to assign and transfer to Purchaser its rights, title and interest in, such Purchased Assets.

IN WITNESS WHEREOF, the undersigned, being duly authorized, has executed and delivered this instrument effective as of January [•], 2023.

NORTHWEST SENIOR HOUSING CORPORATION,
a Texas not-for-profit corporation

By: _____
Name:
Title:

EXHIBIT B

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (“**Assignment**”), dated as of January [•], 2023, is between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Assignor**”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Assignee**”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Asset Purchase Agreement (as defined below).

RECITALS

A. This Assignment is executed pursuant to that certain Asset Purchase Agreement dated as of November [•], 2022, by and between Assignor as Seller and Assignee as Purchaser (the “**Purchase Agreement**”).

B. Subject to the terms and conditions set forth in the Purchase Agreement, Assignor has agreed to assign to Assignee the Assumed Contracts, and Assignee has agreed to assume the Assumed Liabilities.

AGREEMENT

NOW, THEREFORE, in consideration of the above promises and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Assignor does hereby assign transfer, convey, and deliver to Assignee, as of the Effective Time, all of its right, title, and interest in all Assumed Contracts.

2. Assignee, as of the Effective Time, hereby assumes and agrees to pay and perform in due course the Assumed Liabilities. For avoidance of doubt, Assignee is not assuming any of the Excluded Liabilities set forth in Section 2.4 of the Purchase Agreement.

3. This Assignment is binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

4. This Assignment may be executed in any number of counterparts (including by facsimile, .PDF, or email), each of which will be deemed to be an original and all of which, together, will constitute one and the same instrument.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF, INCLUDING AS TO MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE.

6. THE PARTIES AGREE THAT THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO (i) THE

INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT; OR (ii) THE ASSUMED CONTRACTS AND TRANSFERRED RIGHTS ASSIGNED PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT, AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

7. Nothing in this Assignment, express or implied, is intended to or shall be construed to modify, expand, or limit in any way the terms and conditions of the Purchase Agreement. In the event of a conflict between the terms and conditions of this Assignment and the terms and conditions of the Purchase Agreement, the terms and conditions of the Purchase Agreement shall govern, supersede, and prevail.

8. None of the provisions of this Assignment may be amended or waived unless such amendment or waiver is in writing and is signed, in the case of an amendment, by both parties, or in the case of a waiver, by the party against whom the waiver is to be effective.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed as of the date first written above.

ASSIGNOR

**NORTHWEST SENIOR HOUSING
CORPORATION**

By: _____

ASSIGNEE

BAY 9 HOLDINGS LLC

By: _____

EXHIBIT C

FORM OF GROUND LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this “Assignment Agreement”) is made and entered into this [•] day of January, 2023 (the “Effective Date”) by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“Assignor”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“Assignee”). Assignor and Assignee may be referred to individually herein as a “Party” and, collectively, as the “Parties” to this Assignment Agreement.

WHEREAS, Assignor is a party to the Ground Lease (as it may be amended, the “Lease Agreement”) dated as of November 1999 by and between Intercity Investment Properties, Inc., a Texas corporation (“Landlord”) and Assignor with respect to certain real property in the City and County of Dallas more specifically described in the Lease Agreement (the “Premises”); and

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of November [•], 2022 (the “Purchase Agreement”), Assignor desires to assign the Lease Agreement to Assignee effective as of the Closing Date (as defined in the Purchase Agreement) and Assignee desires to assume the Lease Agreement in accordance with, and subject to the terms hereof.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Parties agree as follows:

1. Effective as of the Effective Date, Assignor hereby irrevocably contributes, assigns, transfers, conveys and delivers to Assignee, and Assignee hereby accepts from Assignor, the entire right, title, and interest of Assignor in, to and under the Lease Agreement.
2. Notwithstanding anything to the contrary contained in the Lease Agreement and subject to the terms and conditions of the Purchase Agreement and Confirmation Order (as defined in the Purchase Agreement), effective as of the Effective Date, Assignee hereby assumes and agrees to be bound by the terms and conditions, pay, defend, discharge, and perform all of the liabilities and obligations of the tenant arising under the Lease Agreement on and after the Effective Date as if Assignee were the tenant named therein. Assignor shall remain responsible for all of the liabilities and obligations of the tenant arising under the Lease Agreement prior to the Effective Date subject to any limitations in the Purchase Agreement and the Confirmation Order.
3. Assignor represents that the Lease Agreement represents the entire agreement with respect to the Premises between Landlord and Assignor.
4. Effective as of the Effective Date, notice is hereby given that all notices and other communications to Assignor and Assignee under the Lease Agreement should be delivered to the addresses set forth below in lieu of (or, with respect to Assignee, in addition to) the addresses for notices set forth in the Lease Agreement. Notice to Landlord shall be given to the address set forth in the Lease Agreement. Any notice, demand, request, consent, approval or communication that a Party desires or is required to give to any other Party related to this Assignment Agreement shall be in writing and either served personally or sent by prepaid, certified or registered mail, return receipt requested, and addressed to such Party at the address set forth below. A Party may change its address by notifying the other Parties of the change of address. Notice shall be deemed

communicated on the date shown on the receipt card (or if no date is shown, on the date of the postmark) if mailed as provided in this paragraph, and upon receipt if served personally.

Assignor:

John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225

With a simultaneous copy to:

Jeremy R. Johnson & Trinitee G. Green
POLSINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

Assignee:

Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

With a simultaneous copy to:

Adrienne K. Walker
Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

Except as specifically amended or modified by this Assignment Agreement, the Lease Agreement shall remain unchanged and in full force and effect.

5. Assignee warrants and represents it has not contacted any broker regarding the Premises or this Assignment Agreement.

6. This Assignment Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective executors, administrators, successors and assigns.

7. This Assignment Agreement shall be governed by and construed in accordance with federal bankruptcy law, to the extent applicable, and where state law is implicated this Assignment

Agreement, shall be governed by and construed in accordance with the laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction).

8. THE PARTIES AGREE THAT THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS (THE "BANKRUPTCY COURT") SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO THE INTERPRETATION AND ENFORCEMENT OF THIS ASSIGNMENT AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS ASSIGNMENT AGREEMENT AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9. This Assignment Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which counterparts when taken together will constitute one and the same agreement. The exchange of copies of this Assignment Agreement and of signature pages by facsimile transmission or electronic mail transmission (e.g., in .PDF format) will constitute effective execution and delivery of this Assignment Agreement as to the parties and may be used in lieu of the original Assignment Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic mail (e.g., in .PDF format) will be deemed to be their original signatures for any purpose whatsoever. Without limiting the foregoing, the words "execution," "execute," "signed," "signature," and words of like import in or related to this Assignment Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures (e.g., through DocuSign or other similar electronic e-signature application), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act.

[Signature Page Follows]

EXECUTED under seal as of the date first above written.

ASSIGNOR:

Northwest Senior Housing Corporation

By: _____

Name: []

Title: []

Hereunto Duly Authorized

ASSIGNEE:

Bay 9 Holdings, LLC

By: _____

Name: []

Title: []

Hereunto Duly Authorized

EXHIBIT D

**FORM OF INTELLECTUAL PROPERTY
ASSIGNMENT AND ASSUMPTION AGREEMENT**

8. Amendments, Etc. Any amendment, modification or waiver of any term or provision of this Agreement must be in writing and signed by Assignor and Assignee. Any waiver will be effective only in the specific instance and for the specific purpose for which it is given.

9. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF, INCLUDING AS TO MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE.

10. Bankruptcy Court Jurisdiction. THE PARTIES AGREE THAT THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO (i) THE INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT; OR (ii) THE INTELLECTUAL PROPERTY ASSETS, AND TRANSFERRED RIGHTS ASSIGNED PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT, AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the day and year first above written.

ASSIGNEE:

ASSIGNOR:

BAY 9 HOLDINGS LLC

NORTHWEST SENIOR HOUSING CORPORATION

By: _____

By: _____

Name:

Name:

Its:

Its:

Schedule 1 - Intellectual Property Assets

EXHIBIT E

FORM OF SELLER CLOSING CERTIFICATE

SELLER CLOSING CERTIFICATE

Pursuant to Section 6.2(e) of the Asset Purchase Agreement (the “**Agreement**”), dated as of November [•], 2022 between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”) and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”), the undersigned, being a duly authorized executive officer of Seller, does hereby certify that (i) all the covenants and obligations of the Agreement to be complied with and performed by Seller at or before the Closing Date (as defined in the Agreement) have been complied with and performed in all material respects, and (ii) the representations and warranties made by Seller in the Agreement (other than those that speak as of a specified date or time) are true and correct in all respects, as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a material effect.

Northwest Senior Housing Corporation,
a Texas not-for-profit corporation

By: _____
Name:
Title:

EXHIBIT F

FORM OF PURCHASER CLOSING CERTIFICATE

PURCHASER CLOSING CERTIFICATE

Pursuant to Section 6.3(e) of the Asset Purchase Agreement (the “**Agreement**”), dated as of November [•], 2022 between Northwest Senior Housing Corporation, a Texas not-for-profit company (“**Seller**”) and Bay 9 Holdings LLC, a Delaware limited liability company or its designee (“**Purchaser**”), the undersigned, being a duly authorized executive officer of Purchaser, does hereby certify that (i) all of the covenants and obligations of the Agreement to be complied with and performed by Purchaser at or before the Closing Date (as defined in the Agreement) have been complied with and performed in all material respects, and (ii) the representations and warranties made by Purchaser in the Agreement (other than those that speak as of a specified date or time) are true and correct in all respects, as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a material effect.

Bay 9 Holdings LLC
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT G

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW AGREEMENT

THIS Escrow Agreement (this “**Agreement**”) made and entered into as of this [•] day of November, 2022 by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”), Bay 9 Holdings LLC, a Delaware limited liability company or its designee (“**Purchaser**”), and UMB Bank, N.A., as Escrow Agent, a national banking association organized and existing under the laws of the United States of America (the “**Escrow Agent**”).

RECITALS

A. Seller has filed a voluntary petition for relief under the Bankruptcy Code as Case Number 22-30659 with the United States Bankruptcy Court for the Northern District of Texas;

B. Seller is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community located at 8523 Thackery St, Dallas, Texas 75225 (the “**Edgemere Community**”) on land owned by Intercity Investment Properties, Inc. pursuant to that certain Ground Lease dated November 5, 1999 (the “**Ground Lease**”). The Edgemere Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

C. UMB Bank, N.A., as the Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture (the “**Trustee**”) and in its capacity as DIP Lender, have filed a proposed a Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the “**Plan**”) that contemplates the sale of the Edgemere Community and related assets to Purchaser, or another purchaser that submits a higher and better offer for the assets in accordance with the Sale Transaction Procedures;

D. Purchaser desires to acquire the Edgemere Community, including Edgemere’s leasehold interest in the Premises created by the Ground Lease, and the assets owned by Seller and used or useful to Seller’s operation of the Edgemere Community (the “**Business**”, and, together with Seller’s interests in the Ground Lease, the “**Assets**”) on the terms and conditions contained in this Agreement, subject to higher and better bids, as well as confirmation of the Plan;

E. Seller and Purchaser have entered into that certain Asset Purchase Agreement dated November [•], 2022 (the “**APA**”)¹.

F. Seller and Purchaser desire that UMB Bank, N.A. act as Escrow Agent to hold the Deposit for the Sale described in the APA, and Escrow Agent is willing to act in such capacity. Seller and Purchaser acknowledge that UMB Bank, N.A. also serves as Bond Trustee and DIP Lender. Seller and Purchaser assert that no conflict exists, nor does Seller or Purchaser assert any objection thereto.

¹ Terms not defined herein shall have the meanings ascribed to them in the APA.

AGREEMENT

NOW, THEREFORE, Seller, Purchaser, and Escrow Agent agree to the terms of this Agreement as follows:

1. Commencement of Duties. Purchaser, subject to entry of the Bidding Procedures Order, simultaneously with the execution and delivery of this Agreement, shall transfer to the Escrow Agent the aggregate sum of Two Million and Four Hundred Thousand Dollars (\$2,425,000) (the “**Escrowed Funds**”). Upon receipt of the Escrowed Funds and after the parties’ submission of all documentation required by the Escrow Agent to comply with the Bank Secrecy Act, the duties and obligations of each of the parties to this Agreement will commence.

2. Operation of the Escrow. With respect to any requested disbursement, Seller and Purchaser (i) certify they have reviewed any wire instructions set forth in such written disbursement direction to confirm such wire instructions are accurate, (ii) agree to indemnify and hold harmless the Escrow Agent from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested up to the amount of the Escrowed Funds, and (iii) agree they will not seek recourse from the Escrow Agent as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.

3. Escrowed Funds. Upon receipt of the Escrowed Funds, the Escrow Agent shall hold the Escrowed Funds in escrow pursuant to the terms of this Agreement. Until such time as the Escrowed Funds shall be distributed by the Escrow Agent as provided herein, unless the Escrow Agent is otherwise directed in writing in a joint written investment direction signed by the Seller and the Purchaser, the Escrowed Funds shall be invested and reinvested by the Escrow Agent in the an interest-bearing money market deposit account. The parties hereto acknowledge that the Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

(a) The Escrow Agent shall be entitled to sell or redeem any such investment as necessary to make any distributions required under this Agreement and shall not be liable or responsible for any loss resulting from any such sale or redemption.

(b) Income, if any, resulting from the investment of the Escrowed Funds shall be retained by the Escrow Agent and shall be considered, for all purposes of this Agreement, to be part of the Escrowed Funds.

4. Disbursement of the Escrowed Funds. The Parties shall act in accordance with, and the Escrow Agent shall hold and release the Escrowed Funds as provided in this Section:

(a) Upon receipt of a joint written instruction executed by each of Seller and Purchaser with respect to the Escrowed Funds, the Escrow Agent shall promptly, but in any event within two (2) business days after receipt of such joint written instruction, disburse all or part of the Escrowed Funds in accordance with such joint written instruction;

(b) Upon receipt by the Escrow Agent of a copy of a final, non-appealable order of any court of competent jurisdiction which may be issued, together with (i) a certificate executed by an authorized representative of the prevailing party, to the

effect that such order is final and non-appealable and from a court of competent jurisdiction having proper authority and (ii) the written payment instructions executed by an authorized representative of the prevailing party to effectuate such order (a “Final Determination”) (a copy of which shall be delivered simultaneously to the Escrow Agent and the no-presenting party), the Escrow Agent shall, on the fifth (5th) business day following receipt of such Final Determination, disburse as directed, part of all, as the case may be, of the Escrowed Funds in accordance with such Final Determination; or

(c) the Escrow Agent shall release the Escrowed Funds in a manner consistent with the terms of the Bidding Procedures Order.

5. Duties of the Escrow Agent. The Escrow Agent shall have no duties or responsibilities other than those expressly set forth in this Agreement, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent has no fiduciary or discretionary duties of any kind. The Escrow Agent is not a party to, or bound by, the Purchase Agreement or any other agreement among the other parties hereto, and the Escrow Agent’s duties shall be determined solely by reference to this Agreement. The Escrow Agent shall have no duty to enforce any obligation of any person, other than as provided herein. The Escrow Agent shall be under no liability to anyone by reason of any failure on the part of any party hereto or any maker, endorser or other signatory of any document or any other person to perform such person’s obligations under any such document.

6. Liability of the Escrow Agent; Indemnification. The Escrow Agent acts hereunder as a depository only. The Escrow Agent is not responsible or liable in any manner for the sufficiency, correctness, genuineness or validity of this Escrow Agreement or with respect to the form of execution of the same. The Escrow Agent shall not be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith, and in the exercise of its own best judgment, and may rely conclusively and shall be protected in acting upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by the Escrow Agent), statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is believed by the Escrow Agent to be genuine and to be signed or presented by the proper person(s). The Escrow Agent shall not be held liable for any error in judgment made in good faith by an officer or employee of the Escrow Agent unless it shall be proved that the Escrow Agent was grossly negligent in ascertaining the pertinent facts or acted intentionally in bad faith. The Escrow Agent shall not be bound by any notice of demand, or any waiver, modification, termination or rescission of this Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall give its prior written consent thereto. In no event shall the Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages or penalties (including, but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such damages or penalty and regardless of the form of action. The Escrow Agent shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of God, strikes, lockouts, riots, acts of war or terror, epidemics, pandemics, governmental regulations, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters. The Escrow Agent shall not be obligated to take any legal action or commence any proceeding in connection with the

Escrowed Funds, any account in which Escrowed Funds are deposited, this Agreement or any other agreement, or to appear in, prosecute or defend any such legal action or proceeding.

The Escrow Agent may consult legal counsel in the event of any dispute or question as to the construction of any provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the opinion or instructions of such counsel.

The Escrow Agent shall not be responsible, may conclusively rely upon and shall be protected, indemnified and held harmless by Seller and Purchaser, acting jointly and severally, for the sufficiency or accuracy of the form of, or the execution, validity, value or genuineness of any document or property received, held or delivered by it hereunder, or of the signature or endorsement thereon, or for any description therein; nor shall the Escrow Agent be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any document, property or this Agreement.

In the event that the Escrow Agent shall become involved in any arbitration or litigation relating to the Escrowed Funds, the Escrow Agent is authorized to comply with any decision reached through such arbitration or litigation.

Seller and Purchaser, jointly and severally, hereby agree to indemnify the Escrow Agent and each direction, officer, employee, attorney, agent and affiliate of the Escrow Agent for, and to hold it harmless against any loss, liability or expense incurred in connection herewith up to the amount of the Escrowed Funds without gross negligence or willful misconduct on the part of the Escrow Agent, including without limitation legal or other fees arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including without limitation the costs and expenses of defending itself against any claim of liability in the premises or any action for interpleader. The Escrow Agent shall be under no obligation to institute or defend any action, suit, or legal proceeding in connection herewith, unless first indemnified and held harmless to its satisfaction in accordance with the foregoing, except that the Escrow Agent shall not be indemnified against any loss, liability or expense arising out of its own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction, subject to no further appeal. Such indemnity shall survive the termination or discharge of this Agreement or resignation of the Escrow Agent.

7. The Escrow Agent's Fee. Escrow Agent shall be entitled to fees and expenses for its regular services as Escrow Agent as set forth in Exhibit A. Additionally, Escrow Agent is entitled to fees for extraordinary services and reimbursement of any out of pocket and extraordinary costs and expenses, including, but not limited to, attorneys' fees. Escrow Agent shall have a first lien upon all Escrowed Funds for the purposes of paying its fees and expenses. All of the Escrow Agent's compensation, costs and expenses shall be paid by Seller. Any fees and expenses shall be payable from and may be deducted by Escrow Agent from interest and/or principal of any monies held in Escrowed Funds by Escrow Agent.

8. Security Interests. No party to this Escrow Agreement shall grant a security interest in any monies or other property deposited with the Escrow Agent under this Escrow Agreement, or otherwise create a lien, encumbrance or other claim against such monies or borrow against the same.

9. Dispute. In the event of any disagreement between the undersigned or the person or persons named in the instructions contained in this Agreement, or any other person, resulting in adverse claims and demands being made in connection with or for any papers, money or property involved herein, or affected hereby, the Escrow Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected hereby, the Escrow Agent shall not be or become liable to the undersigned or to any person named in such instructions for its refusal to comply with such conflicting or adverse demands, and the Escrow Agent shall be entitled to refuse and refrain to act until: (a) The rights of the adverse claimants shall have been fully and finally adjudicated in a Court assuming and having jurisdiction of the parties and money, papers and property involved herein or affected hereby, or (b) All differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing, signed by all the interested parties.

10. Resignation of Escrow Agent. Escrow Agent may resign or be removed, at any time, for any reason, by written notice of its resignation or removal to the proper parties at their respective addresses as set forth herein, at least 30 days before the date specified for such resignation or removal to take effect; upon the effective date of such resignation or removal:

(a) All cash and other payments and all other property then held by the Escrow Agent hereunder shall be delivered by it to such successor Escrow Agent as may be designated in writing by the Seller and the Purchaser, whereupon the Escrow Agent's obligations hereunder shall cease and terminate;

(b) If no such successor Escrow Agent has been designated by such date, all obligations of the Escrow Agent hereunder shall, nevertheless, cease and terminate, and the Escrow Agent's sole responsibility thereafter shall be to keep all property then held by it and to deliver the same to a person designated in writing by the Seller and the Purchaser or in accordance with the directions of a final order or judgment of a court of competent jurisdiction.

(c) Further, if no such successor Escrow Agent has been designated by such date, the resigning or removed Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor agent. In such instance, the resigning or removed Escrow Agent may pay into court all monies and property deposited with Escrow Agent under this Agreement.

11. Notices. All notices, demands and requests required or permitted to be given under the provisions hereof must be in writing and shall be deemed to have been sufficiently given, upon receipt, if (i) personally delivered, (ii) sent by telecopy or electronic mail and confirmed by phone or (iii) mailed by registered or certified mail, with return receipt requested, delivered as follows:

(1) If to Seller: John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225
John.Falldine@lifespacecommunities.com

with a copy to:

Jeremy Johnson & Trinitee Green
POLSINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

(2) If to Purchaser:

Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

with a copy to:

Adrienne K. Walker

Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue, 9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

(3) If to Escrow Agent:

Irina Palchuk, Senior Vice President
UMB Bank, N.A.
100 William Street, Suite 1850
New York, NY 10038
Irina.Palchuk@umb.com

with a copy to:

Daniel S. Bleck
Eric Blythe
Kaitlin R. Walsh
Mintz Levin Cohn Ferris Glovsky
and Popeo, PC
One Financial Center
Boston, Massachusetts 02111
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

12. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Missouri without regard to the principles of conflicts of law.

13. Binding Effect; Benefit. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

14. Modification. This Agreement may be amended, modified or terminated at any time by a writing executed by Seller, Purchaser, and the Escrow Agent; provided the party making such assignment provides written notice to the other parties hereto.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means.

16. Headings. The section headings contained in this Agreement are inserted for convenience only, and shall not affect in any way, the meaning or interpretation of this Agreement.

17. Severability. This Agreement constitutes the entire agreement among the parties and supersedes all prior and contemporaneous agreements and undertakings of the parties in connection herewith. No failure or delay of the Escrow Agent in exercising any right, power or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power or remedy preclude any other or further exercise of any right, power or remedy. In the event that any one or more of the provisions contained in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

18. Earnings Allocation; Tax Matters; Regulatory Compliance. The parties hereto agree that, for tax reporting purposes, all interest or other income, if any, attributable to the Escrowed Funds or any other amount held in escrow by the Escrow Agent pursuant to this Agreement shall be allocable to the Seller. The Seller agrees to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. persons) and other forms and documents that the Escrow Agent may reasonably request (collectively, "Tax Reporting Documentation") at the time of execution of this Agreement. Additionally, the parties hereto agree that they will provide any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time, and the Bank Secrecy Act of 1970, as amended from time to time (together the "Acts"), which information will be used to verify the identities of the parties to ensure compliance with the terms of such Acts. The parties hereto understand that if such Tax Reporting Documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

[SIGNATURE PAGES FOLLOW]

EXHIBIT A

ESCROW FEES AND EXPENSES

Acceptance Fee

Review escrow agreement and establish account \$1,250.00

Annual Fee (per year or part thereof)

Maintain account \$1,250.00

Fees specified are for the regular, routine services contemplated by the Escrow Agreement, and any additional or extraordinary services, including, but not limited to disbursements involving a dispute or arbitration, or administration while a dispute, controversy or adverse claim is in existence, will be charged based upon time required at the then standard hourly rate. In addition to the specified fees, all expenses related to the administration of the Escrow Agreement (other than normal overhead expenses of the regular staff) such as, but not limited to, travel, postage, shipping, courier, telephone, facsimile, supplies, legal fees, accounting fees, etc., will be reimbursable. Acceptance and first year annual fees will be payable at the initiation of the escrow and annual fees will be payable in advance thereafter. Other fees and expenses will be billed as incurred.

Exhibit 3

Sale Notice

HAYNES AND BOONE, LLP

J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
2323 Victory Avenue, Suite 700
Dallas, TX 75219
Telephone: (214) 651-5000
frasher.murphy@haynesboone.com
tom.zavala@haynesboone.com

Counsel to the Plan Sponsors

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY, AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
Kaitlin R. Walsh (Admitted *Pro Hac Vice*)
One Financial Center
Boston, MA 02111
Telephone: (617) 546-6000
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

NOTICE OF SALE

PLEASE TAKE NOTICE THAT:

1. Pursuant to the *Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation And Sale Hearing; and (V) Granting Related Relief* [Docket No. __] (the “**Bidding Procedures Order**”) entered by the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”) on [____], 2022, the Bankruptcy Court approved entry into that certain Asset Purchase Agreement, dated as of November [•], 2022 (the “**Stalking Horse APA**”) with Bay 9 Holdings LLC or its designee (the “**Stalking Horse Bidder**”) for the sale of substantially all of the Debtors’ assets subject to a competitive bidding process as set forth in the Bidding Procedures Order. Capitalized terms used but not otherwise

¹ The Debtors in the Chapter 11 Cases (the “**Chapter 11 Cases**”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

defined in this notice have the meanings ascribed to them in the Bidding Procedures Order or the Stalking Horse APA, as applicable.

2. Copies of (i) the Stalking Horse APA, (ii) the Bidding Procedures, and (iii) the Bidding Procedures Order can be obtained by contacting the Plan Sponsors' financial advisor, RBC Capital Advisors ("RBC"), Attn: David B. Fields, Telephone: 610-729-3658, E-mail: david.fields@rbccm.com or by download from the Debtors' claims and noticing agent KCC website at: <https://www.kccllc.net/edgemere>.

3. Once filed with the Bankruptcy Court, which will be at least [_____] () days prior to the Confirmation and Sale Hearing, copies of the proposed order approving the Plan Sponsors' Plan, which order will effectuate the sale of the Debtors' assets (the "**Confirmation Order**") may be obtained by contacting RBC or KCC as set forth in paragraph 2 above.

4. All interested parties are invited to make an offer to purchase the Purchased Assets in accordance with the terms and conditions approved by the Bankruptcy Court (the "**Bidding Procedures**") by **DECEMBER 27, 2022 at 4:00 P.M. (prevailing Central Time)**. Pursuant to the Bidding Procedures, the Plan Sponsors may conduct an auction for the Purchased Assets (the "**Auction**") on **DECEMBER 28, 2022 BEGINNING PROMPTLY AT 10:00 A.M. (prevailing Central Time)** at the offices of the Plan Sponsors' counsel, Haynes & Boone LLP, 2323 Victory Avenue, Suite 700 Dallas, TX 75219 or such other location as may be announced prior to the Auction to the Auction Participants. Contact the Plan Sponsors' financial advisor, RBC, Attn: David B. Fields, Telephone: 610-729-3658, E-mail: david.fields@rbccm.com for further information regarding the Debtors' assets and/or making a bid.

5. Participation at the Auction is subject to the Bidding Procedures and the Bidding Procedures Order.

6. A hearing to approve the sale of the Purchased Assets to the highest and best bidder will be held on **JANUARY 10, 2023 at 9:30 A.M. (prevailing Central Time)** at the Bankruptcy Court. The hearing on the sale may be adjourned without notice other than an adjournment in open court.

7. Objections, if any, to the proposed sale must be filed and served in accordance with the Bidding Procedures Order, and **actually received** no later **JANUARY 3, 2023 AT 4:00 P.M. (prevailing Central Time)**.

8. This notice is qualified in its entirety by the Bidding Procedures Order.

[Remainder of page intentionally left blank.]

Dated: [_____], 2022

HAYNES AND BOONE, LLP

/s/ DRAFT

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– and –

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Counsel to the Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)

(Jointly Administered)

**NOTICE OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES
THAT MAY BE ASSUMED, PURSUANT TO SECTIONS 365 AND 1123 OF THE
BANKRUPTCY CODE, IN CONNECTION WITH THE PLAN AND THE
PROPOSED CURE AMOUNTS WITH RESPECT THERETO**

PLEASE TAKE NOTICE THAT:

1. On April 14, 2022 (the “**Petition Date**”), Northwest Senior Housing Corporation and Senior Quality Lifestyles Corporation (collectively, the “**Debtors**”) commenced bankruptcy cases (the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the Northern District

¹ The Debtors in the Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

4. An Executory Contract and/or Unexpired Lease with respect to which you have been identified as a counterparty, and the corresponding proposed cure amount, if any, is set forth on the attached Exhibit A.

Objections

5. Any objections to the assumption and/or assumption and assignment of any Executory Contract or Unexpired Lease, including any objection to a proposed cure amount (each a “**Cure Objection**”), must (a) be in writing; (b) state with specificity the nature of such objection; and (c) comply with the Bankruptcy Rules.

6. Additionally, any Cure Objection must be filed with the Court no later than **DECEMBER 19, 2022 at 4:00 P.M. (prevailing Central Time)**.

7. UNLESS YOU FILE A CURE OBJECTION AND SERVE SUCH OBJECTION IN ACCORDANCE WITH THE INSTRUCTIONS AND DEADLINES SET FORTH HEREIN, YOU SHALL BE FOREVER BARRED FROM (A) OBJECTING TO THE DEBTORS’ ASSUMPTION, ASSIGNMENT AND/OR THE CURE AMOUNT SET FORTH ON EXHIBIT A; AND (B) ASSERTING OR CLAIMING ANY CURE AMOUNT AGAINST THE DEBTORS, THE PURCHASER, OR ANY OTHER ASSIGNEE OF THE RELEVANT EXECUTORY CONTRACT OR UNEXPIRED LEASE; PROVIDED, HOWEVER, THAT ANY COUNTERPARTY TO AN EXECUTORY CONTRACT OR UNEXPIRED LEASE SUBJECT TO ASSUMPTION MAY RAISE AN OBJECTION TO THE ASSUMPTION AND ASSIGNMENT THEREOF SOLELY WITH RESPECT TO THE ABILITY OF THE SUCCESSFUL BIDDER TO PROVIDE ADEQUATE ASSURANCE OF FUTURE PERFORMANCE UNDER THE ASSUMED CONTRACT AT

**THE CONFIRMATION AND SALE HEARING, OR AT ANY TIME BEFORE THE
CONFIRMATION AND SALE HEARING.**

Confirmation and Sale Hearing

8. Any Cure Objection that is timely filed and served regarding any Executory Contract or Unexpired Lease listed on **Exhibit A**, shall be heard at a hearing to be held before the Honorable Michelle V. Larson, United States Bankruptcy Court for the Northern District of Texas, 1100 Commerce Street, 14th Floor, Courtroom No. 2, Dallas, Texas 75242 on **January 10, 2023 at 9:30 a.m. (prevailing Central Time)** or such other date and time as may be fixed by the Court.

Reservation of Rights

9. The presence of an Executory Contract or Unexpired Lease on **Exhibit A** does not constitute an admission that such any listed Executory Contract or Unexpired Lease is an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code, or that such Executory Contract or Unexpired Lease will be assumed by the Debtors and assigned to the Purchaser. The Plan Sponsors reserve all of their rights to send out additional notices concerning additional or other Executory Contracts and Unexpired Leases subject to the provisions of any order by the Court.

[Remainder of page intentionally left blank.]

DATED: _____, 2022
Dallas, Texas

HAYNES AND BOONE, LLP

By: /s/ Draft

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Counsel to the Trustee and DIP Lender

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**NOTICE OF FILING REVISED AND SUPPLEMENTAL DOCUMENTS IN SUPPORT
OF MOTION OF TRUSTEE AND DIP LENDER FOR ENTRY OF AN ORDER (I)
AUTHORIZING AND APPROVING THE BIDDING PROCEDURES; (II)
AUTHORIZING AND APPROVING THE STALKING HORSE ASSET PURCHASE
AGREEMENT; (III) APPROVING PROCEDURES RELATED TO THE ASSUMPTION
OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES; (IV)
SCHEDULING COMBINED CONFIRMATION AND SALE HEARING; AND (V)
GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE on November 2, 2022, UMB Bank, N.A., in its capacity as
successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in
its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**”) filed the *Motion of*

¹ The Debtors in the Chapter 11 Cases (the “**Chapter 11 Cases**”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669) (together, the “**Debtors**”). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.



Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation and Sale Hearing; and (V) Granting Related Relief [Docket No. 755] (the “**Motion**”).

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit 1** is a revised form of the proposed order approving the Motion (the “**Revised Proposed Order**”), including exhibits, which substitutes and replaces the original Proposed Order (the “**Original Proposed Order**”), including exhibits, attached to the Motion as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit 2** is a redline document reflecting changes from the Original Proposed Order to the Revised Proposed Order.

Dated: December 6, 2022
Dallas, Texas

POLSINELLI PC

/s/ Trinitee G. Green
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2950 N. Harwood, Suite 2100
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– and –

Jeremy R. Johnson (Admitted *Pro Hac Vice*)
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Counsel to the Debtors and Debtors in Possession

HAYNES AND BOONE, LLP

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AND POPEO, PC**

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Counsel to UMB Bank, N.A. as Trustee and DIP Len

EXHIBIT 1

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

Re: Docket No. 755

**ORDER (I) AUTHORIZING AND APPROVING THE BIDDING PROCEDURES;
(II) AUTHORIZING ENTRY INTO THE STALKING HORSE ASSET PURCHASE
AGREEMENT; (III) APPROVING PROCEDURES RELATED TO THE ASSUMPTION
OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES;
(IV) SCHEDULING COMBINED CONFIRMATION AND SALE HEARING
AND (V) GRANTING RELATED RELIEF**

Having considered the *Motion of Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking*

¹ The Debtors in the Chapter 11 Cases (the “Chapter 11 Cases”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation And Sale Hearing; and (V) Granting Related Relief [Docket No. 755] (the “**Motion**”)² and the other testimony, evidence, and representations regarding the Motion, the Court finds that: (a) jurisdiction over the matters in the Motion is proper pursuant to 28 U.S.C. § 1334, (b) venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409, (c) proper and adequate notice of the Motion has been provided and no further notice is needed, (d) the relief sought in the Motion is in the best interest of the Debtors’ estates, their creditors, and all parties in interest, and (e) good and sufficient cause exists for granting the relief requested in the Motion.

THE BANKRUPTCY COURT HEREBY FINDS AND DETERMINES THAT:³

- A. Notice of the Motion complies with Bankruptcy Rule 2002.
- B. The relief requested in the Motion is **GRANTED** as provided herein.
- C. Objections to the Sale Transaction must be made by **January 20, 2023 at 4:00 p.m.** (prevailing Central Time).
- D. UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as lender under the DIP Credit Agreement (the “**DIP Lender**”) have articulated good and sufficient reasons for: (i) approval of the Bidding Procedures⁴; (ii) approval of the selection of the Stalking Horse Bidder; (iii) approval of the Break Up Fee and the Expense Reimbursement; (iv) authorizing payment of the Break Up Fee and Expense Reimbursement to the Stalking Horse Bidder under the circumstances described

² All capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

³ This Order constitutes this Court’s findings of fact and conclusions of law under Rule 52 of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rules 7052 and 9014. Any and all findings of fact shall constitute findings of fact, even if they are stated as conclusions of law, and any and all conclusions of law shall constitute conclusions of law, even if they are stated as findings of fact.

⁴ See **Exhibit 1** hereto.

in the Bidding Procedures and in the Stalking Horse APA;⁵ (v) approval of the form and manner of notice of all bidding procedures, bid protection and related agreements described in the Motion; (vi) scheduling of the Auction (if necessary) and approval of the manner of notice thereof; and (vii) all related relief set forth herein. The good and sufficient reasons articulated by the Trustee and DIP Lender, which were set forth in the Motion and on the record at the hearing held before this Court on December 15, 2022, are incorporated herein by reference and, among other things, form the basis for the findings of fact and conclusions of law set forth herein.

E. The Bidding Procedures, incorporated herein by reference as if fully set forth in this Order, are fair, reasonable, and appropriate, and represent the best method for maximizing the value of the Debtors' estates. The Break Up Fee and the Expense Reimbursement, on the terms set forth in the Bidding Procedures and the Stalking Horse APA: (i) shall, if triggered, be deemed actual and necessary costs and expenses of preserving the Debtors' estates, within the meaning of 503(b) and 507(a)(2) of the Bankruptcy Code treated as an allowed superpriority administrative expense claim against the Debtors' estates pursuant to sections 105(a), 503(b), and 507(a)(2) of the Bankruptcy Code in accordance with the Stalking Horse APA; (ii) are commensurate to the real and substantial benefit conferred upon the Debtors' estates by the Stalking Horse Bidder; (iii) are reasonable and appropriate, including in light of the size and nature of the sale transaction and comparable transactions, the commitments that have been made, and the efforts that have been and will be expended by the Stalking Horse Bidder, notwithstanding that the proposed transaction may be subject to better and higher offers, and are necessary to induce the Stalking Horse Bidder to pursue the transaction, and (iv) were conditions to, and necessary for, the Stalking Horse Bidder

⁵ See Exhibit 2 hereto.

to pursue the Sale and to be bound by the Stalking Horse APA and were designed to ensure the highest and best offers are attained.

F. The Bidding Procedures, the Break Up Fee, and the Expense Reimbursement were each a material inducement to, and an express condition of, the willingness of the Stalking Horse Bidder to submit a bid through the execution of the Stalking Horse APA, which will serve as a minimum floor bid on which the Trustee, DIP Lender, the Debtors, their creditors, and other bidders, may rely. The Stalking Horse Bidder has provided a material benefit to the Debtors and their creditors by increasing the likelihood that the best possible purchase price for the Purchased Assets will be realized.

G. Approval of the Stalking Horse APA with the Stalking Horse Bidder is in the best interests of the Debtors, the Debtors' estates, and creditors, and it reflects a sound exercise of business judgment. The Stalking Horse APA provides adequate opportunity to sell the Debtors' assets in order to preserve and realize their optimal value.

Accordingly,

IT IS HEREBY ORDERED, AND NOTICE IS HEREBY GIVEN, THAT:

1. The Motion is **GRANTED**.

Approval of the Asset Purchase Agreement & Bid Protections

2. The Stalking Horse APA is hereby **APPROVED**, subject to higher or better offers at the Auction.
3. The Debtors are hereby authorized and directed to execute the Stalking Horse APA.
4. The Break Up Fee in the amount of \$1,455,000.00 and the Expense Reimbursement in the amount of up to \$200,000.00 are hereby approved, and shall constitute actual and necessary costs and expenses of preserving the Debtors' estates within the meaning of section 503(b) of the

8. The process and requirements associated with submitting a Qualified Bid are fair, reasonable, appropriate, and designed to maximize recoveries for the benefit of the Debtors’ estates, creditors, and other parties in interest.

9. All bidders submitting a Bid are deemed to have submitted to the exclusive jurisdiction of the Court with respect to all matters related to the Bidding Procedures, the Auction, the Confirmation and Sale Hearing, and the terms and conditions of the sale or transfer of the Purchased Assets.

10. The Stalking Horse Bidder is deemed a Qualified Bidder for all purposes, and the Stalking Horse Bid as set forth in the Stalking Horse APA is deemed a Qualified Bid. In the event that no other Qualified Bids are submitted, no auction will be conducted, the Trustee and DIP Lender shall deem the Stalking Horse Bidder to be the Successful Bidder with respect to the Purchased Assets and will seek final approval of the sale of the Purchased Assets (as defined in the Stalking Horse APA) through the Plan at the Confirmation and Sale Hearing.

11. To be eligible to participate in the Auction, each initial Bid and each party (other than the Stalking Horse Bidder that is deemed to be a Qualified Bidder in all respects) submitting such a Bid (each, a “**Bidder**”) must be determined by the Trustee and DIP Lender, in consultation with the Debtors, the official committee of unsecured creditors (the “**Committee**”) and Lifespace Communities, Inc. (“**Lifespace**,” and collectively with the Committee, the “**Consultation Parties**”), to satisfy each of the following conditions and, if so met, such Bid shall constitute a “**Qualified Bid**,” and such Bidder shall constitute a “**Qualified Bidder**”:

Purchase Price	The Bid must include a cash purchase price in an amount that is at least \$48,500,000.00, plus the amount of the Break Up Fee, plus the amount of the Expense Reimbursement, plus \$100,000.00.
-----------------------	---

Good Faith Deposit	The Bid accompanied by a deposit in an amount of five percent (5%) of the Bidder’s proposed cash purchase price to be held in an interest bearing escrow account to be held by the Escrow Agent in accordance with the Escrow Deposit Agreement.
Asset Purchase Agreement	The Bid must include a marked version of the Stalking Horse APA (the “ Bidder APA ”) to identify what, if any, modifications the Bidder proposes.
Going Concern Information	The Bidder APA shall (a) identify all Non-Resident Contract Counterparty (defined below) agreements that the Bidder wishes to have assumed and assigned to it pursuant to the Sale; (b) provide details regarding the treatment of Residency Agreements with the Debtors’ current or former residents; (c) provide details regarding the operation and management of the Purchased Assets after the Sale; and (d) provide information pertinent to the ability to obtain regulatory approvals to purchase and operate the Purchased Assets.
Corporate Authority; Financial Ability to Perform; Irrevocable Bid	Each Bid must include written evidence that the Bidder has appropriate corporate authority and financial wherewithal to consummate the Sale Transaction, and that the Bid is irrevocable until the Closing Date of the Sale Transaction. Each Bid must acknowledge that the Bidder waives and is not entitled to any of the Stalking Horse Bid Protections or other similar bidder protections, including as a substantial contribution under section 503 of the Bankruptcy Code.

12. If any Bid (other than the Stalking Horse Bid) received by the Bid Deadline is determined by the Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, to be a Qualified Bid, the Trustee and DIP Lender will hold an Auction in accordance with the Bidding Procedures. At the Auction, the Trustee and DIP Lender may: (a) select, in consultation with the Debtors and the Consultation Parties and pursuant to the Bidding Procedures, the highest or otherwise best Bid and the Successful Bid or Backup Bid; and (b) reject any Bid

(regardless of whether such Bid is a Qualified Bid) that, upon consultation with the Debtors and the Consultation Parties is (i) inadequate, insufficient, or not the highest or best Bid, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, or the Bidding Procedures, or (iii) contrary to, or otherwise not in the best interests of, the Debtors' estates, affected stakeholders, or other parties in interest.

**Approval of the Bidding Procedures Relating to the Assignment and Assumption of
Executory Contracts and Unexpired Leases**

13. The Bidding Procedures regarding the assumption and assignment of the Debtors' Ground Lease (as defined in the *First Amended Plan of Reorganization of the Plan Sponsors Dated December 6, 2022* [Docket No. ___] (the "**Plan**")) are hereby **APPROVED**.

14. Intercity Investments Properties, Inc. (the "**Landlord**") shall file a notice disclosing the nature of and amount it asserts is required to cure monetary defaults and satisfy any pecuniary obligations of the Debtors (or obtain waivers with respect thereto) in order for the Debtors to assume and assign the Ground Lease to the Successful Bidder (the "**Landlord Cure Notice**") no later than December [--], 2022 (the "**Landlord Cure Bar Date**") and serve the Landlord Cure Notice on the following parties by e-mail (collectively, the "**Notice Parties**"):

- a. Counsel for the Trustee and the DIP Lender: Daniel S. Bleck, Eric R. Blythe, & Kaitlin R. Walsh, Mintz Levin, One Financial Center, Boston MA 02111; DSbleck@mintz.com, ERBlythe@mintz.com, KRWalsh@mintz.com;
- b. RBC: David Fields, david.fields@rbccm.com;
- c. Counsel for the Debtors: Trinitee G. Green, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201; tggreen@polsinelli.com; Jeremy R. Johnson & Brenna A. Dolphin, Polsinelli PC, 600 3rd Avenue, 42nd Floor, New York, New York 10016; jeremy.johnson@polsinelli.com, bdolphin@polsinelli.com;
- d. Counsel for the Official Committee of Unsecured Creditors of the Debtors: Stephen A. McCartin, Thomas C. Scannell, Mark C. Moore, Foley & Lardner LLP, 2021 McKinney Ave., Ste 1600,

Dallas, TX 75201; smccartin@foley.com, tscannell@foley.com, mmoore@foley.com;

- e. Counsel for Lifespace: Eric Walker, ewalker@cooley.com;
- f. Counsel for the Stalking Horse Bidder, Adrienne Walker, awalker@lockelord.com and Chelsey Rosenbloom List, chelsey.list@lockelord.com; and
- g. The Office of the United States Trustee, Attn: Lisa Lambert, 1100 Commerce St., Room 976, Dallas, TX 75242; lisa.l.lambert@usdoj.gov.

15. If the Landlord fails to file the Landlord Cure Notice by the Landlord Cure Bar Date, the Landlord shall be forever barred from asserting a cure amount with respect to assumption and assignment of the Ground Lease.

16. Objections to the Landlord Cure Notice must be filed no later than January [20], 2023.

17. The Stalking Horse Bidder shall provide the Landlord with adequate assurance of future performance under the Ground Lease (the “**Stalking Horse Adequate Assurance**”) within one business day of entry of this Order. The Landlord shall file any objection to the Stalking Horse Adequate Assurance no later than December [30], 2022 (the “**Landlord Adequate Assurance Objection**”) and serve such objection on the Notice Parties. Responses to any Landlord Adequate Assurance Objection must be filed no later than January [20], 2023.

18. This Court shall hear argument regarding the Landlord Cure Notice and the Landlord Adequate Assurance Objection at the Confirmation and Sale Hearing.

19. For the avoidance of doubt, if a Bidder other than the Stalking Horse Bidder is chosen as the Successful Bidder, the Landlord’s reserves its right to object to the Successful Bidder’s ability to provide adequate assurance of future performance prior to the Sale and Confirmation Hearing as provided below.

20. The Bidding Procedures regarding the assumption and assignment of the Debtors' Executory Contracts or Unexpired Leases and the Cure and Possible Assumption and Assignment Notice⁷ are hereby **APPROVED**.

21. Any Non-Resident Contract Counterparty that objects to (i) the cure amount set forth in the Cure and Possible Assumption and Assignment Notice or (ii) the Stalking Horse Bidder's adequate assurance of future performance, must file an objection (a "**Cure Objection**") no later than January [4], 2023 at 4:00 p.m. (prevailing Central Time), which Cure Objection must be served on the Notice Parties by e-mail.

22. If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party shall be forever barred from objecting to the proposed cure amount or to the Stalking Horse Bidder's adequate assurance of future performance. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Trustee and DIP Lender are unable to consensually resolve the dispute, the amount to be paid under section 365 of the Bankruptcy Code (if any) or, as the case may be, the Debtors' ability to assign the agreement to the Purchaser, shall be determined at the Confirmation and Sale Hearing.

23. After the conclusion of the Auction, the Trustee and DIP Lender shall file with the Court and serve on the Notice Parties, Contract Counterparties and the Landlord a further notice (the "**Assumption Notice**") identifying the Purchaser, stating which Executory Contracts or Unexpired Leases may be assumed and assigned to the Purchaser, and providing such Contract Counterparties, including the Landlord, with the Purchaser's assurance of future performance.

⁷ See **Exhibit 4** hereto.

Any Contract Counterparty that objects to the adequacy of the assurance set forth in the Assumption Notice must file an objection with the Court (a “**Contract Objection**”) and serve the Contract Objection on the Notice Parties prior to the Confirmation and Sale Hearing. If a Contract Counterparty or the Landlord does not file a Contract Objection prior to the Confirmation and Sale Hearing, such party shall be forever barred from objecting to the adequacy of the assurance to be provided by the Purchaser and the assumption and assignment to the Purchaser. Where a Contract Counterparty or the Landlord files a Contract Objection prior to the Confirmation and Sale Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Purchaser or raised issues regarding the potential assumption and assignment will be determined at the Confirmation and Sale Hearing.

24. For the avoidance of doubt, the Bidding Procedures regarding the assumption and assignment of the Debtors’ Executory Contracts or Unexpired Leases and the Cure and Possible Assumption and Assignment Notice shall not apply to Residency Agreements.

Approval of the Sale Notice

25. The Confirmation and Sale Hearing will be a combined evidentiary hearing on the confirmation of the Plan pursuant to Bankruptcy Rule 3018(c) and the proposed Sale Transaction, or an Alternative Transaction, as the case may be. The Confirmation and Sale Hearing shall commence before the Honorable Michelle V. Larson, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Texas, on **January 26, 2023 at 9:30 a.m.** (prevailing Central Time). The Confirmation and Sale Hearing may be adjourned or rescheduled from time to time by the Court without further notice other than an announcement made at the hearing or at any adjourned or rescheduled hearing thereon.

26. The form of the Sale Notice provides adequate notice of the time fixed for filing objections and the hearing to consider confirmation of the Plan in accordance with Bankruptcy Rules 2002(a), 2002(b), 2002(d), and 3017(d) and is hereby **APPROVED**.

Related Relief

27. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

28. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006, 7062, and 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

29. This Court retains jurisdiction to hear and consider all disputes arising from the interpretation or implantation of this Order.

Exhibits Referenced and Incorporated Hereto

- Exhibit 1 – Bidding Procedures
- Exhibit 2 – Stalking Horse APA
- Exhibit 3 – Sale Notice
- Exhibit 4 – Cure and Possible Assumption and Assignment Notice

End of Order

Prepared by:

HAYNES AND BOONE, LLP

/s/ Draft

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– and –

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Counsel to the Trustee and DIP Lender

Exhibit 1

Bidding Procedures

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

BIDDING PROCEDURES

UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “Trustee”) and in its capacity as lender under the DIP Credit Agreement (the “DIP Lender”) and Northwest Senior Housing Corporation and its affiliated debtors (the “Debtors,” and collectively with the Trustee and the DIP Lender, the “Plan Sponsors”) are pursuing Court approval of the *First Amended Plan of Reorganization of the Plan Sponsors Dated December 6, 2022* [Docket No. ___] (the “Plan”).² Pursuant to the Plan, substantially all of the assets of the Debtors (the “Assets”) will be sold (the “Sale”). Bay 9 Holdings LLC, or its designee (the “Stalking Horse Bidder”) has agreed to purchase the Assets for a cash purchase price of \$48,500,000 plus assumed liabilities (the “Stalking Horse Bid”) pursuant to the terms and conditions of the Asset Purchase Agreement attached as an exhibit to the Plan (the “Stalking Horse APA”). To ensure that the maximum value is received for the Assets, the Stalking Horse APA is subject to higher or better offers. To that end, the Plan Sponsors are marketing the Assets and soliciting offers therefor in accordance with these procedures (the “Bidding Procedures”), which have been approved pursuant to an Order entered by this Court in the above-captioned bankruptcy case on December [___], 2022 (the “Bidding Procedures Order”) [Docket No. [___]].

As provided below, the Plan Sponsors are soliciting bids (“Bids”) for the proposed acquisition of the Assets in accordance with these Bidding Procedures, which require, among other things, that potential purchasers submit an executed asset purchase agreement, along with a marked version evidencing any changes to the Stalking Horse APA. The Plan Sponsors will consider all Bids which comply with the terms of these Bidding Procedures.

Important Dates (All times are prevailing Central Time)³

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

³ All dates are subject to change in the Trustee and DIP Lender’s discretion after consultation with the Debtors, the Unsecured Creditors’ Committee (the “Committee”) and Lifespace Communities, Inc. (“Lifespace” and together with the Committee, the “Consultation Parties”).

Within One (1) Business Day after Entry of the Order Approving the Bidding Procedures: Deadline for Stalking Horse Bidder to provide adequate assurance of future performance under the Ground Lease (as defined in the Plan) to the Landlord (as defined below)

December [16], 2022: Landlord Cure Bar Date (as defined below)

December [30], 2022: Deadline for Landlord to file the Landlord Adequate Assurance Objection (as defined below)

January [4], 2023 at 4:00 p.m.: Deadline for Non-Resident Contract Counterparties to file objections to the Cure and Possible Assumption and Assignment Notice (as defined below)

January 13, 2023 at 4:00 p.m.: Bid Deadline (as defined below).

January 17, 2023 at 10:00 a.m.: Auction date.

Within Two (2) Business Days after Conclusion of Auction: Deadline for the Plan Sponsors to file a notice regarding the results of the Auction, including the selection of the Successful Bidder and the Backup Bidder (as each are defined below).

January 20, 2023 at 4:00 p.m.: Deadline to serve objections to the Sale and confirmation of the Plan Sponsors' Plan.

January 26, 2023 at 9:30 a.m.: Hearing to consider approval of the Sale and confirmation of the Plan.

Marketing Process

RBC Capital Markets, LLC ("RBC"), who has been retained by the Trustee and who will act as the investment banker for the solicitation of the purchase of the Assets, has developed a list of parties who the Plan Sponsors believe may be interested in consummating a Sale in addition to the Stalking Horse Bidder, which list includes both strategic and financial parties (each, individually, a "Contact Party", and collectively, the "Contact Parties").

RBC shall distribute to, or make available in the data room for, each Contact Party an "Information Package" that is comprised of:

- a cover letter;
- a copy of these Bidding Procedures; and
- a copy of a confidentiality agreement (the "Confidentiality Agreement"), a form of which is attached hereto as **Exhibit 1**.

To participate in the bidding process and to receive access to any confidential materials relating to the Assets (the "Diligence Materials"), each Contact Party must submit to the Plan Sponsors and the Debtors, through RBC, an executed Confidentiality Agreement, signed and transmitted by the person or entity wishing to have access to the Diligence Materials. Each Contact Party who qualifies for access to the Diligence Materials shall be a "Preliminary Potential Purchaser." All Diligence Material requests must be directed to RBC.

Bid Protections

Subject to the terms of the Bidding Procedures Order, as a component of the Stalking Horse APA, the Stalking Horse Bidder shall be entitled to a break-up fee of \$1,455,000 (*i.e.*, 3% of the cash

purchase price) (the “Break Up Fee”) and an expense reimbursement not to exceed \$200,000 (the “Expense Reimbursement”), payable from the proceeds of a closing of a Sale with an alternative purchaser in accordance with these Bidding Procedures, and a minimum bid increment for other bidders to submit competing bids, and other buyer protections set forth herein (collectively, the “Stalking Horse Bid Protections”). The Stalking Horse Bidder shall be entitled to credit bid the amount of its Break Up Fee plus its Expense Reimbursement at any Auction.

Qualifying Bid Process

To be eligible to participate in the auction, each initial Bid, and each party (other than the Stalking Horse Bidder) submitting such a Bid (each, a “Bidder”), must be determined by the Plan Sponsors, in consultation with the Consultation Parties, to satisfy each of the following conditions and, if so met, such Bid shall constitute a “Qualified Bid,” and such Bidder shall constitute a “Qualified Bidder”. For the avoidance of doubt, without the need for any further action, the Stalking Horse Bid is a Qualified Bid and the Stalking Horse Bidder is a Qualified Bidder.

1. **Minimum Bid**: Each initial Bid must be greater than or equal to (i) the value offered under the Stalking Horse APA, including a minimum cash purchase price of \$48,500,000, plus (ii) the amount of the Break Up Fee, plus (iii) the amount of the Expense Reimbursement, plus (iv) \$100,000 (the “Minimum Qualified Bid”)⁴.

2. **Good Faith Deposit**: Each initial Bid must be accompanied by a deposit in an amount of five percent (5%) of the Bidder’s proposed cash purchase price (the “Good Faith Deposit”) to an interest bearing escrow account (the “Escrow Deposit Account”) to be held by UMB Bank, N.A. as escrow agent (the “Escrow Agent”) in accordance with the Escrow Deposit Agreement attached hereto as **Exhibit 2**.

3. **Terms of Bid**: To be a Qualified Bid, each Bid must include:

- **Transaction Documents**. All executed transaction documents pursuant to which the Bidder proposes to effectuate the Sale, including (a) an executed asset purchase agreement (the “Bidder APA”), in word and pdf format; (b) a version of such Bidder APA marked against the Stalking Horse APA; and (c) related agreements and disclosures (collectively the “Transaction Documents”). Each Bid may provide for either a for-profit or not-for-profit entity as the owner and/or operator of the Debtors’ facility.
- **Going Concern Information**. The Bidder APA shall also (a) identify all Non-Resident Contract Counterparty (defined below) agreements that the Bidder wishes to have assumed and assigned to it pursuant to the Sale; (b) provide detail regarding the treatment of any agreement with any of the Debtors’ current or former residents (each, a “Residency Agreement”); (c)

⁴ The Minimum Qualified Bid must be an amount at least equal to \$50,255,000.00.

provide detail regarding the operation and management of the Assets after the Sale; and (d) provide information pertinent to the ability to obtain regulatory approvals to purchase and operate the Assets.

- Corporate Authority. Each Bid must disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid, and the complete terms of any such participation, and provide written evidence, reasonably acceptable to the Plan Sponsors, demonstrating appropriate corporate authorization to consummate the Sale.
- Proof of Financial Ability to Perform. Each Bid must include written evidence sufficient for the Plan Sponsors to reasonably conclude, after consultation with the Consultation Parties, that the Bidder has or will have the necessary financial ability to consummate the Sale and provide adequate assurance of future performance under all executory contracts to be assumed and assigned in accordance therewith. Such information should include, *inter alia*, the following:
 - contact names and numbers for verification of financing sources, if applicable;
 - evidence of the Bidder's internal resources and proof of any outside funding sources that are needed to close the Sale; and
 - the Bidder's current financial statements and any such other form, financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Plan Sponsors demonstrating that such Bidder has or will have the ability to close the Sale.
 - Each Bid must acknowledge that the Bidder waives and is not entitled to any of the Stalking Horse Bid Protections or other similar bidder protections, including as a substantial contribution under section 503 of the Bankruptcy Code.

4. Contingencies. Each Bid must include a statement that there are no conditions precedent to the Bidder's ability to close the Sale other than Court and regulatory approvals, including that there are no due diligence or financing contingencies to the Bid, and that all necessary internal and shareholder approvals have been obtained prior to the Bid. Each Bid may be subject to the satisfaction of the conditions precedent to the Sale, as set forth in the Bidder APA.

5. Irrevocable: Each Bid must be irrevocable through the entry of the Confirmation Order; *provided, however*, that a Bid accepted as the Successful Bid or the Backup Bid (as each are defined below) shall remain irrevocable as set forth below, subject to the terms and conditions of the Bidding Procedures.

6. **Bid Deadline:** The Trustee and DIP Lender must receive each Bid, in writing, on or before January 13, 2023, or such later date as may be agreed to by the Trustee and DIP Lender (the “**Bid Deadline**”). Each Bid must be sent by the Bid Deadline to (i) counsel for the Trustee and DIP Lender by e-mail: Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com and (ii) RBC, David Fields, david.fields@rbccm.com. Counsel to the Plan Sponsors will provide the Consultation Parties with any Bid within one (1) day of receipt thereof.

Auction

If any Bid (other than the Stalking Horse Bid) received by the Bid Deadline is determined to be a Qualified Bid, the Plan Sponsors will conduct an auction (the “**Auction**”) to determine the highest or best Qualified Bid. This determination shall take into account any factors the Trustee and the DIP Lender, upon consultation with the Debtors and the Consultation Parties, reasonably deem relevant to the value of the Qualified Bid to the Debtors’ estates. Before the Auction, the Stalking Horse Bidder and the other Qualified Bidders will be notified if any Qualified Bids have been received and will receive copies of such Qualified Bids. If no other Qualified Bid is received, the Plan Sponsors will not hold an Auction, and the Stalking Horse Bidder will be named the Successful Bidder. The Auction, if necessary, shall take place on January 17, 2023 at Haynes and Boone, LLP, 2323 Victory Avenue, Suite 700, Dallas, Texas. Unless otherwise agreed to by the Trustee and DIP Lender, only the Plan Sponsors, Lifespace, Qualified Bidders, advisors to the Committee, representatives of holders of the Bonds, and each of their respective legal or financial professionals are eligible to attend or participate at the Auction. The Auction shall be recorded, transcribed or videotaped, and shall be conducted according to the following procedures, which may be modified by the Trustee and DIP Lender in consultation with the Debtors and the Consultation Parties:

The Trustee and DIP Lender Shall Conduct the Auction.

The Trustee and DIP Lender and their professionals shall direct and preside over the Auction in consultation with the Debtors and the Consultation Parties in a manner that is consistent with these Bidding Procedures. Before the Auction, the Trustee and DIP Lender shall describe the terms of the highest or best Qualified Bid(s) (the “**Auction Baseline Bid**”).

Bidding at the Auction shall begin with Auction Baseline Bid. All Bids made thereafter shall be Overbids (as defined below), and shall be made in a manner determined by the Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, and all material terms of each Overbid received shall be disclosed to all Bidders who have submitted Qualified Bids prior to any subsequent round of bidding. The Trustee and DIP Lender shall maintain a transcript of all Bids made and announced at the Auction, including the Auction Baseline Bid and all Overbids.

Terms of Overbids.

An “Overbid” is any Bid made at the Auction subsequent to the Trustee and DIP Lender’s announcement of the Auction Baseline Bid. To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

(1) ***Minimum Overbid Increment.***

In advance of the Auction and after a review of the Qualified Bids received, the Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, shall determine the increments of any Overbid after the Auction Baseline Bid (the “Minimum Overbid Increment”); provided, that Trustee and the DIP Lender shall retain the right to modify the Minimum Overbid Increment at the Auction in consultation with the Debtors and the Consultation Parties.

(2) ***Remaining Terms are the Same as for Qualified Bids.***

Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above; *provided, however*, that the Bid Deadline shall not apply. Upon the conclusion of the Auction, the Successful Bidder and Backup Bidder’s last Bid accepted by the Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, shall remain open and binding on each such Bidder for thirty (30) days after entry of the Confirmation Order as further provided herein.

To the extent not previously provided, a Qualified Bidder submitting an Overbid must submit, as part of its Overbid, written evidence (in the form of financial disclosure, credit-quality support information or other enhancement reasonably acceptable to the Trustee and DIP Lender in consultation with the Debtors and the Consultation Parties) demonstrating such Bidder’s ability to close the Sale.

(3) ***Announcing Overbids.***

Prior to each round of the Auction, the Trustee and DIP Lender will announce the Minimum Overbid Increment for such round to all Bidders; *provided, however*, that the Trustee and DIP Lender reserve the right to require bids submitted in the final round of the Auction to be sealed at the time of submission. Each Overbid will be made by the Qualified Bidder in the main auction room where the Auction proceedings are being transcribed such that all Qualified Bidders can hear and seek clarification from the Trustee and DIP Lender on the terms of such Overbid.

(4) ***Consideration of Overbids.***

The Trustee and DIP Lender reserve the right, in their reasonable business judgment in consultation with the Debtors and the Consultation Parties, to make one or more adjournments in the Auction to, among other things: (a) facilitate discussions among the Plan Sponsors, the Consultation Parties, and any Qualified Bidder to consider how they wish to proceed, (b) give Qualified Bidders the opportunity to provide the Trustee and the DIP Lender with such additional information as the Trustee and the DIP Lender in their reasonable business judgment, in consultation with the Debtors and the Consultation Parties, may require to evaluate that the

Qualified Bidder's financial ability to consummate the Sale at the prevailing Overbid amount, or
(c) address other reasonable concerns.

"As Is, Where Is" Sale.

Except as explicitly set forth in the Stalking Horse APA, any Sale of the Assets will be transferred on an "as is, where is" basis, with all faults, and without representations or warranties of any kind, nature or description.

Consent to Jurisdiction as Condition to Bidding.

All Qualified Bidders are deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to any Bids, the Bidding Procedures, the Transaction Documents or the Auction.

Closing the Auction.

The Auction may be adjourned from time to time by the Trustee and DIP Lender after consultation with the Debtors and the Consultation Parties. Other than reasonable adjournments, the Auction shall continue until there is only one Qualified Bid that the Trustee and DIP Lender determine, after consultation with their financial and legal advisors, the Debtors and the Consultation Parties, is the highest or best Qualified Bid at the Auction (the "Successful Bid" and the Qualified Bidder submitting such Successful Bid, the "Successful Bidder"). The Auction shall not close unless and until all Qualified Bidders who have submitted Qualified Bids and remain active in the Auction have been given a reasonable opportunity, as determined by the Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, to submit an Overbid at the Auction to the then-existing Overbid. Prior to the conclusion of the Auction, the Successful Bidder and Backup Bidder shall have submitted fully executed Transaction Documents memorializing the terms of the Successful Bid and Backup Bid and the Successful Bidder shall have increased the amount of its Good Faith Deposit to 5% of the cash purchase price of the Successful Bid. Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the party with the next highest or otherwise best Qualified Bid(s) at the conclusion of the Auction, as determined by the Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, shall be required to serve as a backup bidder (the "Backup Bidder"). The Backup Bidder shall be required to keep its final Qualified Bid or last Overbid at Auction (the "Backup Bid") open and irrevocable until the earlier of one (1) business day after the closing of the Sale with the Successful Bidder, and thirty (30) days from the entry of the Confirmation Order (the "Outside Backup Date") unless such Backup Bidder is determined to become the Successful Bidder; *provided, however*, that if the Backup Bidder is the Stalking Horse Bidder, the Outside Backup Date shall be the earlier of (i) thirty (30) days from the entry of the Confirmation Order and (ii) March 17, 2023. Following entry of the Confirmation Order, if the Successful Bidder fails to consummate the Sale, the Trustee and DIP Lender may designate the Backup Bidder to be the new Successful Bidder, and the Plan Sponsors will be authorized, but not required, to consummate the Sale with the Backup Bidder without further order of the Bankruptcy Court. The closing date to consummate the Sale with the Backup Bidder shall be as soon as reasonably possible after the

date that the Plan Sponsors provide notice to the Backup Bidder that the Successful Bidder failed to consummate the Sale and that the Plan Sponsors desire to consummate the transaction with the Backup Bidder subject to the terms of the Bidder APA executed by the Backup Bidder (the “Backup Bidder APA”).

Procedures for Determining Cure Amounts and Adequate Assurance for Contract Counterparties to Assigned Contracts

(1) Procedures Relating to Ground Lease

Intercity Investments Properties, Inc. (the “Landlord”) shall be required to file a notice disclosing the nature of and amount it asserts is required to cure monetary defaults and satisfy any pecuniary obligations of the Debtors (or obtain waivers with respect thereto) in order for the Debtors to assume and assign the Ground Lease (as defined in the Plan) to the Successful Bidder (the “Landlord Cure Notice”) no later than December [16], 2022 (the “Landlord Cure Bar Date”) and serve the Landlord Cure Notice on the following parties by e-mail: (a) counsel for the Trustee and DIP Lender, Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (b) RBC, David Fields, david.fields@rbccm.com; (c) counsel for the Debtors, Trinitee G. Green, tggreen@polsinelli.com and Jeremy Johnson, jeremy.johnson@polsinelli.com, (d) counsel for the Stalking Horse Bidder, Adrienne Walker, awalker@lockelord.com and Chelsey Rosenbloom List, chelsey.list@lockelord.com; (e) counsel for the Committee: Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark Moore, mmoore@foley.com, (f) counsel for Lifespace: Eric Walker, ewalker@cooley.com and (g) the Office of the United States Trustee, Attn: Lisa Lambert, lisa.l.lambert@usdoj.gov. (collectively, the “Notice Parties”). Objections to the Landlord Cure Notice must be filed no later than January [20], 2023.

The Stalking Horse Bidder shall provide the Landlord with adequate assurance of future performance under the Ground Lease (the “Stalking Horse Adequate Assurance”) within one business day of its designation by the Bankruptcy Court as the Stalking Horse Bidder. The Landlord shall file any objection to the Stalking Horse Adequate Assurance no later than December [30], 2022 (the “Landlord Adequate Assurance Objection”) and serve such objection on the Notice Parties. Responses to any Landlord Adequate Assurance Objection must be filed no later than January [20], 2023.

The Bankruptcy Court shall hear argument regarding the Landlord’s cure amount and the Landlord Adequate Assurance Objection at the Confirmation and Sale Hearing.

For the avoidance of doubt, if a Bidder other than the Stalking Horse Bidder is chosen as the Successful Bidder, the Landlord reserves its right to object to the Successful Bidder’s ability to provide adequate assurance of future performance prior to the Sale and Confirmation Hearing as provided below.

(2) Procedures Relating to Other Non-Resident Contracts

Within five (5) days after entry of the Bidding Procedures Order, the Plan Sponsors will file with the Bankruptcy Court and serve a notice to the Debtors' contract counterparties other than residents that are party to a Residency Agreement (each, a "Non-Resident Contract Counterparty"), setting forth the Plan Sponsors' calculation of each Non-Resident Contract Counterparty's cure amount, if any, that would be owing to such Non-Resident Contract Counterparty if the Debtors were to assume or assume and assign such executory contract or unexpired lease, and alerting such Non-Resident Contract Counterparty that its agreement may be assumed and assigned to the Successful Bidder (the "Cure and Possible Assumption and Assignment Notice").⁵ From and after the date that is one business day after the designation by the Bankruptcy Court of the Stalking Horse Bidder, the Plan Sponsors will, upon receipt of a written request from any Non-Resident Contract Counterparty, provide the Stalking Horse Adequate Assurance to such Non-Resident Contract Counterparty. Any Non-Resident Contract Counterparty that objects to (i) the cure amount set forth in the Cure and Possible Assumption and Assignment Notice, or (ii) the Stalking Horse Bidder's adequate assurance of future performance, must file an objection (a "Cure Objection") no later than January [4], 2023, which Cure Objection must be served on the Notice Parties by e-mail.

If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party will be forever barred from objecting to the proposed cure amount or to the Stalking Horse Bidder's adequate assurance of future performance. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Plan Sponsors are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtors' ability to assign the agreement to the Successful Bidder, will be determined at the Combined Hearing (as defined below)

After the conclusion of the Auction, the Plan Sponsors shall file with the Bankruptcy Court and serve on the Notice Parties, Contract Counterparties and the Landlord a further notice (the "Assumption Notice") identifying the Successful Bidder, stating which Contracts may be assumed and assigned to the Successful Bidder, and providing such Contract Counterparties and the Landlord with the Successful Bidder's assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance or assumption and/or assignment of its Contract set forth in the Assumption Notice must file an objection with the Bankruptcy Court (a "Contract Objection") and serve the Contract Objection on the Notice Parties prior to the Combined Hearing. If a Contract Counterparty does not file a Contract Objection prior to the Combined Hearing, such party will be forever barred from objecting to the adequacy of the assurance to be provided by the Successful Bidder and assumption and assignment to the Successful Bidder. Where a Contract Counterparty files a Contract Objection prior to the Combined Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Successful Bidder or raised issues regarding the potential assumption and assignment will be determined at the Combined Hearing.

⁵ For the avoidance of doubt, "Non-Resident Contract Counterparty" shall not include any resident, former resident, or other party asserting claims arising under the Residency Agreements.

For the avoidance of doubt, this section does not address Residency Agreements although the Residency Agreements are executory contracts. As provided above, in order to constitute a Qualified Bid, each Bid must provide detail regarding the treatment of Residency Agreements with the Debtors' current or former Residents. To the extent a Bid includes the assumption of the Residency Agreements, the Bidder will be required to satisfy the related cure costs and provide adequate assurance of future performance. The Assumption Notice shall include a description of the Successful Bidder's proposed treatment of Residency Agreements.

Confirmation and Sale Hearing

The Successful Bid will be subject to approval by the Trustee, DIP Lender and the Bankruptcy Court. The evidentiary hearing to consider approval of the Successful Bid will be combined with an evidentiary hearing to consider confirmation of the Plan. The combined hearing (the "Combined Hearing") will be held before the Honorable Michelle V. Larson, United States Bankruptcy Court for the Northern District of Texas – Dallas Division, Earle Cabell Federal Building, 110 Commerce Street, Room 1254, Dallas Texas on January 26, 2023 at 9:30 a.m. (CT).

At the Combined Hearing, the Plan Sponsors will seek the entry of an order of the Bankruptcy Court (i) approving and authorizing the Sale to the Successful Bidder, and, if applicable, the Backup Bidder and (ii) confirming the Plan. The Successful Bidder shall appear at the Combined Hearing and be prepared to testify in support of the Successful Bid and the Successful Bidder's ability to close in a timely manner.

Objections to the Sale of the Assets to the Successful Bidder or Backup Bidder must be filed and served so that they are actually received by the Notice Parties no later than January 20, 2023. The Combined Hearing may be adjourned or rescheduled as ordered by the Bankruptcy Court or by the Plan Sponsors with the approval of the Successful Bidder in consultation with the Consultation Parties but without further notice to creditors and parties in interest other than by announcement by the Plan Sponsors of the adjourned date at the Combined Hearing.

No later than ten (10) calendar days after entry of the Confirmation Order, the Successful Bidder and the Plan Sponsors shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing terms and conditions on which the Successful Bid was made and the Sale contemplated by the Successful Bid shall close contemporaneously with the effectiveness of the Plan.

Return of Good Faith Deposits

The Good Faith Deposits of all Qualified Bidders shall be held in one or more interest-bearing escrow accounts by the Escrow Agent, but shall not become property of the Debtors' estates absent further order of the Bankruptcy Court. The Good Faith Deposit of any Qualified Bidder that is neither the Successful Bidder nor the Backup Bidder shall be returned to such Qualified Bidder not later than two (2) business days after announcement of the Successful Bidder and any Backup Bidder. The Good Faith Deposit of the Backup Bidder shall be returned to the Backup Bidder on the date that is the earlier of one (1) business day after the closing of the Sale with the Successful

Bidder, and the Outside Backup Date; *provided, however*, that in the event the Successful Bidder does not consummate the Sale as described above and the Plan Sponsors provide notice to the Backup Bidder that it has been chosen as the replacement Successful Bidder and then the Backup Bidder's Good Faith Deposit shall be held until the closing of the Sale with the Backup Bidder as set forth in the Backup Bidder APA. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If the Successful Bidder or the Backup Bidder timely closes the Sale, its Good Faith Deposit shall be credited towards its purchase price.

Reservation of Rights

THE TRUSTEE AND DIP LENDER RESERVE THEIR RIGHTS TO MODIFY THESE BIDDING PROCEDURES IN ANY MANNER, IN CONSULTATION WITH THE DEBTORS AND THE CONSULTATION PARTIES, THAT WILL BEST PROMOTE THE GOALS OF THE BIDDING PROCESS AND TO IMPOSE, AT OR PRIOR TO THE AUCTION, ADDITIONAL OR DIFFERENT CUSTOMARY TERMS AND CONDITIONS ON THE SALE OF THE ASSETS, INCLUDING, WITHOUT LIMITATION, EXTENDING THE DEADLINES SET FORTH IN THESE BIDDING PROCEDURES, ADJOURNING THE AUCTION AT OR PRIOR TO THE AUCTION AND/OR ADJOURNING THE COMBINED HEARING PRIOR TO SUCH HEARING OR IN OPEN COURT WITHOUT FURTHER NOTICE, AND REJECTING ANY OR ALL QUALIFIED BIDS IF, IN THE TRUSTEE AND DIP LENDER'S REASONABLE, GOOD-FAITH BUSINESS JUDGMENT DETERMINED THAT SUCH QUALIFIED BID IS (I) INADEQUATE OR INSUFFICIENT, (II) NOT IN CONFORMITY WITH THE REQUIREMENTS OF THE BANKRUPTCY CODE OR ANY RELATED RULES OR THE TERMS SET FORTH HEREIN, OR (III) CONTRARY TO THE BEST INTERESTS OF THE DEBTORS; PROVIDED THAT NOTHING HEREIN SHALL PERMIT THE MODIFICATION OF THE REQUIREMENT THAT ANY QUALIFIED BID MUST PROVIDE FOR THE PAYMENT OF THE STALKING HORSE BID PROTECTIONS. THE TRUSTEE AND DIP LENDER RESERVE THE RIGHT, AT ANY TIME, FOR ANY REASON AND IN THEIR REASONABLE, GOOD-FAITH BUSINESS JUDGMENT, IN CONSULTATION WITH THE DEBTORS AND THE CONSULTATION PARTIES, TO DECLINE TO PURSUE THE SALE AND TO WITHDRAW ANY MOTION FILED IN THE COURT SEEKING TO APPROVE THE SALE.

Dated: December 6, 2022

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy

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*Counsel to the Debtors and Debtors in
Possession*

Exhibit 2

Stalking Horse APA

ASSET PURCHASE AGREEMENT

DATED AS OF DECEMBER [•], 2022

BY AND BETWEEN

**NORTHWEST SENIOR HOUSING CORPORATION,
A TEXAS NOT-FOR-PROFIT CORPORATION, as Seller**

AND

BAY 9 HOLDINGS LLC or its designee, as Purchaser

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “**Agreement**”) is made and entered into as of December [•], 2022 (the “**Execution Date**”), by and between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**” or the “**Debtor**”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”). The Seller and the Purchaser are sometimes individually referred to as a “**Party**” and collectively as the “**Parties**.”

RECITALS

WHEREAS, Seller has filed a voluntary petition for relief under the Bankruptcy Code as Case Number 22-30659 (the “**Chapter 11 Case**”) with the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”);

WHEREAS, Seller is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community (the “**Edgemere Community**”) on land owned by Intercity Investments Properties, Inc. (the “**Landlord**”) located at 8523 Thackery St, Dallas, Texas 75225 and leased to Seller pursuant to that certain Ground Lease dated November 5, 1999 (the “**Ground Lease**”). The Edgemere Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

WHEREAS, UMB Bank, N.A., in its capacity as successor Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture (the “**Trustee**”) and in its capacity as DIP Lender (as defined below) (the Trustee and DIP Lender collectively with the Debtors, the “**Plan Sponsors**”), have filed a Plan of Reorganization under Chapter 11 of the Bankruptcy Code (including all related supplements and documents, the “**Plan**”) that contemplates the sale of the Edgemere Community and related assets to Purchaser, or another purchaser that submits a higher and better offer for the assets in accordance with the Sale Transaction Procedures (as defined below);

WHEREAS, Purchaser desires to acquire the Edgemere Community, including Edgemere’s leasehold interest in the Premises (as defined below) created by the Ground Lease, and the assets owned by Seller and used or useful to Seller’s operation of the Edgemere Community (the “**Business**”, and, together with Seller’s interests in the Ground Lease, the “**Assets**”) on the terms and conditions contained in this Agreement, subject to higher and better bids, as well as confirmation of the Plan;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Defined Terms. As used herein, the following terms have the meanings set forth below:

“**2015 Bond Indenture**” means that certain Indenture of Trust, dated May 1, 2015, by and between the Issuer and the Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2015 Bonds were issued.

“**2017 Bond Indenture**” means that certain Indenture of Trust, dated March 1, 2017, between the Issuer and Bank of New York Mellon Trust Company, National Association, as initial bond trustee, pursuant to which the Series 2017 Bonds were issued.

“**Accounts Receivable**” means all accounts, accounts receivable, contractual rights to payment, notes, notes receivable, negotiable instruments, chattel paper, and vendor and supplier rebates of Seller in connection with, or relating to, the Business other than intercompany obligations by and among Seller, Lifespace and any Affiliates thereof.

“**Accrued PTO**” means accrued but unused paid time off (including any sick time) for each employee as of the Closing Date.

“**Action**” means any action, claim, proceeding, litigation, arbitration, mediation, suit, investigation or regulatory inquiry (whether civil, criminal, administrative or judicial), or any appeal therefrom or any material demand letter threatening the initiation of any of the foregoing, including, but not limited to, the Landlord Litigation and any all causes of action arising from Chapter 5 of the Bankruptcy Code.

“**Affiliate**” shall mean, as to the entity in question, any person or entity that directly or indirectly controls, is controlled by or is under common control with, the entity in question and the term “**control**” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity whether through ownership of voting securities, by contract or otherwise. For the avoidance of doubt, Lifespace shall not be deemed an affiliate of the Seller at the time of Closing.

“**Agreement**” has the meaning set forth in the recitals.

“**Alternative Transaction**” has the meaning set forth in Section 7.1(f).

“**Approvals**” means all consents and approvals from any Governmental Authority, including without limitation any Governmental Authority with regulatory oversight of healthcare organizations, which are necessary for the transfer of the Purchased Assets or the operation of the Business.

“**Assets**” has the meaning set forth in the recitals.

“**Assumed Contracts**” means all of the rights and interests of Seller in and to the executory contracts and unexpired leases that Purchaser designates for assumption and assignment, as listed on Schedule 5.5(b) (as may be supplemented or modified prior to Closing), but explicitly excluding all of the Residency Agreements and the Residency Escrow Agreement.

“**Assumed Liabilities**” has the meaning set forth in Section 2.3.

“**Closing Escrow Objection**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Release Date**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Release Notice**” has the meaning set forth in Section 2.5(h).

“**Closing Statement**” has the meaning set forth in Section 2.8.

“**Confirmation Order**” means the order of the Bankruptcy Court in form and substance acceptable to the Plan Sponsors and Purchaser, confirming the Plan and approving the Sale pursuant to section 1129 of the Bankruptcy Code.

“**Contract Party**” has the meaning set forth in Section 5.5.

“**Cure Amounts**” means the amount necessary pursuant to 11 U.S.C. § 365 to cure defaults under Assumed Contracts.

“**Debtor**” has the meaning set forth in the recitals.

“**Deposit**” has the meaning set forth in Section 2.5(b) and shall include any interest earned thereon.

“**DIP Credit Agreement**” means that certain Priming Superpriority Debtor-in-Possession Credit Agreement between the Debtors and the DIP Lender as approved by the Bankruptcy Court.

“**DIP Lender**” means UMB Bank, N.A., in its capacity as lender under the DIP Credit Agreement.

“**Edgemere Community**” has the meaning set forth in the recitals.

“**Effective Time**” has the meaning set forth in Section 2.7.

“**Encumbrance**” means any charge, claim (as defined at Bankruptcy Code section 101(5)), community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, transfer, receipt of income or exercise of any other attribute of ownership.

“**Equipment**” means the furniture, tangible property and equipment owned by Seller and used or useful to the Business, including the property identified on Schedule I(w).

“**Escrow Agent**” means UMB Bank, N.A.

“**Escrow Deposit Agreement**” means that certain agreement between Purchaser, Seller and Escrow Agent substantially in the form set forth in **Exhibit G** hereto.

“**Excluded Assets**” has the meaning set forth in Section 2.2.

“**Excluded Contracts**” has the meaning set forth in Section 5.5(b).

“**Execution Date**” has the meaning set forth in the recitals.

“**Existing Improvements**” shall have the meaning set forth in the Ground Lease.

“**Expense Reimbursement**” has the meaning set forth in Section 7.1(f).

“**Final Order**” means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Case that has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending and stayed, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought and a stay of the order or judgment has been granted, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, to petition for certiorari, or to move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rules 9023 or 9024, may be filed relating to such order shall not cause such order to not be a Final Order.

“**Governmental Authority**” means the Bankruptcy Court, any tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision.

“**Ground Lease**” has the meaning set forth in the recitals.

“**Ground Lease Assignment and Assumption Agreement**” has the meaning set forth in Section 2.8(a)(iii) and substantially in the form set forth in **Exhibit C** hereto.

“**Intangible Personal Property**” means all intangible property rights related to the Businesses or the Premises, including any warranties and guaranties, zoning approvals, building permits, and systems used or useful to the Business. .

“**Intellectual Property**” means all intellectual property and industrial property rights and assets, and any other similar or equivalent type of proprietary right or intellectual property right anywhere in the world, and all rights to sue, obtain damages or other remedies, including for past, present, and future infringement or misappropriation, and other administrative rights arising from or relating to any of the foregoing, and any interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, fictitious names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all

registrations, applications and renewals for, any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or governmental authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights; (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (e) patents (including all reissues, divisional, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other governmental-authority-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models); (f) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation; (g) semiconductor chips and mask works; (h) royalties, fees, income, payments and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and (i) all rights to any Actions of any nature available to or being pursued by Seller to the extent related to the foregoing, whether accruing before, on, or after the Execution Date, including all rights to and claims for damages, restitution and injunctive relief for infringement, dilution, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief, and to collect, or otherwise recover, any such damages.

"Intellectual Property Assets" means all Intellectual Property that is owned or licensed by Seller, to the greatest extent assignable, and used or useful to the Business. Intellectual Property Assets shall exclude computer software used by Seller in operation of the Assets which Seller has no right to sell, including computer software which can be purchased through retail outlets, and Matrix software used by Seller for minimum data set tabulation.

"Intellectual Property Assignment and Assumption Agreement" has the meaning set forth in Section 2.8(a)(iv) and substantially in the form set forth in **Exhibit D** hereto.

"Intellectual Property Registrations" means all Intellectual Property Assets that are subject to any issuance, registration, application, or other filing by, to or with any governmental authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

"Inventory" means all Seller's inventory used or useful to the Business.

"Issuer" means Tarrant County Cultural Education Facilities Finance Corporation.

"IT Assets" means IT Inventories, technical documentation, software contracts and computer equipment, in each case related to the Business.

"IT Inventories" means (i) computer software code (in all media) and materials, including all software programs; (ii) computer software documentation, including user materials;

and (iii) all other unused or reusable materials, stores, and supplies related to computer software, in each case to the extent used in, relating to, or arising out of the Business

“**Land**” shall have the meaning set forth in the Ground Lease.

“**Landlord**” has the meaning set forth in the recitals.

“**Landlord Litigation**” means that certain adversary proceeding commenced in the Bankruptcy Court on April 14, 2022 (Adv. No. 22-03040-mvl) and captioned *Northwest Senior Housing Corporation v. Intercity Investment Properties, Inc., et al.*

“**Liabilities**” means liabilities, obligations, or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute, or contingent, accrued or unaccrued, matured or unmatured or otherwise.

“**Lien**” shall have the meaning set forth in section 101(37) of the Bankruptcy Code, including any security interest, pledge, mortgage, lien, charge, adverse claim of ownership or use, restriction on transfer (such as a right of first refusal or other similar right), defect of title, encroachments, or other encumbrance of any kind or character.

“**Lifespace**” shall mean Lifespace Communities, Inc.

“**MAC**” shall mean either (i) if there has been a reduction of seventeen and a half percent (17.5%) or more, for any reason, when comparing the occupancy for independent living, memory care, and assisted living Residents, collectively, in the Edgemere Community during the month in which the Execution Date occurs to the monthly occupancy for such Residents over any one month period from the Execution Date to the Closing Date or (ii) the loss, revocation, or termination of any Permits necessary or material to operate the Business in the manner operated on the Execution Date, or the cessation of any material part of the Business.

“**Medicare**” means Title XVIII of the Social Security Act.

“**Modified Residency Agreement**” has the meaning set forth in Section 5.5(d).

“**Necessary Consent**” has the meaning set forth in Section 5.5(c).

“**Original Master Indenture**” means that certain Amended and Restated Master Trust Indenture, Deed of Trust and Security Agreement, dated November 15, 1999 and effective as of April 1, 2006, by and between the Obligated Group and JP Morgan Chase Bank, National Association, as initial master trustee and UMB Bank, N.A., as successor Master Trustee, as supplemented by that certain Supplemental Indenture Number 6, dated March 1, 2017, which shall be further amended on and after the Effective Date.

“**Outside Closing Date**” has the meaning set forth in Section 2.7.

“**Permits**” means to the greatest extent transferrable, all licenses, permits (including occupancy permits), certificates, registrations, approvals, franchises, consents and other

authorizations of Seller obtained from or filed with a Governmental Authority and used or useful to the Business, including Seller's Medicare provider agreements.

"Permitted Liens" means (i) statutory Liens for Taxes, assessments or other governmental charges not yet due and payable, (ii) workers', repairers', landlords' and similar Liens which arose or were incurred in the ordinary course of business and which secure obligations which are not yet due and payable and which do not exceed \$10,000 in the aggregate, (iii) Liens which are expressly assumed or consented to by Purchaser herein (including, without limitation, liens included in the Assumed Liabilities), (iv) Liens which are created by Purchaser, (v) easements, restrictions, covenants, and all other matters of record and legal highways with respect to the Premises, and (vi) matters which would be shown on an accurate survey of the Premises.

"Person" means any natural person, corporation, limited liability company, general partnership, limited partnership, sole proprietorship, trust, union, association, Governmental Authority or other business organization.

"Plan" has the meaning set forth in the recitals.

"Plan Sponsors" has the meaning set forth in the recitals.

"Premises" has the meaning set forth in the Ground Lease, consisting of, without limitation, approximately 16.2 acres of land located in Dallas, Texas.

"Proration Time" means 12:01 on the Closing Date.

"Purchase Price" has the meaning set forth in Section 2.5(a).

"Purchased Assets" has the meaning set forth in Section 2.1.

"Purchaser" has the meaning set forth in the recitals.

"Purchaser Closing Certificate" has the meaning set forth in Section 6.3(e) and substantially in the form set forth in **Exhibit F** hereto.

"Rejected Contracts" has the meaning set forth in Section 5.5(b).

"Related Agreements" means the Bill of Sale, the Assignment Assumption Agreement, Ground Lease Assumption Agreement, the Intellectual Property Assignment and Assumption Agreement, and other agreements, documents, and instruments related to the transactions contemplated herein.

"Residency Agreements" means those certain agreements entered into by and between any Resident and the Seller, including all independent living residency agreements, assisted living residency agreements, life care agreements, skilled nursing residency agreements, memory care agreements, and any additional documents related thereto, including any amendments, supplements, or addendums.

“**Residency Escrow Agreement**” means that certain Escrow Agreement dated as of September 27, 2021, by and among Edgemere, the Trustee, and Regions Bank as escrow agent.

“**Resident**” means a present or former occupant of the Edgemere Community who is a party to a Residency Agreement.

“**Sale**” shall have the meaning ascribed to it in the Sale Transaction Procedures.

“**Sale Transaction Procedures**” shall mean the procedures, in form and substance acceptable to Purchaser, and set forth in those certain bidding procedures as filed and served pursuant to the Bidding Procedures Order, which set forth the procedures in connection with the sale of substantially all of the Seller’s assets pursuant to Sections 105(a), 363, 363, 365, 1123, 1125(a)(5)(D) and 1129 of the Bankruptcy Code.

“**Seller**” has the meaning set forth in the recitals.

“**Seller Closing Certificate**” has the meaning set forth in Section 6.2(e) and substantially in the form set forth in **Exhibit E** hereto.

“**Tangible Personal Property**” means all tangible personal property owned by Seller and used or useful to the Business.

“**Taxes**” means any and all taxes, fees, levies, duties, tariffs, import charges and other charges imposed by any taxing authority, together with any related interest, penalties or other additions thereto, or additional amounts imposed by any taxing authority, and without limiting the generality of the foregoing, shall include net income alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, value added, franchise, profits, license, transfer, recording, escheat, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profit, environmental, custom, duty, or other tax, governmental fee or other like assessment or charge of any kind whatsoever.

“**Threshold**” has the meaning set forth in Section 2.10.

“**Transferred Employee**” shall have the meaning set forth in Section 5.4(b).

ARTICLE 2

PURCHASE AND SALE OF ASSETS

2.1 Sale of Assets to Purchaser. Upon the terms and subject to the conditions contained in this Agreement, at the Closing, the Seller shall sell, assign, transfer, deliver and convey to Purchaser, and Purchaser shall purchase, acquire and accept from Seller pursuant to Sections 363, 365, 1123, 1125(a)(5)(D) and 1129 of the Bankruptcy Code, all of Seller’s right, title and interest in and to all assets, properties, rights, titles and interests of every kind and nature of Seller whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired, which relate to, or are used or useful to the Business other than Excluded Assets, free and clear of all Encumbrances and Liens, except Permitted Liens, including, without limitation (collectively, the “**Purchased Assets**”):

- (a) the Ground Lease;
- (b) all of Seller's interest in the Land and Existing Improvements pursuant to the Ground Lease;
- (c) the Accounts Receivable;
- (d) the Books and Records;
- (e) the Equipment;
- (f) the Inventory;
- (g) to the greatest extent transferable under applicable law, the Permits, including Seller's Medicare provider agreement;
- (h) the Intellectual Property Assets;
- (i) the Tangible Personal Property, only to the extent assignable;
- (j) the Intangible Personal Property;
- (k) the IT Assets;
- (l) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums, and fees which pertain to the Purchased Assets and are not Excluded Assets;
- (m) Seller's attorney-client and work-product privileges which pertain to the Purchased Assets other than the Ground Lease; and
- (n) the Assumed Contracts.

2.2 Excluded Assets. Notwithstanding Section 2.1, the Parties acknowledge that Seller shall not sell, assign, transfer or convey to Purchaser, and Purchaser shall not purchase, acquire or accept from Seller, the assets consisting of the following (all such assets, the "**Excluded Assets**"):

- (a) the Purchase Price and all rights under this Agreement and the Related Agreements;
- (b) all cash and cash equivalents;
- (c) the contracts that are not Assumed Contracts (including the Residency Agreements and the Residency Escrow Agreement, which, for the avoidance of doubt, are Rejected Contracts);

(d) all set-off rights to claims filed or asserted in the Chapter 11 Case (except to the extent arising in connection with (i) an Assumed Contract which is subject to cure, (ii) Assumed Liabilities, or (iii) Accounts Receivable);

(e) all Actions;

(f) all intercompany-related obligations between and among Lifespace, the Seller and their respective Affiliates;

(g) hold-backs and escrows for any prorations or Taxes (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing) being paid by Seller in connection with the Closing or afterward, if applicable;

(h) all insurance policies of Seller, any prepaid insurance premiums and any rights or claims or proceeds arising from such policies;

(i) all Tax refunds and rebates which are related to Seller's operation of the Business prior to the Closing;

(j) all (i) corporate seals, corporate organizational records, minute books, charter documents, record books, and stock transfer books pertaining to Seller, (ii) original Tax, accounting and financial records which pertain exclusively to the Excluded Assets, and (iii) such other files, books and records which pertain exclusively to the Excluded Assets or to the formation, existence or capitalization of Seller or of any other Person;

(k) all Inventory and Assets disposed of or exhausted prior to Closing in the ordinary course of business;

(l) any records which Seller is legally required to retain in its possession and any records related to Excluded Assets or Excluded Liabilities (as hereinafter defined);

(m) all equipment and tangible property located at the Premises but not owned by Seller, and all other assets, properties and rights not related to or used in the Business;

(n) personnel records for Employees who are not Transferred Employees and, to the extent the transfer of such records (whether directly or by means of the sale of the Purchased Assets) to Purchaser or its affiliates is prohibited by applicable Law, for Transferred Employees;

(o) all board designated, self-insurance trusts, workers compensation trusts, working capital trust assets, and assets and investments restricted as to use), donor restricted assets, beneficial interests in charitable trusts and accrued earnings on all of the foregoing;

(p) Employee Retention Tax Credit on qualified wages for the period from March 27, 2020 to December 31, 2021 provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT), the Consolidated Appropriations Act, 2021 (CAA), and the American Rescue Plan Act (ARPA); and

(q) any reserve or bond funds in possession of the Trustee, including, without limitation, any restricted and trustee-held or other escrowed funds (such as the debt service reserves, operating reserves and rent reserves).

2.3 Assumed Liabilities. Upon the terms and subject to the conditions contained in this Agreement, at the Closing, Purchaser shall assume or otherwise be responsible for, which amounts shall be in addition to the Purchase Price, for (collectively, the “**Assumed Liabilities**”):

(a) all liabilities and obligations under the Purchased Assets accruing or arising after the Closing (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing) and all Cure Amounts associated with the Assumed Contracts (other than the Ground Lease for which the Cure Amounts, if any, shall be paid by Seller at Closing);

(b) all liabilities and obligations arising under or related to the Assumed Contracts, from and after Closing; and

(c) all liabilities required to be paid by Purchaser pursuant to this Agreement (such as, without limitation, stamp and recording Tax, solely to the extent not exempt under 11 U.S.C. § 1146).

2.4 Excluded Liabilities. Except for the Assumed Liabilities, Purchaser shall not assume or be liable to pay, perform or discharge any liability, obligation, debt, claim against or contract of the Seller or any of its Affiliates which, in any case, pertain to the ownership, operation or conduct of the Business or the ownership of the Purchased Assets prior to the Closing Date, at any time existing or asserted, whether or not accrued, fixed, contingent or otherwise, whether known or unknown, and whether or not recorded on the books and records of Seller or any of its Affiliates. Without limiting the generality of the foregoing, the Excluded Liabilities shall include, but not be limited to, the following:

(a) any liabilities with respect to the transactions contemplated hereunder arising under the federal Worker Adjustment and Retraining Notification Act and any similar foreign, state, or local plant closing or collective dismissal Laws (collectively, the “WARN Act”);

(b) any Liability for Taxes of Seller (or any member or affiliate of Seller) or relating to the Business, the Purchased Assets, or the Assumed Liabilities for any accruing or arising prior to the Closing (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing);

(c) any Liabilities relating to or arising out of the Excluded Assets, whether arising prior to, or from and after the Closing,

(d) any Liabilities related to or arising out of any Rejected Contracts, Accrued PTO, or any pension, deferred compensation or retirement plan, whether arising prior to, or from and after the Closing;

(e) any Liabilities in respect of any pending or threatened Action arising out of, relating to or otherwise in respect of the ownership or operation of the Business or the Purchased Assets to the extent such Action relates to such operation on or prior to the Closing Date; and

(f) any liabilities related to cost report settlements, fines, penalties, overpayments or recoupments.

2.5 Closing Proceedings.

(a) The Purchase Price under this Agreement is Forty Eight Million and Five Hundred Thousand Dollars (\$48,500,000.00) (“**Purchase Price**”), as adjusted in accordance with this Section 2.5.

(b) Within two (2) business days of entry of the Bidding Procedures Order by the Bankruptcy Court, Two Million and Four Hundred Thousand Dollars (\$2,425,000) (the “**Deposit**”) shall be paid to Escrow Agent, which will be held by Escrow Agent in accordance with the terms and conditions of this Agreement, the Escrow Deposit Agreement substantially in the form set forth in **Exhibit G** hereto, the Bidding Procedures Order and further orders of the Bankruptcy Court which have been reviewed and approved by the Purchaser. The Deposit will be credited against the Purchase Price at Closing, subject to Section 2.5(c), or, in the event an Alternative Transaction is consummated, returned to Purchaser in accordance with the terms of this Agreement.

(c) Notwithstanding anything to the contrary contained herein, if the Closing does not occur, the Deposit, including any interest earned thereon, shall be paid to the party entitled thereto pursuant to the terms of this Agreement.

(d) At the Closing, Purchaser shall assume the Assumed Liabilities (which shall be in addition to, and not a credit against, the Purchase Price), *provided, however*, with regard to Assumed Contracts other than the Ground Lease, the Purchaser shall pay to each Contract Party any Cure Amounts, in cash, by wire transfer of immediately available funds, necessary to assume and assign any Assumed Contract, at such time as may be designated by the Court in the Confirmation Order; *provided, further, however*, the Seller shall pay any Cure Amounts due in connection with the Ground Lease to permit the assumption and assignment of the Ground Lease to Purchaser free and clear of any Encumbrances and Liens effective as of the Closing Date.

(e) At the Closing, Purchaser shall pay all escrow fees, recording costs or fees, transfer Taxes (if applicable), and conveyance fees (if applicable). The provisions of this Section 2.5(e) shall survive the Closing.

(f) At the Closing, payment of the Purchase Price, minus the Deposit (and any interest earned thereon) and plus or minus prorations or adjustments as set forth herein, shall be paid by the Purchaser by wire transfer to Escrow Agent.

(g) At the Closing, the Parties will execute and deliver the Related Agreements.

(h) At the Closing, \$1,500,000 of the Purchase Price (the “**Closing Escrow Amount**”) shall be deposited into an escrow account (the “**Closing Escrow**”) with an independent escrow agent acceptable to the Trustee and DIP Lender (the “**Closing Escrow Agent**”) upon terms and conditions consistent with this section. On or prior to the Closing Escrow Release Date (defined below), any portion of the Closing Escrow Amount shall only be released to Purchaser from the Closing Escrow upon fourteen (14) days’ notice by Purchaser to Closing Escrow Agent

and the Trustee and DIP Lender for release of the amount (only up to the available Closing Escrow Amount) credited by Medicare/CMS payor pursuant to a notice of recoupment or setoff against the Purchaser's post-Closing Medicare Accounts Receivable on account of pre-Closing Medicare/CMS payor overpayments on Seller's Accounts Receivable (each, a "**Closing Escrow Release Notice**"). The Trustee and DIP Lender may assert any objection to a Closing Escrow Release Notice on or before seven (7) days from receipt of a Closing Escrow Release Notice (each, a "**Closing Escrow Objection**"). The Trustee and DIP Lender and Purchaser shall meet and confer in good faith to discuss the Closing Escrow Objection. To the extent the Trustee and DIP Lender fail to reach an agreement with Purchaser and continue(s) all or part of the Closing Escrow Objections, the Trustee and DIP Lender shall (a) provide instruction to the escrow agent to release any undisputed amounts from the Closing Escrow (up to the available Closing Escrow Amount), and (b) seek further order of the Bankruptcy Court to resolve the Closing Escrow Objection. Upon the later of (i) the one (1) year anniversary of the Closing Date, or (ii) resolution of any payment audit relating to Seller's pre-Closing Medicare payments or Accounts Receivable that is pending at or initiated prior to the one (1) year anniversary of the Closing (the "**Closing Escrow Release Date**"), any remaining and undisputed Closing Escrow Amount shall be paid to Trustee and DIP Lender as proceeds from the Sale, with any disputed remaining amounts being disbursed upon final resolution of any then pending Closing Escrow Objections.

2.6 Prorations. The following items shall be prorated as of the Proration Time and paid or credited at Closing, as shall be set forth on the Closing Statement. In the event any amounts at Closing cannot be accurately determined, such amounts shall be estimated and adjusted as promptly as practicable thereafter but in no event later than sixty (60) days after the Closing Date. Seller shall be responsible for such items prior to the Proration Time and Purchaser shall be responsible for such items after the Proration Time.

(a) All state, county, city, school, ad valorem, and other local real and personal property taxes and assessments and business personal property taxes relating to or assessed against the Purchased Assets shall be prorated as of the Proration Time.

(b) To the extent all utilities and other periodic charges cannot be changed to Purchaser's designee's account by the Closing Date, the same shall be prorated as of the Proration Time.

(c) Seller shall credit to Purchaser at Closing a pro-rata portion of the payments received by Seller for residents and patients, as well as other services to be provided after the Proration Time. Seller shall be credited at Closing with all prepayments made by Seller for services relating to Purchased Assets to be provided after the Proration Time (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing).

(d) Provider taxes, privilege taxes or so-called bed taxes or similar taxes or fees (howsoever designated) shall be prorated as of the Proration Time.

2.7 Time and Place of Closing. Subject to the terms of this Agreement, the closing of the transactions contemplated hereby (the "**Closing**") shall be held by electronic exchange of executed documents (or, if the parties elect to hold a physical Closing, at the offices of the Trustee and DIP Lender's legal counsel at Haynes and Boone, LLP, 2323 Victory Avenue, Suite 700,

Dallas, Texas 75219), prior to the close of business on a date which is not later than ten (10) days after all of the conditions to Closing set forth in Article VI are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) (the “**Closing Date**”), but in no event later than forty-five (45) days after the entry of the Confirmation Order so long as an operation transition agreement is in place that enables Purchaser to operate the Business in the manner Seller was operating the Business as of the Execution Date (the “**Outside Closing Date**”) (unless otherwise mutually agreed by the Parties). The transactions contemplated hereby shall take place pursuant to, and in accordance with, the terms and conditions hereof. The Closing shall be effective as of 11:59 p.m. on the Closing Date or such other date and time as the parties may agree in writing (the “**Effective Time**”).

2.8 Closing Deliverables.

(a) At the Closing, Seller shall deliver to Purchaser or its designees the following:

(i) bills of sale in the form of **Exhibit A** (the “**Bills of Sale**”) duly executed by Seller, transferring the Existing Improvements, the Intellectual Property Assets, the Intangible Personal Property the Tangible Personal Property, and the IT Assets to Purchaser or its designees;

(ii) assignment and assumption agreements in the form of **Exhibit B** (the “**Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Assumed Contracts (other than the Ground Lease);

(iii) assignment and assumption agreement in the form of **Exhibit C** (“**Ground Lease Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Ground Lease;

(iv) assignment and assumption agreements in the form of **Exhibit D** (the “**Intellectual Property Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Intellectual Property Assets;

(v) a closing certificate duly executed by Seller in the form of **Exhibit E** (the “**Seller Closing Certificate**”);

(vi) a closing statement setting forth all prorations and adjustments (the “**Closing Statement**”);

(vii) a certified copy of the Confirmation Order;

(viii) physical possession of the Purchased Assets, including, without limitation, all access codes and keys to the Edgemere Community and Premises and all other things reasonably necessary in order for Purchaser to commence Business;

(ix) upon approval of the Bankruptcy Court, evidence of assumption of the Ground Lease; and

(x) all other documents and instruments contemplated to be delivered by Seller pursuant to this Agreement.

(b) At the Closing, Purchaser and/or its designees shall deliver to Seller the following:

(i) the Assignment and Assumption Agreements duly executed by Purchaser or its designees;

(ii) a closing certificate duly executed by the Purchaser in the form of **Exhibit F** (the “**Purchaser Closing Certificate**”);

(iii) the Closing Statement duly executed by Purchaser; and

(iv) all other documents and instruments contemplated to be delivered by Purchaser pursuant to this Agreement.

(c) On the Closing Date, Purchaser shall cause the Escrow Agent to deliver the Deposit to Seller and shall transfer to Seller the balance of the Purchase Price, less the \$1,500,000 escrow as described in Section 2.5(h).

2.9 Purchase Price Allocation. Purchaser shall allocate the Purchase Price (together with Assumed Liabilities properly included, if any) among the Purchased Assets in a manner consistent with the fair market values determined in good faith and on a reasonable basis by Purchaser prior to the Closing Date. Such allocation shall be consistent with Section 1060 of the Internal Revenue Code and the Treasury Regulations thereunder. Purchaser and Seller covenant and agree that all filings with Governmental Authorities regarding Taxes will be consistent with such allocation.

2.10 Casualty and Condemnation. If any material part of the Purchased Assets is condemned, damaged or destroyed (whether by fire, theft, or other casualty event) prior to the Closing, Seller shall immediately notify Purchaser of such condemnation, damage or destruction. In the event Seller’s reasonable estimate of such damage or destruction is in excess of \$2,500,000.00 (“**Threshold**”), then Purchaser shall have the option to: (x) terminate this Agreement by written notice delivered to Seller within ten (10) days after Purchaser’s receipt of notice of such damage or destruction, in which case the Deposit shall be returned to Purchaser and the Parties shall have no further obligations hereunder, or (y) proceed with the transaction contemplated in this Agreement without abatement of the Purchase Price, in which case (i) all insurance proceeds relating to such damage or casualty shall be deemed to have been absolutely and irrevocably assigned to and be payable directly to Purchaser from and after the Closing (and held by the Seller in trust for the Purchaser if received prior to the Closing), less any amounts reasonably expended by Seller with the written consent of the Purchaser prior to Closing, (ii) Purchaser shall have the right to conduct all settlement proceedings with respect to such insurance claims, and (iii) Seller shall deliver to Purchaser through escrow an unconditional assignment of all such insurance proceeds. If prior to Closing a material portion, but not all of the

Premises, is taken through any power of eminent domain, whether by condemnation or conveyance in lieu of condemnation, Seller shall promptly provide Purchaser written notice of such action and Purchaser shall have the option before the date of the Closing to terminate this Agreement by written notice to Seller delivered within ten (10) days after receipt of Seller's written notice to Purchaser, and Seller shall promptly return the Deposit to Purchaser in immediately available funds. In order to constitute a "material" portion of the Premises for purposes of this Section 2.10, there must be a decrease in the value of the Premises in excess of the Threshold. If this Agreement is not terminated, Seller shall not be obligated to repair any damage or destruction unless requires by law, regulation or Government Authority. Any documents provided pursuant to this Section shall be provided by the disclosing Party to counsel for the Bond Trustee within one (1) Business Day of such disclosure.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

In order to induce Purchaser to enter into this Agreement, Seller makes the representations and warranties set forth below which are true, correct and complete on the date hereof and shall be true, correct and complete as of the Closing.

3.1 Organization and Qualification of Seller. Seller is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Texas and has full corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as currently conducted.

3.2 Authority, Execution and Delivery. Subject to entry of the Confirmation Order and to the extent limited thereby, Necessary Consents, and the Approvals, Seller has full power, authority and capacity to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, and this Agreement has been duly and validly executed and delivered by Seller and constitutes, and upon the execution and delivery by the Seller of the Related Agreements, the Related Agreements shall constitute, legal, valid and binding obligations of Seller enforceable against Seller in accordance with their terms.

3.3 Broker. Except for the engagement of RBC Capital Markets, LLC, whose fee shall be paid from the proceeds of the sale at Closing, neither Seller nor any of its Affiliates has incurred any liability for any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement that would result in any liability, fee, expense or obligation being imposed on Purchaser.

3.4 Title to Purchased Assets. Seller has good and valid title to all the Purchased Assets. All such Purchased Assets are free and clear of Liens and Encumbrances except for the Permitted Liens.

3.5 Accuracy of Representations and Warranties. All representations and warranties of Seller contained in this Agreement are true and correct as of the Execution Date and shall be true and correct as of the Closing Date.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PURCHASER

In order to induce Seller to enter into this Agreement, Purchaser makes the representations and warranties set forth below which are true, correct and complete on the date hereof and shall be true, correct and complete as of the Closing.

4.1 **Organization.** Purchaser has full power, authority and capacity to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

4.2 **Authority, Execution and Delivery.** This Agreement has been duly and validly executed and delivered by Purchaser and constitutes and, upon the execution and delivery by Purchaser of the Related Agreements, the Related Agreements shall constitute, legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms.

4.3 **Brokers.** Neither Purchaser nor any of its Affiliates has incurred any liability for any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement that would result in any liability, fee, expense or obligation being imposed on Seller.

4.4 **Adequate Funds.** As of the Execution Date, Purchaser has the ability to obtain funds in cash in amounts equal to the Purchase Price and other funds needed to consummate the transaction and will at the Closing have immediately available funds in cash, which are sufficient to pay the Purchase Price and to pay any other amounts payable pursuant to this Agreement and to consummate the transaction contemplated herein.

4.5 **Condition of Assets; Disclaimers.** Purchaser expressly acknowledges and warrants that Purchaser is accepting the Purchased Assets, and taking assignment of the Ground Lease in an "AS IS" "WHERE IS" "WITH ALL FAULTS CONDITION". PURCHASER ACKNOWLEDGES THAT, EXCEPT AS OTHERWISE PROVIDED FOR IN THE REPRESENTATIONS AND WARRANTIES IN ARTICLE 3 OF THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS, WARRANTIES, OR GUARANTEES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PURCHASED ASSETS.

The representations and warranties in this Section 4 shall not survive Closing.

ARTICLE 5

COVENANTS

5.1 **Access to Books and Records.** Seller shall, commencing on the Execution Date, provide reasonable access to Purchaser of all of Seller's assets, books, accounting records, correspondence and files of Seller (to the extent related to the operation of the Assets) for examination by Purchaser (and its representatives), with the right to make copies of such books, records and files or extracts therefrom. Such access will be available to Purchaser during normal business hours, upon reasonable notice, in such manner as will not unreasonably interfere with the

conduct of the Business. Those books, records and files which relate to Seller's assets that are not transferred to Purchaser shall be maintained pursuant to the terms of and in accordance with the Confirmation Order. In addition, from the Execution Date until the Closing Date, Seller shall provide to Purchaser copies of the reports provided to the US Trustee and/or DIP Lender at Section 5.1(a), (c) and (d) of the DIP Credit Agreement [ECF #72] and paragraph 21(ii) of the Final Order approving entry into the DIP Credit Agreement [ECF #421].

5.2 Conduct of Business. From the Execution Date until the Closing Date, except as otherwise contemplated by this Agreement, authorized by the Bankruptcy Court or to the extent Purchaser otherwise consents in writing, and subject to the requirements of the Chapter 11 Case, Seller shall: (i) conduct the Business in the ordinary course, (ii) make no transfers of any Purchased Assets, (iii) use commercially reasonable efforts to maintain and preserve intact the organization and advantageous business relationships of the Business, and (iv) take no action which would materially adversely affect or materially delay the ability of Purchaser to obtain any Approvals for the transactions contemplated hereby or to perform its covenants under this Agreement.

5.3 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, at Purchaser's reasonable request and at the Purchaser's sole cost and expense, the Seller will execute and deliver to Purchaser such other instruments of sale, transfer, conveyance and assignment, provide such materials and information and take such other actions as Purchaser may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, all of the Purchased Assets. Additionally, Purchaser shall undertake all commercially reasonable efforts to obtain Permits and regulatory approvals as are needed to consummate the transaction described in this Agreement, and shall file any necessary applications within fifteen (15) days of entry of the Confirmation Order.

5.4 Employees.

(a) Not more than ten (10) days after the Execution Date, Seller shall provide Purchaser with a list of all employees of Seller working at the Edgemere Community, including, for each listed employee, his or her name, date of hire, job title, full-time/part-time status, exempt/non-exempt status, bonus eligibility, commission eligibility, current compensation and status (*e.g.*, leave of absence, disability, layoff, active, temporary).

(b) As of the Closing Date, Purchaser may, but shall not be obligated to, offer employment to such of the hourly and salaried employees of the Seller in its sole discretion (all such employees that accept the employment offer are collectively, the "**Transferred Employees**"). For the avoidance of doubt, Purchaser shall have no liability to Seller or any Transferred Employee for any accrued and unpaid obligations owing from Seller to such employee.

(c) As of the Closing Date, all such Transferred Employees shall be deemed to be the employees of Purchaser and no longer to be the employees of Seller. Effective as of the Closing, Seller agrees to terminate the employment of all of the Transferred Employees. Seller agrees to use its commercially reasonable efforts to make employment records and other related information reasonably requested by Purchaser available to Purchaser.

(d) Nothing herein, express or implied, shall confer upon any other Persons (including any current or former employee or contractor of Seller, Purchaser or any of their respective Affiliates) any rights or remedies hereunder, including any right to employment or continued employment for any specified period or continued participation in any benefit plan or other benefit plan, or any nature or kind whatsoever under or by reason of this Agreement. Nothing herein restricts or precludes the right of Purchaser to terminate the employment of any Transferred Employee after the Closing Date.

5.5 Assumed and Assigned Contracts.

(a) Cure Process. Purchaser shall pay cash or other acceptable consideration to the third party (or parties) to the applicable Assumed Contract (each, a **“Contract Party”**) in order to cure the monetary defaults and satisfy any pecuniary obligations of Seller (or obtain waivers with respect thereto) with respect to the Business. Notwithstanding anything to the contrary herein, Seller shall pay cash or other acceptable consideration to the Landlord in order to cure the monetary defaults and satisfy any pecuniary obligations of Seller in connection with the Ground Lease, with such consideration to permit the assumption and assignment of the Ground Lease to Purchaser free and clear of any Encumbrances and Liens, effective as of the Closing Date. The Purchaser shall provide adequate assurance of future performance under the Assumed Contracts. Further, Purchaser shall assume all obligations from and after the Closing Date under Assumed Contracts.

(b) Identification of Assumed Contracts. Schedule 5.5(b)(i) identifies all executory contracts and unexpired leases Purchaser wishes to be assumed by Seller and assigned by the Seller to Purchaser at Closing (the **“Assumed Contracts”**). At any time prior to the Closing, Purchaser will have the right to provide written notice to Seller of Purchaser’s election to designate an executory contract or an unexpired lease as an Assumed Contract or as a contract that will not be assumed by Purchaser (such contracts, the **“Excluded Contracts”**). Schedule 5.5(b)(ii) identifies all executory contracts and unexpired leases Purchaser wishes to be Excluded Contracts. Upon such designation of a contract as an Assumed Contract, such contract will constitute a Purchased Asset and will be conveyed to Purchaser under this Agreement at Closing. Upon such designation of a contract as an Excluded Contract, such contract will constitute an Excluded Asset. All executory contracts and unexpired leases that are not Assumed Contracts, including, the Excluded Contracts, shall be deemed to be rejected by Seller under Section 365(a) of the Bankruptcy Code as of the Closing Date (the **“Rejected Contracts”**). For the avoidance of doubt, the Residency Agreements, the Residency Escrow Agreement and the management agreement between the Seller and Lifespace are Rejected Contracts and Excluded Contracts. The Confirmation Order shall provide for the assumption and assignment to Purchaser, effective as of the Effective Time, of any Assumed Contract, and, to the extent not included in a prior order of the Bankruptcy Court, for the rejection, effective as of the Effective Time, of the Rejected Contracts. After the Closing Date, the Seller shall be released from any further liability under such Assumed Contracts as provided for under Sections 365(k) and 1141 of the Bankruptcy Code.

(c) Non-Assignment of Assets. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to assign or transfer and shall not affect the assignment or transfer of any Purchased Asset if (a) notwithstanding the rights and remedies available under the Bankruptcy Code, an attempted assignment thereof,

without the approval, authorization or consent of, or granting or issuance of any license or permit by, any Government Authority thereto would constitute a breach thereof or (b) the Bankruptcy Court shall not have approved assumption and assignment of any Assumed Contract for any reason (each such action in (a) and (b), a “**Necessary Consent**”). In such event, Seller and Purchaser shall use their commercially reasonable efforts, to obtain the Necessary Consents with respect to any such Assumed Contract after the Closing; provided that the failure to obtain any Necessary Consent shall not delay the Closing or give rise to a reduction in the Purchase Price. Nothing in this Section 5.5 shall in any way diminish or enlarge (x) Purchaser’s obligations hereunder to obtain the Approvals, or (y) the Parties’ obligations hereunder to obtain the Necessary Consents.

(d) Modified Residency Agreements. Subject to regulatory approvals and/or requirements, Purchaser will offer all current Residents at the Edgemere Community the option to enter into a new rental agreement which shall provide similar services to each current Resident as offered by Seller prior to Closing, at the then current private pay rate as advertised by Seller, subject to ordinary market adjustments (the “**Modified Residency Agreement**”).

5.6 Cost Reports. Seller shall prepare and file any Medicare cost reports for the Edgemere Community related to the period prior to Closing. Following the Closing, Seller shall be authorized to contact the business office manager or other persons with access to the information at the Edgemere Community during normal business hours in order to obtain information needed to prepare the final Medicare cost reports with respect to claims filed with Medicare for the Facilities prior to the Closing, and Purchaser shall provide Seller with such Edgemere Community records as Seller reasonably requests to complete such final cost reports.

ARTICLE 6

CONDITIONS TO CLOSING

6.1 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No governmental authority shall have enacted, issued, promulgated, enforced, or entered any governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) The Bankruptcy Court shall have entered the Confirmation Order on terms reasonably acceptable to the Parties approving the sale to the Purchaser, and the Confirmation Order shall have become a Final Order.

(c) Purchaser or its designees shall have received all Permits and regulatory approvals that are material to operation of the Purchased Assets as such Purchased Assets are currently owned and operated by Seller.

6.2 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Purchaser's waiver, at or prior to the Closing, of each of the following conditions:

(a) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Related Agreements to be performed or complied with by it prior to or on the Closing Date; provided, with respect to agreements, covenants and conditions that are qualified by materiality, Seller shall have performed such agreements, covenants, and conditions, as so qualified, in all respects.

(b) The representations and warranties of Seller contained in this Agreement, the other Related Agreements and any certificate or other writing delivered pursuant hereto 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) on and as of the Execution Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(c) No injunction or restraining order shall have been issued by any governmental authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) Seller shall have delivered to Purchaser duly executed counterparts to the Related Agreements and such other documents and deliveries set forth in Section 2.8(a).

(e) Purchaser shall have received a certificate, dated the Closing Date, and signed by a duly authorized officer of Seller, that each of the conditions set forth in Section 6.2(a) and Section 6.2(b) have been satisfied (the "**Seller Closing Certificate**").

(f) No MAC has occurred that Purchaser has not waived by written notice to Seller.

6.3 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Seller's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Purchaser contained in this Agreement, the other Related Agreements and any certificate or other writing delivered pursuant hereto 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 or) on and as of the Execution Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(b) Purchaser shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other

Related Agreements to be performed or complied with by it prior to or on the Closing Date; provided, with respect to agreements, covenants and conditions that are qualified by materiality, Purchaser shall have performed such agreements, covenants, and conditions, as so qualified, in all respects.

(c) No injunction or restraining Order shall have been issued by any governmental authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(d) Purchaser shall have delivered to Seller duly executed counterparts to the Related Agreements (other than this Agreement) and such other documents and deliveries set forth in Section 2.8(b).

(e) Seller shall have received a certificate, dated the Closing Date, and signed by a duly authorized officer of Purchaser, that each of the conditions set forth in Section 6.3(a) and Section 6.3(b) have been satisfied (the “**Purchaser Closing Certificate**”).

(f) Seller shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Purchaser certifying that attached thereto are true and complete copies of all resolutions adopted by the officers of Purchaser authorizing the execution, delivery and performance of this Agreement and the other Related Agreements and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(g) Seller shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Purchaser certifying the names and signatures of the officers of Purchaser authorized to sign this Agreement, the Related Agreements, and the other documents to be delivered hereunder and thereunder.

(h) Purchaser shall have delivered to Seller such other documents or instruments as Seller reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE 7

TERMINATION

7.1 Termination. This Agreement may be terminated, or enforced in accordance with Section 7.2(c), at any time before the Closing by written notice to the applicable Party:

- (a) by mutual written agreement of Purchaser and Seller;
- (b) by Purchaser upon written notice to Seller of Seller’s material breach or default of any provision of this Agreement, which breach or default is not cured (only if capable of curing) within ten (10) Business Days after written notice thereof is received, provided, however, that the Purchaser is not then in material breach or default of this Agreement;

(c) by Seller with consent of the Trustee and DIP Lender, upon written notice to Purchaser of Purchaser's material breach or default of any provision of this Agreement, which breach or default is not cured within ten (10) Business Days after written notice thereof is received, provided, however, that the Seller is not then in material breach or default of this Agreement;

(d) by either Purchaser, or Seller with consent of the Trustee and DIP Lender, if the sale is not approved by the Bankruptcy Court, or there is an Alternative Transaction;

(e) by Purchaser, or Seller with consent of the Trustee and DIP Lender, if the Closing has not occurred by the Outside Closing Date by no fault of the Party terminating; and

(f) by either Purchaser with consent of the Trustee and DIP Lender, or Seller, if, prior to Closing, the Confirmation Order, after being entered by the Bankruptcy Court, has subsequently been reversed, revoked, or voided by an order of a court of competent jurisdiction.

(g) by Purchaser if any of the conditions set forth in Section 6.1(c) or 6.2 shall have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Closing Date, unless such failure shall be due to the failure of Purchaser to perform with any of the covenants, agreements or conditions hereof to be performed or complied with prior to the Closing; or

(h) by Seller if any of the conditions set forth in Section 6.3 shall have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Closing Date, unless such failure shall be due to the failure of Seller to perform with any of the covenants, agreements or conditions hereof to be performed or complied with prior to the Closing;

(i) If Seller sells, transfers, leases or otherwise disposes of, directly or indirectly, including through an asset sale, stock sale, merger or other similar transaction, all or substantially all of the Business or the Purchased Assets in a transaction or a series of transactions with one or more Persons other than Purchaser in any circumstance, including in accordance with the Sale Transaction Procedures (such event being an "**Alternative Transaction**"), Seller shall pay to Purchaser, within two (2) Business Days after the consummation of the Alternative Transaction, an amount in cash equal to (i) three percent (3%) of the Purchase Price (the "**Break-Up Fee**") and (ii) Purchaser's actual, out of pocket costs and expenses, not to exceed \$200,000 (the "**Expense Reimbursement**");

(j) by Purchaser if Seller fails to comply with Section 5.1(a), (c) or (d) of the DIP Credit Agreement [ECF #72] or paragraph 21(ii) of the Final Order approving entry into the DIP Credit Agreement [ECF #421] or if there is an Event of Default under Section 8.1 (k), or (l) under the DIP Credit Agreement; or

(k) by Purchaser if the Bidding Procedures Order is not in form and substance acceptable to the Purchaser, which order must include approval of the Break-Up Fee and Expense Reimbursement.

7.2 Remedies.

(a) If the Closing does not occur as a result of an Alternative Transaction, the payment of the Break-Up Fee and the Expense Reimbursement as set forth in Section 7.1(f) shall be Purchaser's sole and exclusive remedy.

(b) Upon termination by Seller in accordance with Section 7.1 due to Purchaser's default or breach, provided the Seller has not defaulted under or breached this Agreement, Purchaser will be deemed to have forfeited the Deposit as liquidated damages. The Parties intend that the remedy in Section 7.2(b) constitutes compensation, and not a penalty and shall be the sole and exclusive remedy to Seller for any such default or breach by Purchaser of this Agreement. The Parties acknowledge and agree that Seller's harm caused by Purchaser's default or breach of this Agreement would be impossible or very difficult to accurately estimate as of the date of this Agreement, and that upon termination due to Purchaser's breach or default pursuant to Section 7.1, the Deposit is a reasonable estimate of the anticipated or actual harm that might arise from such a default or breach.

(c) Upon default or breach by Seller in accordance with Section 7.1, provided the Purchaser has not defaulted under or breached this Agreement, Purchaser shall elect (1) and only one (1) of the following remedies:

(i) Purchaser may terminate this Agreement by written notice given to Plan Sponsors, in which event the Deposit will be refunded to Purchaser; or

(ii) Purchaser may demand specific performance of this Agreement by Seller and, if necessary, have a right to entry of an order enforcing the terms hereunder.

(d) Effect of Termination. In the event of the termination of this Agreement in accordance with this Article, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except as set forth in Section 7.2 hereof.

Article 7 shall survive any termination of this Agreement.

ARTICLE 8

MISCELLANEOUS

8.1 Reporting to Resident Trust Trustee. The Purchaser agrees to provide bi-annual reports to the Resident Trust Trustee (as defined in the Plan) identifying (a) the name of any Resident that resided at the Edgemere Community as of the Closing Date, such Residents corresponding independent living unit number, and the date such Resident ceased to reside within the Edgemere Community (including assisted living, memory care and skilled nursing units), and (b) the date such former Resident's independent living unit was leased to a new Resident of the Edgemere Community.

8.2 Expenses. Except as specifically set forth in this Agreement, the Parties shall bear their own expenses, including, without limitation, fees, disbursements and other costs of any attorneys, accountants and other advisors, in connection with this Agreement, the Related Agreements, and the transactions contemplated hereby and thereby. This Section shall not apply,

Mintz Levin Cohn Ferris Glovsky
and Popeo, PC
One Financial Center
Boston, Massachusetts 02111
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

or, in each case, such other address as may be specified in writing to the other Party. All such notices, requests, demands, waivers and other communications shall be deemed to have been received (w) if by first-class, registered or certified mail, on the fifth Business Day after the mailing thereof, (x) if by hand delivery, on the day after such delivery, (y) if by electronic means and the transmitting Party receives a transmission receipt dated the day of transmission, on the same day as the transmission, and (z) if by nationally recognized overnight courier, on the next Business Day after deposit with such courier.

8.4 Amendment; Waivers, Etc. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the Party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the Party granting such waiver in any other respect or at any other time.

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

8.6 Assignment. Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned by either Party without the prior written consent of the other Party, except that Purchaser may assign its rights under this Agreement to an Affiliate.

8.7 Parties in Interest. This Agreement and the Related Agreements shall be binding upon and inure solely to the benefit of the Parties and their successors and permitted assigns, and nothing in this Agreement or any Related Agreement, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature under or by reason of this Agreement or any Related Agreement.

8.8 No Personal Liability. No individual officer, director, employee, manager, agent, or representative shall have personal liable for any of the obligations hereunder or claims of any kind in connection herewith.

8.9 Counterparts; Facsimile Signature. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which shall constitute one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the Parties. Any Party may execute this Agreement by facsimile (or .pdf copy) signature and the other Parties will be entitled to rely upon such facsimile (or .pdf copy) signature as conclusive evidence that this Agreement has been duly executed by such Party.

8.10 Governing Law. Except to the extent inconsistent with the Bankruptcy Code, this Agreement and the Related Agreements shall be governed by and construed and enforced in accordance with the laws of the State of Texas, without regard to its conflicts of law rules.

8.11 Jurisdiction. Each of the Parties agrees that any proceeding brought to enforce the rights or obligations of any Party under this Agreement or any Related Agreement shall be commenced and maintained in the Bankruptcy Court, and the Bankruptcy Court shall have exclusive jurisdiction over any such proceeding. Each of the Parties consents to the exercise of jurisdiction over it and its properties, in accordance with the terms of this Section, with respect to any proceeding arising out of or in connection with this Agreement, any Related Agreement or the transactions contemplated hereby or thereby, or the enforcement of any rights under this Agreement or any Related Agreement. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDINGS BROUGHT BY ANY OTHER PARTY IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE PROPERTY OR THE RELATIONSHIP OF THE PARTIES HEREUNDER. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING OR EARLIER TERMINATION OF THIS AGREEMENT.

8.12 Severability. If any provision of this Agreement is inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever, so long as this Agreement, taken as a whole, still expresses the material intent of the Parties. The invalidity of any one or more phrases, sentences, clauses, sections or subsections of this Agreement shall not affect the remaining portions of this Agreement.

8.13 Entire Agreement. This Agreement and the Related Agreements constitute the entire agreement between the Parties with respect to the subject matter hereof, and supersede all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof. There are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as set forth specifically herein.

8.14 Employees Not Third-Party Beneficiaries. Nothing in this Agreement or the Related Agreements is intended to confer upon any past, present or future employee of Seller or its Affiliates or his or her legal representatives or heirs any rights as a third-party beneficiary or otherwise or any other rights or remedies of any nature or kind whatsoever under or by reason of the transactions contemplated by this Agreement or by the Related Agreements, including, without limitation, any rights of employment, continued employment or any rights under or with respect to any employee benefit, welfare benefit, pension or other fringe benefit plan, fund, program or arrangement.

8.15 Bulk Sales or Transfer Laws. Purchaser hereby waives compliance by Seller with the provisions of the bulk sales or transfer laws of all applicable jurisdictions; it being understood that any Liabilities arising out of the failure of Seller to comply with the requirements and

provisions of any bulk sales, bulk transfer or similar laws of any jurisdiction which would not otherwise constitute Assumed Liabilities shall be treated as Excluded Liabilities.

8.16 No Inferences. Inasmuch as this Agreement is the result of negotiations between sophisticated parties of equal bargaining power represented by counsel, no inference in favor of, or against, either party shall be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such party.

8.17 Interpretation. In this Agreement, unless the context otherwise requires: (a) references to this Agreement are references to this Agreement and to the Schedules and Exhibits hereto; (b) references to Articles and Sections are references to articles and sections of this Agreement; (c) references to any party to this Agreement shall include references to its respective successors, its designees, and permitted assigns; (d) references to a judgment shall include references to any order, writ, injunction, decree, determination or award of any court or tribunal; (e) the terms “hereof,” “herein,” “hereby,” and any derivative or similar words will refer to this entire Agreement; (f) references to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the parties thereof from time to time; (g) references to any law are references to that law as of the Closing Date, unless the context requires otherwise, and shall also refer to all rules and regulations promulgated thereunder, unless the context requires otherwise; (h) the word “including” shall mean including without limitation; and (i) references to time are references to Central Standard or Daylight time (as in effect on the applicable day) unless otherwise specified herein. The representations, warranties, and schedules will be deemed supplemented and amended by any Disclosure Update in order to cause the representations and warranties of Seller to be true as of the Closing.

8.18 WAIVER OF JURY TRIAL. EACH PARTY TO THIS AGREEMENT HEREBY UNCONDITIONALLY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE DOCUMENTS RELATED HERETO, ANY DEALINGS BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR ANY RELATED TRANSACTIONS.

8.19 Time of the Essence. Time is of the essence for purposes of this Agreement and the rights and obligations of the Parties hereunder.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the date first above written.

NORTHWEST SENIOR HOUSING CORPORATION:

By: _____

Name: _____

Title: _____

BAY 9 HOLDINGS LLC:

By: _____

Name: _____

Title: _____

SCHEDULE 1(w) – EQUIPMENT

SCHEDULE 3.7 – PERMITS

SCHEDULE 5.5(b)(i) – ASSUMED CONTRACTS

SCHEDULE 5.5(b)(ii) – EXCLUDED CONTRACTS

EXHIBIT A

FORM OF BILL OF SALE

BILL OF SALE

Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”), for good and valuable consideration received from Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”), except as limited by that certain Asset Purchase Agreement, dated as of December [•], 2022 between Seller and Purchaser (as modified, amended, or supplemented, the “**Asset Purchase Agreement**”) and the Confirmation Order (as defined in the Asset Purchase Agreement), does hereby sell, convey, transfer, assign and deliver the Purchased Assets (as defined in the Asset Purchase Agreement) “AS-IS”, “WHERE-IS”, “WITH ALL FAULTS”, and Seller does not make any express or implied representations, statements, warranties or conditions of any kind or nature whatsoever concerning the Purchased Assets being sold, conveyed, transferred, assigned and delivered hereunder.

Seller hereby covenants that it will, from time to time upon written request therefor, execute and deliver to Purchaser, its nominees, successors and/or assigns, any new or confirmatory instruments which Purchaser, its nominees, successors and/or assigns, may reasonably request in order to assign and transfer to Purchaser its rights, title and interest in, such Purchased Assets.

IN WITNESS WHEREOF, the undersigned, being duly authorized, has executed and delivered this instrument effective as of January [•], 2023.

NORTHWEST SENIOR HOUSING CORPORATION,
a Texas not-for-profit corporation

By: _____
Name:
Title:

EXHIBIT B

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (“**Assignment**”), dated as of January [•], 2023, is between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Assignor**”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Assignee**”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Asset Purchase Agreement (as defined below).

RECITALS

A. This Assignment is executed pursuant to that certain Asset Purchase Agreement dated as of December [•], 2022, by and between Assignor as Seller and Assignee as Purchaser (the “**Purchase Agreement**”).

B. Subject to the terms and conditions set forth in the Purchase Agreement, Assignor has agreed to assign to Assignee the Assumed Contracts, and Assignee has agreed to assume the Assumed Liabilities.

AGREEMENT

NOW, THEREFORE, in consideration of the above promises and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Assignor does hereby assign transfer, convey, and deliver to Assignee, as of the Effective Time, all of its right, title, and interest in all Assumed Contracts.

2. Assignee, as of the Effective Time, hereby assumes and agrees to pay and perform in due course the Assumed Liabilities. For avoidance of doubt, Assignee is not assuming any of the Excluded Liabilities set forth in Section 2.4 of the Purchase Agreement.

3. This Assignment is binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

4. This Assignment may be executed in any number of counterparts (including by facsimile, .PDF, or email), each of which will be deemed to be an original and all of which, together, will constitute one and the same instrument.

5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF, INCLUDING AS TO MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE.

6. THE PARTIES AGREE THAT THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO (i) THE

INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT; OR (ii) THE ASSUMED CONTRACTS AND TRANSFERRED RIGHTS ASSIGNED PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT, AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

7. Nothing in this Assignment, express or implied, is intended to or shall be construed to modify, expand, or limit in any way the terms and conditions of the Purchase Agreement. In the event of a conflict between the terms and conditions of this Assignment and the terms and conditions of the Purchase Agreement, the terms and conditions of the Purchase Agreement shall govern, supersede, and prevail.

8. None of the provisions of this Assignment may be amended or waived unless such amendment or waiver is in writing and is signed, in the case of an amendment, by both parties, or in the case of a waiver, by the party against whom the waiver is to be effective.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed as of the date first written above.

ASSIGNOR

**NORTHWEST SENIOR HOUSING
CORPORATION**

By: _____

ASSIGNEE

BAY 9 HOLDINGS LLC

By: _____

EXHIBIT C

FORM OF GROUND LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this “Assignment Agreement”) is made and entered into this [•] day of January, 2023 (the “Effective Date”) by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“Assignor”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“Assignee”). Assignor and Assignee may be referred to individually herein as a “Party” and, collectively, as the “Parties” to this Assignment Agreement.

WHEREAS, Assignor is a party to the Ground Lease (as it may be amended, the “Lease Agreement”) dated as of November 1999 by and between Intercity Investment Properties, Inc., a Texas corporation (“Landlord”) and Assignor with respect to certain real property in the City and County of Dallas more specifically described in the Lease Agreement (the “Premises”); and

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of December [•], 2022 (the “Purchase Agreement”), Assignor desires to assign the Lease Agreement to Assignee effective as of the Closing Date (as defined in the Purchase Agreement) and Assignee desires to assume the Lease Agreement in accordance with, and subject to the terms hereof.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Parties agree as follows:

1. Effective as of the Effective Date, Assignor hereby irrevocably contributes, assigns, transfers, conveys and delivers to Assignee, and Assignee hereby accepts from Assignor, the entire right, title, and interest of Assignor in, to and under the Lease Agreement.
2. Notwithstanding anything to the contrary contained in the Lease Agreement and subject to the terms and conditions of the Purchase Agreement and Confirmation Order (as defined in the Purchase Agreement), effective as of the Effective Date, Assignee hereby assumes and agrees to be bound by the terms and conditions, pay, defend, discharge, and perform all of the liabilities and obligations of the tenant arising under the Lease Agreement on and after the Effective Date as if Assignee were the tenant named therein. Assignor shall remain responsible for all of the liabilities and obligations of the tenant arising under the Lease Agreement prior to the Effective Date subject to any limitations in the Purchase Agreement and the Confirmation Order.
3. Assignor represents that the Lease Agreement represents the entire agreement with respect to the Premises between Landlord and Assignor.
4. Effective as of the Effective Date, notice is hereby given that all notices and other communications to Assignor and Assignee under the Lease Agreement should be delivered to the addresses set forth below in lieu of (or, with respect to Assignee, in addition to) the addresses for notices set forth in the Lease Agreement. Notice to Landlord shall be given to the address set forth in the Lease Agreement. Any notice, demand, request, consent, approval or communication that a Party desires or is required to give to any other Party related to this Assignment Agreement shall be in writing and either served personally or sent by prepaid, certified or registered mail, return receipt requested, and addressed to such Party at the address set forth below. A Party may change its address by notifying the other Parties of the change of address. Notice shall be deemed

communicated on the date shown on the receipt card (or if no date is shown, on the date of the postmark) if mailed as provided in this paragraph, and upon receipt if served personally.

Assignor:

John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225

With a simultaneous copy to:

Jeremy R. Johnson & Trinitee G. Green
POLSINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

Assignee:

Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

With a simultaneous copy to:

Adrienne K. Walker
Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

Except as specifically amended or modified by this Assignment Agreement, the Lease Agreement shall remain unchanged and in full force and effect.

5. Assignee warrants and represents it has not contacted any broker regarding the Premises or this Assignment Agreement.

6. This Assignment Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective executors, administrators, successors and assigns.

7. This Assignment Agreement shall be governed by and construed in accordance with federal bankruptcy law, to the extent applicable, and where state law is implicated this Assignment

Agreement, shall be governed by and construed in accordance with the laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction).

8. THE PARTIES AGREE THAT THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS (THE "BANKRUPTCY COURT") SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO THE INTERPRETATION AND ENFORCEMENT OF THIS ASSIGNMENT AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS ASSIGNMENT AGREEMENT AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9. This Assignment Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which counterparts when taken together will constitute one and the same agreement. The exchange of copies of this Assignment Agreement and of signature pages by facsimile transmission or electronic mail transmission (e.g., in .PDF format) will constitute effective execution and delivery of this Assignment Agreement as to the parties and may be used in lieu of the original Assignment Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic mail (e.g., in .PDF format) will be deemed to be their original signatures for any purpose whatsoever. Without limiting the foregoing, the words "execution," "execute," "signed," "signature," and words of like import in or related to this Assignment Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures (e.g., through DocuSign or other similar electronic e-signature application), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act.

[Signature Page Follows]

EXECUTED under seal as of the date first above written.

ASSIGNOR:

Northwest Senior Housing Corporation

By: _____

Name: [____]

Title: [____]

Hereunto Duly Authorized

ASSIGNEE:

Bay 9 Holdings, LLC

By: _____

Name: [____]

Title: [____]

Hereunto Duly Authorized

EXHIBIT D

**FORM OF INTELLECTUAL PROPERTY
ASSIGNMENT AND ASSUMPTION AGREEMENT**

INTELLECTUAL PROPERTY ASSIGNMENT

This INTELLECTUAL PROPERTY ASSIGNMENT (this “**Agreement**”), is executed and delivered as of January [•], 2023, by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Assignor**”) and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Assignee**”) pursuant to the Asset Purchase Agreement (as hereinafter defined). Assignor and Assignee are each referred to individually as a “**Party**,” and collectively as the “**Parties**.”

WHEREAS, on the terms and subject to the conditions of the Asset Purchase Agreement, dated as of December [•], 2022, by and between Assignor (the “**Seller**”), and Assignee (the “**Purchaser**”) (as modified, amended, or supplemented, the “**Asset Purchase Agreement**”), Seller agreed to, on the Closing Date and at the Closing, sell, convey, transfer, assign, and deliver to Purchaser the Purchased Assets free and clear of all Claims and Encumbrances (other than Permitted Liens).

WHEREAS, Assignor is the owner of the Intellectual Property Assets as defined in the Asset Purchase Agreement, including as set forth on **Schedule 1** hereto; and

NOW, THEREFORE, for the consideration set forth in the Asset Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Defined Terms**. All initially capitalized terms used but not defined herein have the meaning given them in the Asset Purchase Agreement.

2. **Assignment**. On the terms and subject to the conditions set forth in the Asset Purchase Agreement and the Confirmation Order, Assignor hereby sells, conveys, transfers, assigns, and delivers to Assignee, and Assignee’s successors and assigns,

i) all right, title and interest in and to the Intellectual Property Assets, including all rights therein provided by international conventions and treaties, and the right to sue for past, present and future infringement thereof (“**Transferred Rights**”);

ii) any and all rights to sue at law or in equity for any infringement, imitation, impairment, distortion, dilution or other unauthorized use or conduct in derogation of the Transferred Rights occurring prior to the Closing, including the right to receive all proceeds and damages therefrom;

iii) any and all rights to royalties, profits, compensation, license fees or other payments or remuneration of any kind relating to the Transferred Rights arising from and after the date of this Agreement;

iv) any and all rights to obtain renewals, reissues, and extensions of registrations or other legal protections pertaining to the Transferred Rights; and

v) all goodwill and other intangible assets associated with the Intellectual Property Assets.

Assignee, its successors and assigns, shall hold the rights to the foregoing for and during the existence of such Transferred Rights, and all renewals, reissues and extensions thereof, as fully and as entirely as the same would have been held and enjoyed by Assignor had this Agreement not been made.

3. Asset Purchase Agreement. This Agreement is in accordance with and is subject to the terms of the Asset Purchase Agreement and Confirmation Order. Nothing contained herein shall be deemed to supersede, enlarge on, limit or modify any of the obligations, agreements, covenants or warranties of Seller contained in the Asset Purchase Agreement and Confirmation Order. If any conflict or other difference exists between the terms of this Agreement and the Asset Purchase Agreement or Confirmation Order, then the terms of the Asset Purchase Agreement and Confirmation Order shall govern and control. Except as set forth in the Asset Purchase Agreement and Confirmation Order, the Transferred Rights are being sold, conveyed, transferred, assigned and delivered hereunder “AS-IS”, “WHERE-IS”, “WITH ALL FAULTS”, and Seller does not make any express or implied representations, statements, warranties or conditions of any kind or nature whatsoever concerning the Transferred Rights being sold, conveyed, transferred, assigned and delivered hereunder.

4. Further Assurances. At the request and cost (if any) of Assignee, Assignor shall timely execute and deliver any additional documents and perform such additional acts reasonably necessary or desirable to record and perfect the interest of Assignee in and to the Intellectual Property Assets (including, without limitation, the Transferred Rights), and shall not enter into any agreement in conflict with this Agreement.

5. Binding on Successors; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and the respective successors in interest and permitted assigns of such parties. This Agreement is not intended to confer any rights or remedies upon any Person or entity other than the Parties hereto.

6. Counterparts. This Agreement may be executed in two (2) or more counterparts (including by DocuSign, or other electronic delivery by electronic mail), each of which shall be deemed an original but all of which together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party hereto and delivered to the other parties, it being understood that each party need not sign the same counterpart. No Party shall assert that the use of an electronic transmission to deliver a signature or the fact that any signature was transmitted or communicated through the use of an electronic transmission, constitutes a defense to the formation or delivery of a contract or a document, and each party hereto forever waives any such defenses.

7. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

8. Amendments, Etc. Any amendment, modification or waiver of any term or provision of this Agreement must be in writing and signed by Assignor and Assignee. Any waiver will be effective only in the specific instance and for the specific purpose for which it is given.

9. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF, INCLUDING AS TO MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE.

10. Bankruptcy Court Jurisdiction. THE PARTIES AGREE THAT THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO (i) THE INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT; OR (ii) THE INTELLECTUAL PROPERTY ASSETS, AND TRANSFERRED RIGHTS ASSIGNED PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT, AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the day and year first above written.

ASSIGNEE:

ASSIGNOR:

BAY 9 HOLDINGS LLC

NORTHWEST SENIOR HOUSING
CORPORATION

By: _____

Name:

Its:

By: _____

Name:

Its:

Schedule 1 - Intellectual Property Assets

EXHIBIT E

FORM OF SELLER CLOSING CERTIFICATE

SELLER CLOSING CERTIFICATE

Pursuant to Section 6.2(e) of the Asset Purchase Agreement (the “**Agreement**”), dated as of December [•], 2022 between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”) and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”), the undersigned, being a duly authorized executive officer of Seller, does hereby certify that (i) all the covenants and obligations of the Agreement to be complied with and performed by Seller at or before the Closing Date (as defined in the Agreement) have been complied with and performed in all material respects, and (ii) the representations and warranties made by Seller in the Agreement (other than those that speak as of a specified date or time) are true and correct in all respects, as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a material effect.

Northwest Senior Housing Corporation,
a Texas not-for-profit corporation

By: _____
Name:
Title:

EXHIBIT F

FORM OF PURCHASER CLOSING CERTIFICATE

PURCHASER CLOSING CERTIFICATE

Pursuant to Section 6.3(e) of the Asset Purchase Agreement (the “**Agreement**”), dated as of December [•], 2022 between Northwest Senior Housing Corporation, a Texas not-for-profit company (“**Seller**”) and Bay 9 Holdings LLC, a Delaware limited liability company or its designee (“**Purchaser**”), the undersigned, being a duly authorized executive officer of Purchaser, does hereby certify that (i) all of the covenants and obligations of the Agreement to be complied with and performed by Purchaser at or before the Closing Date (as defined in the Agreement) have been complied with and performed in all material respects, and (ii) the representations and warranties made by Purchaser in the Agreement (other than those that speak as of a specified date or time) are true and correct in all respects, as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a material effect.

Bay 9 Holdings LLC
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT G

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW AGREEMENT

THIS Escrow Agreement (this “**Agreement**”) made and entered into as of this [•] day of December, 2022 by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”), Bay 9 Holdings LLC, a Delaware limited liability company or its designee (“**Purchaser**”), and UMB Bank, N.A., as Escrow Agent, a national banking association organized and existing under the laws of the United States of America (the “**Escrow Agent**”).

RECITALS

A. Seller has filed a voluntary petition for relief under the Bankruptcy Code as Case Number 22-30659 with the United States Bankruptcy Court for the Northern District of Texas;

B. Seller is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community located at 8523 Thackery St, Dallas, Texas 75225 (the “**Edgemere Community**”) on land owned by Intercity Investment Properties, Inc. pursuant to that certain Ground Lease dated November 5, 1999 (the “**Ground Lease**”). The Edgemere Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

C. UMB Bank, N.A., as the Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture (the “**Trustee**”) and in its capacity as DIP Lender, together with the Seller and its affiliated debtor, have filed a proposed a Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the “**Plan**”) that contemplates the sale of the Edgemere Community and related assets to Purchaser, or another purchaser that submits a higher and better offer for the assets in accordance with the Sale Transaction Procedures;

D. Purchaser desires to acquire the Edgemere Community, including Edgemere’s leasehold interest in the Premises created by the Ground Lease, and the assets owned by Seller and used or useful to Seller’s operation of the Edgemere Community (the “**Business**”, and, together with Seller’s interests in the Ground Lease, the “**Assets**”) on the terms and conditions contained in this Agreement, subject to higher and better bids, as well as confirmation of the Plan;

E. Seller and Purchaser have entered into that certain Asset Purchase Agreement dated December [•], 2022 (the “**APA**”)¹.

F. Seller and Purchaser desire that UMB Bank, N.A. act as Escrow Agent to hold the Deposit for the Sale described in the APA, and Escrow Agent is willing to act in such capacity. Seller and Purchaser acknowledge that UMB Bank, N.A. also serves as Bond Trustee and DIP Lender. Seller and Purchaser assert that no conflict exists, nor does Seller or Purchaser assert any objection thereto.

¹ Terms not defined herein shall have the meanings ascribed to them in the APA.

AGREEMENT

NOW, THEREFORE, Seller, Purchaser, and Escrow Agent agree to the terms of this Agreement as follows:

1. Commencement of Duties. Purchaser, subject to entry of the Bidding Procedures Order, simultaneously with the execution and delivery of this Agreement, shall transfer to the Escrow Agent the aggregate sum of Two Million and Four Hundred Thousand Dollars (\$2,425,000) (the “**Escrowed Funds**”). Upon receipt of the Escrowed Funds and after the parties’ submission of all documentation required by the Escrow Agent to comply with the Bank Secrecy Act, the duties and obligations of each of the parties to this Agreement will commence.

2. Operation of the Escrow. With respect to any requested disbursement, Seller and Purchaser (i) certify they have reviewed any wire instructions set forth in such written disbursement direction to confirm such wire instructions are accurate, (ii) agree to indemnify and hold harmless the Escrow Agent from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested up to the amount of the Escrowed Funds, and (iii) agree they will not seek recourse from the Escrow Agent as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.

3. Escrowed Funds. Upon receipt of the Escrowed Funds, the Escrow Agent shall hold the Escrowed Funds in escrow pursuant to the terms of this Agreement. Until such time as the Escrowed Funds shall be distributed by the Escrow Agent as provided herein, unless the Escrow Agent is otherwise directed in writing in a joint written investment direction signed by the Seller and the Purchaser, the Escrowed Funds shall be invested and reinvested by the Escrow Agent in the an interest-bearing money market deposit account. The parties hereto acknowledge that the Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

(a) The Escrow Agent shall be entitled to sell or redeem any such investment as necessary to make any distributions required under this Agreement and shall not be liable or responsible for any loss resulting from any such sale or redemption.

(b) Income, if any, resulting from the investment of the Escrowed Funds shall be retained by the Escrow Agent and shall be considered, for all purposes of this Agreement, to be part of the Escrowed Funds.

4. Disbursement of the Escrowed Funds. The Parties shall act in accordance with, and the Escrow Agent shall hold and release the Escrowed Funds as provided in this Section:

(a) Upon receipt of a joint written instruction executed by each of Seller and Purchaser with respect to the Escrowed Funds, the Escrow Agent shall promptly, but in any event within two (2) business days after receipt of such joint written instruction, disburse all or part of the Escrowed Funds in accordance with such joint written instruction;

(b) Upon receipt by the Escrow Agent of a copy of a final, non-appealable order of any court of competent jurisdiction which may be issued, together with (i) a certificate executed by an authorized representative of the prevailing party, to the

Escrowed Funds, any account in which Escrowed Funds are deposited, this Agreement or any other agreement, or to appear in, prosecute or defend any such legal action or proceeding.

The Escrow Agent may consult legal counsel in the event of any dispute or question as to the construction of any provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the opinion or instructions of such counsel.

The Escrow Agent shall not be responsible, may conclusively rely upon and shall be protected, indemnified and held harmless by Seller and Purchaser, acting jointly and severally, for the sufficiency or accuracy of the form of, or the execution, validity, value or genuineness of any document or property received, held or delivered by it hereunder, or of the signature or endorsement thereon, or for any description therein; nor shall the Escrow Agent be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any document, property or this Agreement.

In the event that the Escrow Agent shall become involved in any arbitration or litigation relating to the Escrowed Funds, the Escrow Agent is authorized to comply with any decision reached through such arbitration or litigation.

Seller and Purchaser, jointly and severally, hereby agree to indemnify the Escrow Agent and each direction, officer, employee, attorney, agent and affiliate of the Escrow Agent for, and to hold it harmless against any loss, liability or expense incurred in connection herewith up to the amount of the Escrowed Funds without gross negligence or willful misconduct on the part of the Escrow Agent, including without limitation legal or other fees arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including without limitation the costs and expenses of defending itself against any claim of liability in the premises or any action for interpleader. The Escrow Agent shall be under no obligation to institute or defend any action, suit, or legal proceeding in connection herewith, unless first indemnified and held harmless to its satisfaction in accordance with the foregoing, except that the Escrow Agent shall not be indemnified against any loss, liability or expense arising out of its own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction, subject to no further appeal. Such indemnity shall survive the termination or discharge of this Agreement or resignation of the Escrow Agent.

7. The Escrow Agent's Fee. Escrow Agent shall be entitled to fees and expenses for its regular services as Escrow Agent as set forth in Exhibit A. Additionally, Escrow Agent is entitled to fees for extraordinary services and reimbursement of any out of pocket and extraordinary costs and expenses, including, but not limited to, attorneys' fees. Escrow Agent shall have a first lien upon all Escrowed Funds for the purposes of paying its fees and expenses. All of the Escrow Agent's compensation, costs and expenses shall be paid by Seller. Any fees and expenses shall be payable from and may be deducted by Escrow Agent from interest and/or principal of any monies held in Escrowed Funds by Escrow Agent.

8. Security Interests. No party to this Escrow Agreement shall grant a security interest in any monies or other property deposited with the Escrow Agent under this Escrow Agreement, or otherwise create a lien, encumbrance or other claim against such monies or borrow against the same.

9. Dispute. In the event of any disagreement between the undersigned or the person or persons named in the instructions contained in this Agreement, or any other person, resulting in adverse claims and demands being made in connection with or for any papers, money or property involved herein, or affected hereby, the Escrow Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected hereby, the Escrow Agent shall not be or become liable to the undersigned or to any person named in such instructions for its refusal to comply with such conflicting or adverse demands, and the Escrow Agent shall be entitled to refuse and refrain to act until: (a) The rights of the adverse claimants shall have been fully and finally adjudicated in a Court assuming and having jurisdiction of the parties and money, papers and property involved herein or affected hereby, or (b) All differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing, signed by all the interested parties.

10. Resignation of Escrow Agent. Escrow Agent may resign or be removed, at any time, for any reason, by written notice of its resignation or removal to the proper parties at their respective addresses as set forth herein, at least 30 days before the date specified for such resignation or removal to take effect; upon the effective date of such resignation or removal:

(a) All cash and other payments and all other property then held by the Escrow Agent hereunder shall be delivered by it to such successor Escrow Agent as may be designated in writing by the Seller and the Purchaser, whereupon the Escrow Agent's obligations hereunder shall cease and terminate;

(b) If no such successor Escrow Agent has been designated by such date, all obligations of the Escrow Agent hereunder shall, nevertheless, cease and terminate, and the Escrow Agent's sole responsibility thereafter shall be to keep all property then held by it and to deliver the same to a person designated in writing by the Seller and the Purchaser or in accordance with the directions of a final order or judgment of a court of competent jurisdiction.

(c) Further, if no such successor Escrow Agent has been designated by such date, the resigning or removed Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor agent. In such instance, the resigning or removed Escrow Agent may pay into court all monies and property deposited with Escrow Agent under this Agreement.

11. Notices. All notices, demands and requests required or permitted to be given under the provisions hereof must be in writing and shall be deemed to have been sufficiently given, upon receipt, if (i) personally delivered, (ii) sent by telecopy or electronic mail and confirmed by phone or (iii) mailed by registered or certified mail, with return receipt requested, delivered as follows:

(1) If to Seller: John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225
John.Falldine@lifespacecommunities.com

14. Modification. This Agreement may be amended, modified or terminated at any time by a writing executed by Seller, Purchaser, and the Escrow Agent; provided the party making such assignment provides written notice to the other parties hereto.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means.

16. Headings. The section headings contained in this Agreement are inserted for convenience only, and shall not affect in any way, the meaning or interpretation of this Agreement.

17. Severability. This Agreement constitutes the entire agreement among the parties and supersedes all prior and contemporaneous agreements and undertakings of the parties in connection herewith. No failure or delay of the Escrow Agent in exercising any right, power or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power or remedy preclude any other or further exercise of any right, power or remedy. In the event that any one or more of the provisions contained in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

18. Earnings Allocation; Tax Matters; Regulatory Compliance. The parties hereto agree that, for tax reporting purposes, all interest or other income, if any, attributable to the Escrowed Funds or any other amount held in escrow by the Escrow Agent pursuant to this Agreement shall be allocable to the Seller. The Seller agrees to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. persons) and other forms and documents that the Escrow Agent may reasonably request (collectively, "Tax Reporting Documentation") at the time of execution of this Agreement. Additionally, the parties hereto agree that they will provide any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time, and the Bank Secrecy Act of 1970, as amended from time to time (together the "Acts"), which information will be used to verify the identities of the parties to ensure compliance with the terms of such Acts. The parties hereto understand that if such Tax Reporting Documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

[SIGNATURE PAGES FOLLOW]

SELLER:

Northwest Senior Housing Corporation,
a Texas not-for-profit corporation

By: _____
Name:
Title:

PURCHASER:

Bay 9 Holdings LLC,
a Delaware limited liability company

By: _____
Name:
Title:

ESCROW AGENT:

UMB BANK, N.A., solely as Escrow Agent

By: _____
Name: Irina Palchuk
Title: Senior Vice President

EXHIBIT A

ESCROW FEES AND EXPENSES

Acceptance Fee

Review escrow agreement and establish account \$1,250.00

Annual Fee (per year or part thereof)

Maintain account \$1,250.00

Fees specified are for the regular, routine services contemplated by the Escrow Agreement, and any additional or extraordinary services, including, but not limited to disbursements involving a dispute or arbitration, or administration while a dispute, controversy or adverse claim is in existence, will be charged based upon time required at the then standard hourly rate. In addition to the specified fees, all expenses related to the administration of the Escrow Agreement (other than normal overhead expenses of the regular staff) such as, but not limited to, travel, postage, shipping, courier, telephone, facsimile, supplies, legal fees, accounting fees, etc., will be reimbursable. Acceptance and first year annual fees will be payable at the initiation of the escrow and annual fees will be payable in advance thereafter. Other fees and expenses will be billed as incurred.

Exhibit 3

Sale Notice

HAYNES AND BOONE, LLP

J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
2323 Victory Avenue, Suite 700
Dallas, TX 75219
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frasher.murphy@haynesboone.com
tom.zavala@haynesboone.com

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
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One Financial Center
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Telephone: (617) 546-6000
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

Counsel to the Trustee and DIP Lender

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:	Chapter 11
Northwest Senior Housing Corporation, <i>et al.</i> , ¹	Case No. 22-30659 (MVL)
Debtors.	(Jointly Administered)

NOTICE OF SALE

PLEASE TAKE NOTICE THAT:

1. Pursuant to the *Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation And Sale Hearing; and (V) Granting Related Relief* [Docket No. __] (the “**Bidding Procedures Order**”) entered by the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”) on [____], 2022, the Bankruptcy Court approved entry into that certain Asset Purchase Agreement, dated as of December [•], 2022 (the “**Stalking Horse APA**”) with Bay 9 Holdings LLC or its designee (the “**Stalking Horse Bidder**”) for the sale of substantially all of the Debtors’ assets subject to a competitive bidding process as set forth in the Bidding Procedures Order. Capitalized terms used but not otherwise

¹ The Debtors in the Chapter 11 Cases (the “**Chapter 11 Cases**”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

defined in this notice have the meanings ascribed to them in the Bidding Procedures Order or the Stalking Horse APA, as applicable.

2. Copies of (i) the Stalking Horse APA, (ii) the Bidding Procedures, and (iii) the Bidding Procedures Order can be obtained by contacting the Trustee and DIP Lender's financial advisor, RBC Capital Advisors ("**RBC**"), Attn: David B. Fields, Telephone: 610-729-3658, E-mail: david.fields@rbccm.com or by download from the Debtors' claims and noticing agent KCC website at: <https://www.kccllc.net/edgemere>.

3. Once filed with the Bankruptcy Court, which will be at least [_____] (__) days prior to the Confirmation and Sale Hearing, copies of the proposed order approving the Plan, which order will effectuate the sale of the Debtors' assets (the "**Confirmation Order**") may be obtained by contacting RBC or KCC as set forth in paragraph 2 above.

4. All interested parties are invited to make an offer to purchase the Purchased Assets in accordance with the terms and conditions approved by the Bankruptcy Court (the "**Bidding Procedures**") by **JANUARY 13, 2023 at 4:00 P.M. (prevailing Central Time)**. Pursuant to the Bidding Procedures, the Trustee and DIP Lender may conduct an auction for the Purchased Assets (the "**Auction**") on **JANUARY 17, 2023 BEGINNING PROMPTLY AT 10:00 A.M. (prevailing Central Time)** at the offices of the Trustee and DIP Lender's counsel, Haynes & Boone LLP, 2323 Victory Avenue, Suite 700 Dallas, TX 75219 or such other location as may be announced prior to the Auction to the Auction Participants. Contact RBC, Attn: David B. Fields, Telephone: 610-729-3658, E-mail: david.fields@rbccm.com for further information regarding the Debtors' assets and/or making a bid.

5. Participation at the Auction is subject to the Bidding Procedures and the Bidding Procedures Order.

6. A hearing to approve the sale of the Purchased Assets to the highest and best bidder will be held on **JANUARY 26, 2023 at 9:30 A.M. (prevailing Central Time)** at the Bankruptcy Court. The hearing on the sale may be adjourned without notice other than an adjournment in open court.

7. Objections, if any, to the proposed sale must be filed and served in accordance with the Bidding Procedures Order, and **actually received** no later **JANUARY 20, 2023 AT 4:00 P.M. (prevailing Central Time)**.

8. This notice is qualified in its entirety by the Bidding Procedures Order.

[Remainder of page intentionally left blank.]

Dated: [_____], 2022

HAYNES AND BOONE, LLP

/s/ DRAFT

J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
2323 Victory Avenue, Suite 700
Dallas, TX 75219
Telephone: (214) 651-5000
frasher.murphy@haynesboone.com
tom.zavala@haynesboone.com

– and –

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
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Counsel to the Trustee and DIP Lender

/s/ DRAFT

POLSINELLI PC

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jeremy.johnson@polsinelli.com

*Counsel to the Debtors and Debtors in
Possession*

Exhibit 4

Cure and Possible Assumption and Assignment Notice

HAYNES AND BOONE, LLP

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jeremy.johnson@polsinelli.com

*Counsel to the Debtors and Debtors in
Possession*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)

(Jointly Administered)

NOTICE OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

¹ The Debtors in the Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

**THAT MAY BE ASSUMED, PURSUANT TO SECTIONS 365 AND 1123 OF THE
BANKRUPTCY CODE, IN CONNECTION WITH THE PLAN AND THE
PROPOSED CURE AMOUNTS WITH RESPECT THERETO**

PLEASE TAKE NOTICE THAT:

1. On April 14, 2022 (the “**Petition Date**”), Northwest Senior Housing Corporation and Senior Quality Lifestyles Corporation (collectively, the “**Debtors**”) commenced bankruptcy cases (the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”).

2. On November 2, 2022, UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**,” and collectively with the Trustee, the “**Initial Plan Sponsors**”) filed, among other things, the *Motion of Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation And Sale Hearing; and (V) Granting Related Relief* [Docket No. 755] (the “**Motion**”). On [_____], 2022, the Bankruptcy Court entered an order granting the relief requested in the Motion [Docket No. __] (the “**Bidding Procedures Order**”).²

3. On December 6, 2022, the Debtors, the Trustee and the DIP Lender (collectively, the “**Plan Sponsors**”) filed the (i) *First Amended Plan of Reorganization of the Plan Sponsors Dated December 6, 2022* [Docket No. ---] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Plan**”) and (ii) *First Amended*

² All capitalized terms not defined herein shall have the meaning ascribed to them in the Bidding Procedures Order.

Disclosure Statement for the First Amended Plan of Reorganization of the Plan Sponsors Dated December 6, 2022 [Docket No. ---] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Disclosure Statement**”). The Plan is supported by the Plan Sponsors, Lifespace Communities, Inc. (“**Lifespace**”), and the official committee of unsecured creditors (the “**Committee**”).

4. Pursuant to the Bidding Procedures Order, the Plan Sponsors are delivering this notice (the “**Cure and Possible Assumption and Assignment Notice**”) identifying (a) those executory contracts and unexpired leases which may be assumed on the Effective Date and assigned to a Purchaser (the “**Executory Contracts and Unexpired Leases**”); and (b) the proposed cure amount for each Executory Contract and Unexpired Lease identified herein. For the avoidance of doubt, this Cure and Possible Assumption and Assignment Notice shall not apply to the Residency Agreements, which are contemplated to be rejected pursuant to the Plan.

5. An Executory Contract and/or Unexpired Lease with respect to which you have been identified as a counterparty, and the corresponding proposed cure amount, if any, is set forth on the attached **Exhibit A**.

Objections

6. Any objections to the assumption and/or assumption and assignment of any Executory Contract or Unexpired Lease, including any objection to a proposed cure amount and any objection to the Stalking Horse Bidder’s adequate assurance of future performance (each a “**Cure Objection**”), must (a) be in writing; (b) state with specificity the nature of such objection; and (c) comply with the Bankruptcy Rules.

7. Additionally, any Cure Objection must be filed with the Court no later than **JANUARY [4,] 2023 at 4:00 P.M. (prevailing Central Time)**.

8. UNLESS YOU FILE A CURE OBJECTION AND SERVE SUCH OBJECTION IN ACCORDANCE WITH THE INSTRUCTIONS AND DEADLINES SET FORTH HEREIN, YOU SHALL BE FOREVER BARRED FROM (A) OBJECTING TO THE DEBTORS' ASSUMPTION, ASSIGNMENT AND/OR THE CURE AMOUNT SET FORTH ON EXHIBIT A; AND (B) ASSERTING OR CLAIMING ANY CURE AMOUNT AGAINST THE DEBTORS, THE PURCHASER, OR ANY OTHER ASSIGNEE OF THE RELEVANT EXECUTORY CONTRACT OR UNEXPIRED LEASE; PROVIDED, HOWEVER, THAT IF THE SUCCESSFUL BIDDER IS NOT THE STALKING HORSE BIDDER, ANY COUNTERPARTY TO AN EXECUTORY CONTRACT OR UNEXPIRED LEASE SUBJECT TO ASSUMPTION MAY RAISE AN OBJECTION TO THE ASSUMPTION AND ASSIGNMENT THEREOF SOLELY WITH RESPECT TO THE ABILITY OF THE SUCCESSFUL BIDDER TO PROVIDE ADEQUATE ASSURANCE OF FUTURE PERFORMANCE UNDER THE ASSUMED CONTRACT AT THE CONFIRMATION AND SALE HEARING, OR AT ANY TIME BEFORE THE CONFIRMATION AND SALE HEARING.

Confirmation and Sale Hearing

9. Any Cure Objection that is timely filed and served regarding any Executory Contract or Unexpired Lease listed on Exhibit A, shall be heard at a hearing to be held before the Honorable Michelle V. Larson, United States Bankruptcy Court for the Northern District of Texas, 1100 Commerce Street, 14th Floor, Courtroom No. 2, Dallas, Texas 75242 on **January 26, 2023 at 9:30 a.m. (prevailing Central Time)** or such other date and time as may be fixed by the Court.

Reservation of Rights

10. The presence of an Executory Contract or Unexpired Lease on **Exhibit A** does not constitute an admission that such any listed Executory Contract or Unexpired Lease is an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code, or that such Executory Contract or Unexpired Lease will be assumed by the Debtors and assigned to the Purchaser. The Plan Sponsors reserve all of their rights to send out additional notices concerning additional or other Executory Contracts and Unexpired Leases subject to the provisions of any order by the Court.

[Remainder of page intentionally left blank.]

DATED: _____, 2022
Dallas, Texas

HAYNES AND BOONE, LLP

By: /s/ Draft

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*Counsel to the Debtors and Debtors in
Possession*

EXHIBIT 2

EXHIBIT A

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

Re: Docket No. ~~1755~~ [1755](#)

**ORDER (I) AUTHORIZING AND APPROVING THE BIDDING PROCEDURES;
(II) AUTHORIZING ENTRY INTO THE STALKING HORSE ASSET PURCHASE
AGREEMENT; (III) APPROVING PROCEDURES RELATED TO THE ASSUMPTION
OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES;
(IV) SCHEDULING COMBINED CONFIRMATION AND SALE HEARING
AND (V) GRANTING RELATED RELIEF**

Having considered the *Motion of Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking*

¹ The Debtors in the Chapter 11 Cases (the “Chapter 11 Cases”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation And Sale Hearing; and (V) Granting Related Relief [Docket No. 755] (the “**Motion**”)² and the other testimony, evidence, and representations regarding the Motion, the Court finds that: (a) jurisdiction over the matters in the Motion is proper pursuant to 28 U.S.C. § 1334, (b) venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409, (c) proper and adequate notice of the Motion has been provided and no further notice is needed, (d) the relief sought in the Motion is in the best interest of the Debtors’ estates, their creditors, and all parties in interest, and (e) good and sufficient cause exists for granting the relief requested in the Motion.

THE BANKRUPTCY COURT HEREBY FINDS AND DETERMINES THAT:³

- A. Notice of the Motion complies with Bankruptcy Rule 2002.
- B. The relief requested in the Motion is **GRANTED** as provided herein.
- C. Objections to the Sale Transaction must be made by **January 30, 2023 at 4:00 p.m.** (prevailing Central Time).
- D. ~~The Plan Sponsors~~ UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “Trustee”) and in its capacity as lender under the DIP Credit Agreement (the “DIP Lender”) have articulated good and sufficient reasons for: (i) approval of the Bidding Procedures⁴; (ii) approval of the selection of the Stalking Horse Bidder; (iii) approval of the Break Up Fee and the Expense Reimbursement; (iv)

² All capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

³ This Order constitutes this Court’s findings of fact and conclusions of law under Rule 52 of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rules 7052 and 9014. Any and all findings of fact shall constitute findings of fact, even if they are stated as conclusions of law, and any and all conclusions of law shall constitute conclusions of law, even if they are stated as findings of fact.

⁴ See Exhibit 1 hereto.

authorizing payment of the Break Up Fee and Expense Reimbursement to the Stalking Horse Bidder under the circumstances described in the Bidding Procedures and in the Stalking Horse APA;⁵ (v) approval of the form and manner of notice of all bidding procedures, bid protection and related agreements described in the Motion; (vi) scheduling of the Auction (if necessary) and approval of the manner of notice thereof; and (vii) all related relief set forth herein. The good and sufficient reasons articulated by the ~~Plan Sponsors~~ Trustee and DIP Lender, which were set forth in the Motion and on the record at the hearing held before this Court on ~~November 30~~ December 15, 2022, are incorporated herein by reference and, among other things, form the basis for the findings of fact and conclusions of law set forth herein.

E. The Bidding Procedures, incorporated herein by reference as if fully set forth in this Order, are fair, reasonable, and appropriate, and represent the best method for maximizing the value of the Debtors' estates. The Break Up Fee and the Expense Reimbursement, on the terms set forth in the Bidding Procedures and the Stalking Horse APA: (i) shall, if triggered, be deemed actual and necessary costs and expenses of preserving the Debtors' estates, within the meaning of 503(b) and 507(a)(2) of the Bankruptcy Code treated as an allowed superpriority administrative expense claim against the Debtors' estates pursuant to sections 105(a), 503(b), and 507(a)(2) of the Bankruptcy Code in accordance with the Stalking Horse APA; (ii) are commensurate to the real and substantial benefit conferred upon the Debtors' estates by the Stalking Horse Bidder; (iii) are reasonable and appropriate, including in light of the size and nature of the sale transaction and comparable transactions, the commitments that have been made, and the efforts that have been and will be expended by the Stalking Horse Bidder, notwithstanding that the proposed transaction may be subject to better and higher offers, and are

⁵ See Exhibit 2 hereto.

necessary to induce the Stalking Horse Bidder to pursue the transaction, and (iv) were conditions to, and necessary for, the Stalking Horse Bidder to pursue the Sale and to be bound by the Stalking Horse APA and were designed to ensure the highest and best offers are attained.

F. The Bidding Procedures, the Break Up Fee, and the Expense Reimbursement were each a material inducement to, and an express condition of, the willingness of the Stalking Horse Bidder to submit a bid through the execution of the Stalking Horse APA, which will serve as a minimum floor bid on which the ~~Plan Sponsors~~ Trustee, DIP Lender, the Debtors, their creditors, and other bidders, may rely. The Stalking Horse Bidder has provided a material benefit to the Debtors and their creditors by increasing the likelihood that the best possible purchase price for the Purchased Assets will be realized.

G. Approval of the Stalking Horse APA with the Stalking Horse Bidder is in the best interests of the Debtors, the Debtors' estates, and creditors, and it reflects a sound exercise of business judgment. The Stalking Horse APA provides adequate opportunity to sell the Debtors' assets in order to preserve and realize their optimal value.

Accordingly,

IT IS HEREBY ORDERED, AND NOTICE IS HEREBY GIVEN, THAT:

1. The Motion is **GRANTED**.

~~**APPROVAL OF THE ASSET PURCHASE AGREEMENT & BID PROTECTIONS**~~

Approval of the Asset Purchase Agreement & Bid Protections

2. The Stalking Horse APA is hereby **APPROVED**, subject to higher or better offers at the Auction.

3. The Debtors are hereby authorized and directed to execute the Stalking Horse APA.

4. The Break Up Fee in the amount of \$1,455,000.00 and the Expense Reimbursement in the amount of up to \$200,000.00 are hereby approved, and shall constitute actual and necessary costs and expenses of preserving the Debtors' estates within the meaning of section 503(b) of the Bankruptcy Code which are entitled to priority in accordance with section 507(a)(2) of the Bankruptcy Code. If the Debtors sell, transfer, lease, or otherwise dispose of, directly or indirectly, including through an asset sale, stock sale, merger or other similar transaction, all or substantially all of the business or the Purchased Assets in a transaction or a series of transactions with one or more persons other than the Stalking Horse Bidder in accordance with the Bidding Procedures (such event being an "**Alternative Transaction**"), the Debtors shall pay, and [isare](#) hereby authorized to pay, to the Stalking Horse Bidder, within two (2) Business Days after the consummation of the Alternative Transaction, (i) an amount in cash equal to the Break Up Fee and (ii) the Expense Reimbursement.

5. No person or entity, other than the Stalking Horse Bidder, shall be entitled to any expense reimbursement, break-up fees, "topping," termination, substantial contribution, or other similar fee or payment, and by submitting a bid, such person or entity is deemed to have waived their right to request or to file with this Court any request for expense reimbursement or any fee of any nature, whether by virtue of section 503(b) of Bankruptcy Code or otherwise.

~~APPROVAL OF THE BIDDING PROCEDURES, PROCEDURES FOR DETERMINING CURE AMOUNTS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND FORM AND MANNER OF NOTICE OF SALE~~

[Approval of the Bidding Procedures, Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases, and Form and Manner of Notice of Sale](#)

6. The Bidding Procedures are fully incorporated herein and are hereby **APPROVED** in their entirety. The Bidding Procedures shall govern the submission, receipt, and analysis of all Bids relating to any Proposed Transaction. Any party desiring to submit a Bid

shall comply with the Bidding Procedures and this Bidding Procedures Order. The ~~Plan Sponsors~~ Trustee and DIP Lender are authorized to take any and all actions necessary to implement the Bidding Procedures, in accordance therewith and the Stalking Horse APA.

7. The Sale Notice⁶ is hereby **APPROVED** in its entirety.

8. The process and requirements associated with submitting a Qualified Bid are fair, reasonable, appropriate, and designed to maximize recoveries for the benefit of the Debtors' estates, creditors, and other parties in interest.

9. All bidders submitting a Bid are deemed to have submitted to the exclusive jurisdiction of the Court with respect to all matters related to the Bidding Procedures, the Auction, the Confirmation and Sale Hearing, and the terms and conditions of the sale or transfer of the Purchased Assets.

10. The Stalking Horse Bidder is deemed a Qualified Bidder for all purposes, and the Stalking Horse Bid as set forth in the Stalking Horse APA is deemed a Qualified Bid. In the event that no other Qualified Bids are submitted, no auction will be conducted, the ~~Plan Sponsors~~ Trustee and DIP Lender shall deem the Stalking Horse Bidder to be the Successful Bidder with respect to the Purchased Assets and will seek final approval of the sale of the Purchased Assets (as defined in the Stalking Horse APA) through the Plan at the Confirmation and Sale Hearing.

11. To be eligible to participate in the Auction, each initial Bid and each party (other than the Stalking Horse Bidder that is deemed to be a Qualified Bidder in all respects) submitting such a Bid (each, a "**Bidder**") must be determined by the ~~Plan Sponsors~~ Trustee and DIP Lender, in consultation with the Debtors, the official committee of unsecured creditors (the

⁶ See Exhibit 3 hereto.

“Committee”) and Lifespace Communities, Inc. (“Lifespace,” and collectively with the Committee, the “Consultation Parties”), to satisfy each of the following conditions and, if so met, such Bid shall constitute a **“Qualified Bid,”** and such Bidder shall constitute a **“Qualified Bidder”**:

Purchase Price	The Bid must include a cash purchase price in an amount that is at least \$48,500,000.00, plus the amount of the Break Up Fee, plus the amount of the Expense Reimbursement, plus \$100,000.00.
Good Faith Deposit	The Bid accompanied by a deposit in an amount of five percent (5%) of the Bidder’s proposed cash purchase price to be held in an interest bearing escrow account to be held by the Escrow Agent in accordance with the Escrow Deposit Agreement.
Asset Purchase Agreement	The Bid must include a marked version of the Stalking Horse APA (the “Bidder APA”) to identify what, if any, modifications the Bidder proposes.
Going Concern Information	The Bidder APA shall (a) identify all Non-Resident Contract Counterparty (defined below) agreements that the Bidder wishes to have assumed and assigned to it pursuant to the Sale; (b) provide details regarding the treatment of Residency Agreements with the Debtors’ current or former residents; (c) provide details regarding the operation and management of the Purchased Assets after the Sale; and (d) provide information pertinent to the ability to obtain regulatory approvals to purchase and operate the Purchased Assets.
Corporate Authority; Financial Ability to Perform; Irrevocable Bid	Each Bid must include written evidence that the Bidder has appropriate corporate authority and financial wherewithal to consummate the Sale Transaction, and that the Bid is irrevocable until the Closing Date of the Sale Transaction. Each Bid must acknowledge that the Bidder waives and is not entitled to any of the Stalking Horse Bid Protections or other similar bidder protections, including as a substantial contribution under section 503 of the Bankruptcy Code.

12. If any Bid (other than the Stalking Horse Bid) received by the Bid Deadline is determined by the ~~Plan Sponsors~~ Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, to be a Qualified Bid, the ~~Plan Sponsors~~ Trustee and DIP Lender will hold an Auction in accordance with the Bidding Procedures. At the Auction, the ~~Plan Sponsors~~ Trustee and DIP Lender may: (a) select, in consultation with the Debtors and the Consultation Parties and pursuant to the Bidding Procedures, the highest or otherwise best Bid and the Successful Bid or Backup Bid; and (b) reject any Bid (regardless of whether such Bid is a Qualified Bid) that, upon consultation with the Debtors and the Consultation Parties is (i) inadequate, insufficient, or not the highest or best Bid, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, or the Bidding Procedures, or (iii) contrary to, or otherwise not in the best interests of, the Debtors' estates, affected stakeholders, or other parties in interest.

~~**APPROVAL OF THE BIDDING PROCEDURES RELATING TO THE ASSIGNMENT AND ASSUMPTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**~~

Approval of the Bidding Procedures Relating to the Assignment and Assumption of Executory Contracts and Unexpired Leases

13. The Bidding Procedures regarding the assumption and assignment of the Debtors' ~~Executory Contracts or Unexpired Leases and the Cure and Possible Assumption and Assignment Notice~~⁷ Ground Lease (as defined in the *First Amended Plan of Reorganization of the Plan Sponsors Dated December 6, 2022* [Docket No. ___] (the "**Plan**")) are hereby **APPROVED.**

⁷ ~~See Exhibit 4 hereto.~~

14. ~~Any Non-Resident Contract Counterparty that objects to the cure amount set forth in the Cure and Possible Assumption and Assignment Notice, must file an objection (a “Cure Objection”~~ Intercity Investments Properties, Inc. (the “Landlord”) shall file a notice disclosing the nature of and amount it asserts is required to cure monetary defaults and satisfy any pecuniary obligations of the Debtors (or obtain waivers with respect thereto) in order for the Debtors to assume and assign the Ground Lease to the Successful Bidder (the “Landlord Cure Notice”) no later than December 19~~[--]~~, 2022 ~~at 4:00 p.m. (prevailing Central Time), which Cure Objection must be served~~ (the “Landlord Cure Bar Date”) and serve the Landlord Cure Notice on the following parties by e-mail (collectively, the “Notice Parties”):

- a. Counsel for the ~~Plan Sponsors~~ Trustee and the DIP Lender: Daniel S. Bleck, Eric R. Blythe, & Kaitlin R. Walsh, Mintz Levin, One Financial Center, Boston MA 02111; DSbleck@mintz.com, ERBlythe@mintz.com, KRWalsh@mintz.com;
- b. RBC: David Fields, david.fields@rbccm.com;
- c. ~~b.~~ Counsel for the Debtors: Trinitee G. Green, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201; tggreen@polsinelli.com; Jeremy R. Johnson & Brenna A. Dolphin, Polsinelli PC, 600 3rd Avenue, 42nd Floor, New York, New York 10016; jeremy.johnson@polsinelli.com, bdolphin@polsinelli.com;
- d. ~~e.~~ Counsel for the Official Committee of Unsecured Creditors of the Debtors: Stephen A. McCartin, Thomas C. Scannell, Mark C. Moore, Foley & Lardner LLP, 2021 McKinney Ave., Ste 1600, Dallas, TX 75201; smccartin@foley.com, tscannell@foley.com, mmoore@foley.com;
- e. Counsel for Lifespace: Eric Walker, ewalker@cooley.com;
- f. Counsel for the Stalking Horse Bidder, Adrienne Walker, awalker@lockelord.com and Chelsey Rosenbloom List, chelsey.list@lockelord.com; and
- g. ~~d.~~ The Office of the United States Trustee, Attn: Lisa Lambert, 1100 Commerce St., Room 976, Dallas, TX 75242; lisa.l.lambert@usdoj.gov.

15. If the Landlord fails to file the Landlord Cure Notice by the Landlord Cure Bar Date, the Landlord shall be forever barred from asserting a cure amount with respect to assumption and assignment of the Ground Lease.

16. Objections to the Landlord Cure Notice must be filed no later than January [20], 2023.

17. The Stalking Horse Bidder shall provide the Landlord with adequate assurance of future performance under the Ground Lease (the “**Stalking Horse Adequate Assurance**”) within one business day of entry of this Order. The Landlord shall file any objection to the Stalking Horse Adequate Assurance no later than December [30], 2022 (the “**Landlord Adequate Assurance Objection**”) and serve such objection on the Notice Parties. Responses to any Landlord Adequate Assurance Objection must be filed no later than January [20], 2023.

18. This Court shall hear argument regarding the Landlord Cure Notice and the Landlord Adequate Assurance Objection at the Confirmation and Sale Hearing.

19. For the avoidance of doubt, if a Bidder other than the Stalking Horse Bidder is chosen as the Successful Bidder, the Landlord’s reserves its right to object to the Successful Bidder’s ability to provide adequate assurance of future performance prior to the Sale and Confirmation Hearing as provided below.

20. The Bidding Procedures regarding the assumption and assignment of the Debtors’ Executory Contracts or Unexpired Leases and the Cure and Possible Assumption and Assignment Notice⁷ are hereby APPROVED.

⁷ See Exhibit 4 hereto.

21. Any Non-Resident Contract Counterparty that objects to (i) the cure amount set forth in the Cure and Possible Assumption and Assignment Notice or (ii) the Stalking Horse Bidder's adequate assurance of future performance, must file an objection (a "Cure Objection") no later than January [4], 2023 at 4:00 p.m. (prevailing Central Time), which Cure Objection must be served on the Notice Parties by e-mail.

22. ~~15.~~ If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party shall be forever barred from objecting to the proposed cure amount or to the Stalking Horse Bidder's adequate assurance of future performance. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the ~~Plan Sponsor~~ Trustee and DIP Lender are unable to consensually resolve the dispute, the amount to be paid under section 365 of the Bankruptcy Code (if any) or, as the case may be, the Debtors' ability to assign the agreement to the Purchaser, shall be determined at the Confirmation and Sale Hearing.

23. ~~16.~~ After the conclusion of the Auction, the ~~Plan Sponsors~~ Trustee and DIP Lender shall file with the Court and serve on the Notice Parties ~~and~~ Contract Counterparties and the Landlord a further notice (the "**Assumption Notice**") identifying the Purchaser, stating which Executory Contracts or Unexpired Leases may be assumed and assigned to the Purchaser, and providing such Contract Counterparties, including the Landlord, with the Purchaser's assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance set forth in the Assumption Notice must file an objection with the Court (a "**Contract Objection**") and serve the Contract Objection on the Notice Parties prior to the Confirmation and Sale Hearing. If a Contract Counterparty or the Landlord does not file a Contract Objection

prior to the Confirmation and Sale Hearing, such party shall be forever barred from objecting to the adequacy of the assurance to be provided by the Purchaser and the assumption and assignment to the Purchaser. Where a Contract Counterparty or the Landlord files a Contract Objection prior to the Confirmation and Sale Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Purchaser or raised issues regarding the potential assumption and assignment will be determined at the Confirmation and Sale Hearing.

24. ~~17.~~ For the avoidance of doubt, the Bidding Procedures regarding the assumption and assignment of the Debtors' Executory Contracts or Unexpired Leases and the Cure and Possible Assumption and Assignment Notice shall not apply to Residency Agreements.

~~APPROVAL OF THE SALE NOTICE~~

Approval of the Sale Notice

25. ~~18.~~ The Confirmation and Sale Hearing will be a combined evidentiary hearing on the confirmation of the Plan pursuant to Bankruptcy Rule 3018(c) and the proposed Sale Transaction, or an Alternative Transaction, as the case may be. The Confirmation and Sale Hearing shall commence before the Honorable Michelle V. Larson, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Texas, on January 10, 2023 at 9:30 a.m. (prevailing Central Time). The Confirmation and Sale Hearing may be adjourned or rescheduled from time to time by the Court without further notice other than an announcement made at the hearing or at any adjourned or rescheduled hearing thereon.

26. ~~19.~~ The form of the Sale Notice provides adequate notice of the time fixed for filing objections and the hearing to consider confirmation of the Plan in accordance with Bankruptcy Rules 2002(a), 2002(b), 2002(d), and 3017(d) and is hereby **APPROVED**.

RELATED RELIEF

Related Relief

27. ~~20.~~ All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

28. ~~21.~~ Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006, 7062, and 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

29. ~~22.~~ This Court retains jurisdiction to hear and consider all disputes arising from the interpretation or implantation of this Order.

Exhibits Referenced and Incorporated Hereto

- Exhibit 1 – Bidding Procedures
- Exhibit 2 – Stalking Horse APA
- Exhibit 3 – Sale Notice
- Exhibit 4 – Cure and Possible Assumption and Assignment Notice

End of Order

Prepared by:

HAYNES AND BOONE, LLP

/s/ Draft

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– and –

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| Counsel to the ~~Plan Sponsors~~ Trustee and DIP Lender

Exhibit 1

Bidding Procedures

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
Northwest Senior Housing Corporation, <i>et al.</i> , ¹	Case No. 22-30659 (MVL)
Debtors.	(Jointly Administered)

BIDDING PROCEDURES

UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “Trustee”) and in its capacity as lender under the DIP Credit Agreement (the “DIP Lender”) and Northwest Senior Housing Corporation and its affiliated debtors (the “Debtors,” and collectively with the Trustee and the DIP Lender, the “Plan Sponsors”) are pursuing Court approval of the First Amended Plan of Reorganization of the Trustee and the DIP Lender Plan Sponsors Dated November 2 December 6, 2022 [Docket No. 752] (the “Plan”).² Pursuant to the Plan, substantially all of the assets of the Debtors (the “Assets”) will be sold (the “Sale”). Bay 9 Holdings LLC, or its designee (the “Stalking Horse Bidder”) has agreed to purchase the Assets for a cash purchase price of \$48,500,000 plus assumed liabilities (the “Stalking Horse Bid”) pursuant to the terms and conditions of the Asset Purchase Agreement attached as an exhibit to the Plan (the “Stalking Horse APA”). To ensure that the maximum value is received for the Assets, the Stalking Horse APA is subject to higher or better offers. To that end, the Plan Sponsors are marketing the Assets and soliciting offers therefor in accordance with these procedures (the “Bidding Procedures”), which have been approved pursuant to an Order entered by this Court in the above-captioned bankruptcy case on November December [], 2022 (the “Bidding Procedures Order”) [Docket No. []].

As provided below, the Plan Sponsors are soliciting bids (“Bids”) for the proposed acquisition of the Assets in accordance with these Bidding Procedures, which require, among other things, that potential purchasers submit an executed asset purchase agreement, along with a marked version evidencing any changes to the Stalking Horse APA. The Plan Sponsors will consider all Bids which comply with the terms of these Bidding Procedures.

Important Dates (All times are prevailing Central Time)³

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

³ All dates are subject to change in the Plan Sponsors Trustee and DIP Lender’s discretion after consultation with the Debtors and the Unsecured Creditors’ Committee (the “Committee”) and Lifespace Communities, Inc. (“Lifespace” and together with the Debtors Committee, the “Consultation Parties”).

Within One (1) Business Day after Entry of the Order Approving the Bidding Procedures:
Deadline for Stalking Horse Bidder to provide adequate assurance of future performance under the Ground Lease (as defined in the Plan) to the Landlord (as defined below)

December 19, 2022: Landlord Cure Bar Date (as defined below)

December 30, 2022: Deadline for Landlord to file the Landlord Adequate Assurance Objection (as defined below)

January 4, 2023 at 4:00 p.m.: Deadline for Non-Resident Contract Counterparties to file objections to the Cure and Possible Assumption and Assignment Notice (as defined below)

December 27, 2022/January 13, 2023 at 4:00 p.m.: Bid Deadline (as defined below).

December 28, 2022/January 17, 2023 at 10:00 a.m.: Auction date.

Within Two (2) Business Days after Conclusion of Auction: Deadline for the Plan Sponsors to file a notice regarding the results of the Auction, including the selection of the Successful Bidder and the Backup Bidder (as each are defined below).

January 30, 2023 at 4:00 p.m.: Deadline to serve objections to the Sale and confirmation of the Plan Sponsors' Plan.

January 10, 2023 at 9:30 a.m.: Hearing to consider approval of the Sale and confirmation of the Plan.

Marketing Process

RBC Capital Markets, LLC (“RBC”), who has been retained by the Trustee and who will act as the investment banker for the solicitation of the purchase of the Assets, has developed a list of parties who the Plan Sponsors believe may be interested in consummating a Sale in addition to the Stalking Horse Bidder, which list includes both strategic and financial parties (each, individually, a “Contact Party”, and collectively, the “Contact Parties”).

RBC shall distribute to, or make available in the data room for, each Contact Party an “Information Package” that is comprised of:

- a cover letter;
- a copy of these Bidding Procedures; and
- a copy of a confidentiality agreement (the “Confidentiality Agreement”), a form of which is attached hereto as **Exhibit 1**.

To participate in the bidding process and to receive access to any confidential materials relating to the Assets (the “Diligence Materials”), each Contact Party must submit to the Plan Sponsors and the Debtors, through RBC, an executed Confidentiality Agreement, signed and transmitted by the person or entity wishing to have access to the Diligence Materials. Each Contact Party who qualifies for access to the Diligence Materials shall be a “Preliminary Potential Purchaser.” All Diligence Material requests must be directed to RBC.

Bid Protections

Subject to the terms of the Bidding Procedures Order, as a component of the Stalking Horse APA, the Stalking Horse Bidder shall be entitled to a break-up fee of \$1,455,000 (*i.e.*, 3% of the

Bidder wishes to have assumed and assigned to it pursuant to the Sale; (b) provide detail regarding the treatment of any agreement with any of the Debtors' current or former residents (each, a "Residency Agreement"); (c) provide detail regarding the operation and management of the Assets after the Sale; and (d) provide information pertinent to the ability to obtain regulatory approvals to purchase and operate the Assets.

- Corporate Authority. Each Bid must disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid, and the complete terms of any such participation, and provide written evidence, reasonably acceptable to the Plan Sponsors, demonstrating appropriate corporate authorization to consummate the Sale.
- Proof of Financial Ability to Perform. Each Bid must include written evidence sufficient for the Plan Sponsors to reasonably conclude, after consultation with the Consultation Parties, that the Bidder has or will have the necessary financial ability to consummate the Sale and provide adequate assurance of future performance under all executory contracts to be assumed and assigned in accordance therewith. Such information should include, *inter alia*, the following:
 - contact names and numbers for verification of financing sources, if applicable;
 - evidence of the Bidder's internal resources and proof of any outside funding sources that are needed to close the Sale; and
 - the Bidder's current financial statements and any such other form, financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Plan Sponsors demonstrating that such Bidder has or will have the ability to close the Sale.
 - Each Bid must acknowledge that the Bidder waives and is not entitled to any of the Stalking Horse Bid Protections or other similar bidder protections, including as a substantial contribution under section 503 of the Bankruptcy Code.

4. Contingencies. Each Bid must include a statement that there are no conditions precedent to the Bidder's ability to close the Sale other than Court and regulatory approvals, including that there are no due diligence or financing contingencies to the Bid, and that all necessary internal and shareholder approvals have been obtained prior to the Bid. Each Bid may be subject to the satisfaction of the conditions precedent to the Sale, as set forth in the Bidder APA.

5. Irrevocable: Each Bid must be irrevocable through the entry of the Confirmation Order; *provided, however*, that a Bid accepted as the Successful Bid or the Backup Bid (as each are defined below) shall remain irrevocable as set forth below, subject to the terms and conditions of the Bidding Procedures.

6. Bid Deadline: The ~~Plan Sponsors~~ Trustee and DIP Lender must receive each Bid, in writing, on or before ~~December 27~~ January 13, 2022~~2023~~, or such later date as may be agreed to by the ~~Plan Sponsors~~ Trustee and DIP Lender (the “Bid Deadline”). Each Bid must be sent by the Bid Deadline to (i) counsel for the ~~Plan Sponsors~~ Trustee and DIP Lender by e-mail: Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com and (ii) RBC, David Fields, david.fields@rbccm.com. Counsel to the Plan Sponsors will provide the Consultation Parties with any Bid within one (1) day of receipt thereof.

Auction

If any Bid (other than the Stalking Horse Bid) received by the Bid Deadline is determined to be a Qualified Bid, the Plan Sponsors will conduct an auction (the “Auction”) to determine the highest or best Qualified Bid. This determination shall take into account any factors the ~~Plan Sponsors~~ Trustee and the DIP Lender, upon consultation with the Debtors and the Consultation Parties, reasonably deem relevant to the value of the Qualified Bid to the Debtors’ estates. Before the Auction, the Stalking Horse Bidder and the other Qualified Bidders will be notified if any Qualified Bids have been received and will receive copies of such Qualified Bids. If no other Qualified Bid is received, the Plan Sponsors will not hold an Auction, and the Stalking Horse Bidder will be named the Successful Bidder. The Auction, if necessary, shall take place on ~~December 28~~ January 17, 2022~~2023~~ at Haynes and Boone, LLP, 2323 Victory Avenue, Suite 700, Dallas, Texas. Unless otherwise agreed to by the ~~Plan Sponsors~~ Trustee and DIP Lender, only the Plan Sponsors, ~~the Debtors~~ Lifespace, Qualified Bidders, advisors to the Committee, representatives of holders of the Bonds, and each of their respective legal or financial professionals are eligible to attend or participate at the Auction. The Auction shall be recorded, transcribed or videotaped, and shall be conducted according to the following procedures, which may be modified by the ~~Plan Sponsors~~ Trustee and DIP Lender in consultation with the Debtors and the Consultation Parties:

The ~~Plan Sponsors~~ Trustee and DIP Lender Shall Conduct the Auction.

The ~~Plan Sponsors~~ Trustee and DIP Lender and their professionals shall direct and preside over the Auction in consultation with the Debtors and the Consultation Parties in a manner that is consistent with these Bidding Procedures. Before the Auction, the ~~Plan Sponsors~~ Trustee and DIP Lender shall describe the terms of the highest or best Qualified Bid(s) (the “Auction Baseline Bid”).

Bidding at the Auction shall begin with Auction Baseline Bid. All Bids made thereafter shall be Overbids (as defined below), and shall be made in a manner determined by the ~~Plan Sponsors~~ Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, and all material terms of each Overbid received shall be disclosed to all Bidders who have

submitted Qualified Bids prior to any subsequent round of bidding. The ~~Plan Sponsors~~ Trustee and DIP Lender shall maintain a transcript of all Bids made and announced at the Auction, including the Auction Baseline Bid and all Overbids.

Terms of Overbids.

An “Overbid” is any Bid made at the Auction subsequent to the ~~Plan Sponsors~~ Trustee and DIP Lender’s announcement of the Auction Baseline Bid. To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

(1) ***Minimum Overbid Increment.***

In advance of the Auction and after a review of the Qualified Bids received, the ~~Plan Sponsors~~ Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, shall determine the increments of any Overbid after the Auction Baseline Bid (the “Minimum Overbid Increment”); provided, that Trustee and the ~~Plan Sponsors~~ DIP Lender shall retain the right to modify the Minimum Overbid Increment at the Auction in consultation with the Debtors and the Consultation Parties.

(2) ***Remaining Terms are the Same as for Qualified Bids.***

Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above; *provided, however*, that the Bid Deadline shall not apply. Upon the conclusion of the Auction, the Successful Bidder and Backup Bidder’s last Bid accepted by the ~~Plan Sponsors~~ Trustee and DIP Lender, in consultation with the Debtors and the Consultation Parties, shall remain open and binding on each such Bidder for thirty (30) days after entry of the Confirmation Order as further provided herein.

To the extent not previously provided, a Qualified Bidder submitting an Overbid must submit, as part of its Overbid, written evidence (in the form of financial disclosure, credit-quality support information or other enhancement reasonably acceptable to the ~~Plan Sponsors~~ Trustee and DIP Lender in consultation with the Debtors and the Consultation Parties) demonstrating such Bidder’s ability to close the Sale.

(3) ***Announcing Overbids.***

Prior to each round of the Auction, the ~~Plan Sponsors~~ Trustee and DIP Lender will announce the Minimum Overbid Increment for such round to all Bidders; *provided, however*, that the ~~Plan Sponsors~~ Trustee and DIP Lender reserve the right to require bids submitted in the final round of the Auction to be sealed at the time of submission. Each Overbid will be made by the Qualified Bidder in the main auction room where the Auction proceedings are being transcribed such that all Qualified Bidders can hear and seek clarification from the ~~Plan Sponsors~~ Trustee and DIP Lender on the terms of such Overbid.

(4) ***Consideration of Overbids.***

Successful Bidder, and thirty (30) days from the entry of the Confirmation Order (the “Outside Backup Date”) unless such Backup Bidder is determined to become the Successful Bidder; *provided, however*, that if the Backup Bidder is the Stalking Horse Bidder, the Outside Backup Date shall be the earlier of (i) thirty (30) days from the entry of the Confirmation Order and (ii) March 17, 2023. Following entry of the Confirmation Order, if the Successful Bidder fails to consummate the Sale, the ~~Plan Sponsors~~ Trustee and DIP Lender may designate the Backup Bidder to be the new Successful Bidder, and the Plan Sponsors will be authorized, but not required, to consummate the Sale with the Backup Bidder without further order of the Bankruptcy Court. The closing date to consummate the Sale with the Backup Bidder shall be as soon as reasonably possible after the date that the Plan Sponsors provide notice to the Backup Bidder that the Successful Bidder failed to consummate the Sale and that the Plan Sponsors desire to consummate the transaction with the Backup Bidder subject to the terms of the Bidder APA executed by the Backup Bidder (the “Backup Bidder APA”).

Procedures for Determining Cure Amounts and Adequate Assurance for Contract Counterparties to Assigned Contracts

(1) Procedures Relating to Ground Lease

Intercity Investments Properties, Inc. (the “Landlord”) shall be required to file a notice disclosing the nature of and amount it asserts is required to cure monetary defaults and satisfy any pecuniary obligations of the Debtors (or obtain waivers with respect thereto) in order for the Debtors to assume and assign the Ground Lease (as defined in the Plan) to the Successful Bidder (the “Landlord Cure Notice”) no later than December [16], 2022 (the “Landlord Cure Bar Date”) and serve the Landlord Cure Notice on the following parties by e-mail: (a) counsel for the Trustee and DIP Lender, Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (b) RBC, David Fields, david.fields@rbccm.com; (c) counsel for the Debtors, Trinitee G. Green, tgreen@polsinelli.com and Jeremy Johnson, jeremy.johnson@polsinelli.com, (d) counsel for the Stalking Horse Bidder, Adrienne Walker, awalker@lockelord.com and Chelsey Rosenbloom List, chelsey.list@lockelord.com; (e) counsel for the Committee: Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark Moore, mmoore@foley.com, (f) counsel for Lifespace: Eric Walker, ewalker@cooley.com and (g) the Office of the United States Trustee, Attn: Lisa Lambert, lisa.l.lambert@usdoj.gov. (collectively, the “Notice Parties”). Objections to the Landlord Cure Notice must be filed no later than January [20], 2023.

The Stalking Horse Bidder shall provide the Landlord with adequate assurance of future performance under the Ground Lease (the “Stalking Horse Adequate Assurance”) within one business day of its designation by the Bankruptcy Court as the Stalking Horse Bidder. The Landlord shall file any objection to the Stalking Horse Adequate Assurance no later than December [30], 2022 (the “Landlord Adequate Assurance Objection”) and serve such objection on the Notice Parties. Responses to any Landlord Adequate Assurance Objection must be filed no later than January [20], 2023.

The Bankruptcy Court shall hear argument regarding the Landlord's cure amount and the Landlord Adequate Assurance Objection at the Confirmation and Sale Hearing.

For the avoidance of doubt, if a Bidder other than the Stalking Horse Bidder is chosen as the Successful Bidder, the Landlord reserves its right to object to the Successful Bidder's ability to provide adequate assurance of future performance prior to the Sale and Confirmation Hearing as provided below.

(2) Procedures Relating to Other Non-Resident Contracts

Within five (5) days after entry of the Bidding Procedures Order, the Plan Sponsors will file with the Bankruptcy Court and serve a notice to the Debtors' contract counterparties other than residents that are party to a Residency Agreement (each, a "Non-Resident Contract Counterparty"), setting forth the Plan Sponsors' calculation of each Non-Resident Contract Counterparty's cure amount, if any, that would be owing to such Non-Resident Contract Counterparty if the Debtors were to assume or assume and assign such executory contract or unexpired lease, and alerting such Non-Resident Contract Counterparty that its agreement may be assumed and assigned to the Successful Bidder (the "Cure and Possible Assumption and Assignment Notice").⁴⁵ From and after the date that is one business day after the designation by the Bankruptcy Court of the Stalking Horse Bidder, the Plan Sponsors will, upon receipt of a written request from any Non-Resident Contract Counterparty, provide the Stalking Horse Adequate Assurance to such Non-Resident Contract Counterparty. Any Non-Resident Contract Counterparty that objects to (i) the cure amount set forth in the Cure and Possible Assumption and Assignment Notice, or (ii) the Stalking Horse Bidder's adequate assurance of future performance, must file an objection (a "Cure Objection") no later than ~~December 19~~ January [4], 2022, which Cure Objection must be served on the ~~following by e-mail: (a) counsel for the Plan Sponsors, Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (b) RBC, David Fields, david.fields@rbc.com; (c) counsel for the Debtors, Trinitee G. Green, tggreen@polsinelli.com and Jeremy Johnson, Jeremy.johnson@polsinelli.com, and (d) counsel for the Committee: Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark Moore, mmoore@foley.com~~ (collectively, the "Notice Parties") by e-mail.

If a Non-Resident Contract Counterparty does not timely file and serve a Cure Objection, that party will be forever barred from objecting to the proposed cure amount or to the Stalking Horse Bidder's adequate assurance of future performance. Where a Non-Resident Contract Counterparty files a timely Cure Objection asserting a higher cure amount than the amount listed in the Cure and Possible Assumption and Assignment Notice, and the Non-Resident Contract Counterparty and the Plan ~~Sponsor~~ Sponsors are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365 (if any) or, as the case may be, the Debtors' ability to assign the agreement to the Successful Bidder, will be determined at the Combined Hearing (as defined below)

⁴⁵ For the avoidance of doubt, "Non-Resident Contract Counterparty" shall not include any resident, former resident, or other party asserting claims arising under the Residency Agreements.

After the conclusion of the Auction, the Plan Sponsors shall file with the Bankruptcy Court and serve on the Notice Parties ~~and~~, Contract Counterparties and the Landlord a further notice (the “Assumption Notice”) identifying the Successful Bidder, stating which Contracts may be assumed and assigned to the Successful Bidder, and providing such Contract Counterparties and the Landlord with the Successful Bidder’s assurance of future performance. Any Contract Counterparty that objects to the adequacy of the assurance or assumption and/or assignment of its Contract set forth in the Assumption Notice must file an objection with the Bankruptcy Court (a “Contract Objection”) and serve the Contract Objection on the Notice Parties prior to the Combined Hearing. If a Contract Counterparty does not file a Contract Objection prior to the Combined Hearing, such party will be forever barred from objecting to the adequacy of the assurance to be provided by the Successful Bidder and assumption and assignment to the Successful Bidder. Where a Contract Counterparty files a Contract Objection prior to the Combined Hearing, and the parties are unable to consensually resolve the dispute, the adequacy of the assurance provided by the Successful Bidder or raised issues regarding the potential assumption and assignment will be determined at the Combined Hearing.

For the avoidance of doubt, this section does not address Residency Agreements although the Residency Agreements are executory contracts. As provided above, in order to constitute a Qualified Bid, each Bid must provide detail regarding the treatment of Residency Agreements with the Debtors’ current or former Residents. To the extent a Bid includes the assumption of the Residency Agreements, the Bidder will be required to satisfy the related cure costs and provide adequate assurance of future performance. The Assumption Notice shall include a description of the Successful Bidder’s proposed treatment of Residency Agreements.

Confirmation and Sale Hearing

The Successful Bid will be subject to approval by the ~~Plan Sponsors~~ Trustee, DIP Lender and the Bankruptcy Court. The evidentiary hearing to consider approval of the Successful Bid will be combined with an evidentiary hearing to consider confirmation of the Plan. The combined hearing (the “Combined Hearing”) will be held before the Honorable Michelle V. Larson, United States Bankruptcy Court for the Northern District of Texas – Dallas Division, Earle Cabell Federal Building, 110 Commerce Street, Room 1254, Dallas Texas on January ~~10~~26, 2023 at 9:30 a.m. (CT).

At the Combined Hearing, the Plan Sponsors will seek the entry of an order of the Bankruptcy Court (i) approving and authorizing the Sale to the Successful Bidder, and, if applicable, the Backup Bidder and (ii) confirming the Plan. The Successful Bidder shall appear at the Combined Hearing and be prepared to testify in support of the Successful Bid and the Successful Bidder’s ability to close in a timely manner.

Objections to the Sale of the Assets to the Successful Bidder or Backup Bidder must be filed and served so that they are actually received by the Notice Parties ~~and counsel for the Office of the United States Trustee for the Northern District of Texas, Lisa Lambert, lisa.l.lambert@usdoj.gov~~, no later than January 320, 2023. The Combined Hearing may be

adjourned or rescheduled as ordered by the Bankruptcy Court or by the Plan Sponsors with the approval of the Successful Bidder in consultation with the Consultation Parties but without further notice to creditors and parties in interest other than by announcement by the Plan Sponsors of the adjourned date at the Combined Hearing.

No later than ten (10) calendar days after entry of the Confirmation Order, the Successful Bidder, and the Plan Sponsors ~~and the Debtors~~ shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing terms and conditions on which the Successful Bid was made and the Sale contemplated by the Successful Bid shall close contemporaneously with the effectiveness of the Plan.

Return of Good Faith Deposits

The Good Faith Deposits of all Qualified Bidders shall be held in one or more interest-bearing escrow accounts by the Escrow Agent, but shall not become property of the Debtors' estates absent further order of the Bankruptcy Court. The Good Faith Deposit of any Qualified Bidder that is neither the Successful Bidder nor the Backup Bidder shall be returned to such Qualified Bidder not later than two (2) business days after announcement of the Successful Bidder and any Backup Bidder. The Good Faith Deposit of the Backup Bidder shall be returned to the Backup Bidder on the date that is the earlier of one (1) business day after the closing of the Sale with the Successful Bidder, and the Outside Backup Date; *provided, however*, that in the event the Successful Bidder does not consummate the Sale as described above and the Plan Sponsors provide notice to the Backup Bidder that it has been chosen as the replacement Successful Bidder and then the Backup Bidder's Good Faith Deposit shall be held until the closing of the Sale with the Backup Bidder as set forth in the Backup Bidder APA. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If the Successful Bidder or the Backup Bidder timely closes the Sale, its Good Faith Deposit shall be credited towards its purchase price.

Reservation of Rights

THE ~~PLAN SPONSORS~~ TRUSTEE AND DIP LENDER RESERVE THEIR RIGHTS TO MODIFY THESE BIDDING PROCEDURES IN ANY MANNER, IN CONSULTATION WITH THE DEBTORS AND THE CONSULTATION PARTIES, THAT WILL BEST PROMOTE THE GOALS OF THE BIDDING PROCESS AND TO IMPOSE, AT OR PRIOR TO THE AUCTION, ADDITIONAL OR DIFFERENT CUSTOMARY TERMS AND CONDITIONS ON THE SALE OF THE ASSETS, INCLUDING, WITHOUT LIMITATION, EXTENDING THE DEADLINES SET FORTH IN THESE BIDDING PROCEDURES, ADJOURNING THE AUCTION AT OR PRIOR TO THE AUCTION AND/OR ADJOURNING THE COMBINED HEARING PRIOR TO SUCH HEARING OR IN OPEN COURT WITHOUT FURTHER NOTICE, AND REJECTING ANY OR ALL QUALIFIED BIDS IF, IN THE ~~PLAN SPONSORS~~ TRUSTEE AND DIP LENDER'S REASONABLE, GOOD-FAITH BUSINESS JUDGMENT DETERMINED THAT SUCH QUALIFIED BID IS (I) INADEQUATE OR INSUFFICIENT, (II) NOT IN CONFORMITY WITH THE

REQUIREMENTS OF THE BANKRUPTCY CODE OR ANY RELATED RULES OR THE TERMS SET FORTH HEREIN, OR (III) CONTRARY TO THE BEST INTERESTS OF THE DEBTORS; PROVIDED THAT NOTHING HEREIN SHALL PERMIT THE MODIFICATION OF THE REQUIREMENT THAT ANY QUALIFIED BID MUST PROVIDE FOR THE PAYMENT OF THE STALKING HORSE BID PROTECTIONS. THE ~~PLAN SPONSORS~~TRUSTEE AND DIP LENDER RESERVE THE RIGHT, AT ANY TIME, FOR ANY REASON AND IN THEIR REASONABLE, GOOD-FAITH BUSINESS JUDGMENT, IN CONSULTATION WITH THE DEBTORS AND THE CONSULTATION PARTIES, TO DECLINE TO PURSUE THE SALE AND TO WITHDRAW ANY MOTION FILED IN THE COURT SEEKING TO APPROVE THE SALE.

Dated: ~~November 2~~December 6, 2022

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy

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– and –

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Counsel to the Debtors and Debtors in Possession

Exhibit 2

Stalking Horse APA

ASSET PURCHASE AGREEMENT

DATED AS OF ~~NOVEMBER~~ DECEMBER [•], 2022

BY AND BETWEEN

**NORTHWEST SENIOR HOUSING CORPORATION,
A TEXAS NOT-FOR-PROFIT CORPORATION, as Seller**

AND

BAY 9 HOLDINGS LLC or its designee, as Purchaser

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “**Agreement**”) is made and entered into as of ~~November~~December [•], 2022 (the “**Execution Date**”), by and between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**” or the “**Debtor**”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”). The Seller and the Purchaser are sometimes individually referred to as a “**Party**” and collectively as the “**Parties.**”

RECITALS

WHEREAS, Seller has filed a voluntary petition for relief under the Bankruptcy Code as Case Number 22-30659 (the “**Chapter 11 Case**”) with the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”);

WHEREAS, Seller is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community (the “**Edgemere Community**”) on land owned by Intercity Investments Properties, Inc. (the “**Landlord**”) located at 8523 Thackery St, Dallas, Texas 75225 and leased to Seller pursuant to that certain Ground Lease dated November 5, 1999 (the “**Ground Lease**”). The Edgemere Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

WHEREAS, UMB Bank, N.A., in its capacity as successor Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture (the “**Trustee**”) and in its capacity as DIP Lender (as defined below) (~~UMB Bank, N.A. in each such capacity,~~the Trustee and DIP Lender collectively with the Debtors, the “**Plan Sponsors**”), have filed ~~a proposed~~ a Plan of Reorganization under Chapter 11 of the Bankruptcy Code (including all related supplements and documents, the “**Plan**”) that contemplates the sale of the Edgemere Community and related assets to Purchaser, or another purchaser that submits a higher and better offer for the assets in accordance with the Sale Transaction Procedures (as defined below);

WHEREAS, Purchaser desires to acquire the Edgemere Community, including Edgemere’s leasehold interest in the Premises (as defined below) created by the Ground Lease, and the assets owned by Seller and used or useful to Seller’s operation of the Edgemere Community (the “**Business**”, and, together with Seller’s interests in the Ground Lease, the “**Assets**”) on the terms and conditions contained in this Agreement, subject to higher and better bids, as well as confirmation of the Plan;

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Parties hereby agree as follows:

“**Assumed Contracts**” means all of the rights and interests of Seller in and to the executory contracts and unexpired leases that Purchaser designates for assumption and assignment, as listed on Schedule 5.5(b) (as may be supplemented or modified prior to Closing), but explicitly excluding all of the Residency Agreements and the Residency Escrow Agreement.

“**Assumed Liabilities**” has the meaning set forth in Section 2.3.

“**Assignment and Assumption Agreement**” has the meaning set forth in Section 2.8(a)(ii) and substantially in the form set forth in **Exhibit B** hereto.

“**Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy”, as now in effect.

“**Bankruptcy Court**” has the meaning set forth in the recitals.

“**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure as now in effect.

“**Bidding Procedures Motion**” means that certain motion filed by the **Plan Sponsors Trustee and DIP Lender** on November 2, 2022 seeking Bankruptcy Court approval of the bidding procedures attached thereto and this Agreement, and granting related relief.

“**Bidding Procedures Order**” means that certain order of the Bankruptcy Court dated [•], 2022 granting the relief sought in the Bidding Procedures Motion.

“**Bills of Sale**” has the meaning set forth in Section 2.8(a)(i) and substantially in the form set forth in **Exhibit A** hereto.

“**Bond Trustee**” means UMB Bank, N.A., in its capacity as successor Bond Trustee under (i) that certain Indenture of Trust, dated as of May 1, 2015 and (ii) that certain Indenture of Trust, dated March 1, 2017, each issued by the Tarrant County Cultural Education Facilities Finance Corporation for the benefit of the Seller.

“**Books and Records**” means the books and records of Seller relating to the Purchased Assets, to the greatest extent assignable; provided, however, that “Books and Records” shall not include the originals of Seller’s minute books, stock books and Tax returns.

“**Break-Up Fee**” has the meaning set forth in Section 7.1(f).

“**Business**” has the meaning set forth in the recitals.

“**Business Day**” means any day other than any Saturday, Sunday or legal holiday in Dallas, Texas.

“**Chapter 11 Case**” has the meaning set forth in the recitals.

“**Closing**” has the meaning set forth in Section 2.7.

“**Closing Date**” has the meaning set forth in Section 2.7.

“**Closing Escrow**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Agent**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Amount**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Objection**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Release Date**” has the meaning set forth in Section 2.5(h).

“**Closing Escrow Release Notice**” has the meaning set forth in Section 2.5(h).

“**Closing Statement**” has the meaning set forth in Section 2.8.

“**Confirmation Order**” means the order of the Bankruptcy Court in form and substance acceptable to the Plan Sponsors and Purchaser, confirming the Plan and approving the Sale pursuant to section 1129 of the Bankruptcy Code.

“**Contract Party**” has the meaning set forth in Section 5.5.

“**Cure Amounts**” means the amount necessary pursuant to 11 U.S.C. § 365 to cure defaults under Assumed Contracts.

“**Debtor**” has the meaning set forth in the recitals.

“**Deposit**” has the meaning set forth in Section 2.5(b) and shall include any interest earned thereon.

“**DIP Credit Agreement**” means that certain Priming Superpriority Debtor-in-Possession Credit Agreement between the Debtors and the DIP Lender as approved by the Bankruptcy Court.

“**DIP Lender**” means UMB Bank, N.A., in its capacity as lender under the DIP Credit Agreement.

“**Edgemere Community**” has the meaning set forth in the recitals.

“**Effective Time**” has the meaning set forth in Section 2.7.

“**Encumbrance**” means any charge, claim (as defined at Bankruptcy Code section 101(5)), community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, transfer, receipt of income or exercise of any other attribute of ownership.

“**Equipment**” means the furniture, tangible property and equipment owned by Seller and used or useful to the Business, including the property identified on Schedule 1(w).

“**Escrow Agent**” means UMB Bank, N.A.

“**Escrow Deposit Agreement**” means that certain agreement between Purchaser, Seller and Escrow Agent substantially in the form set forth in **Exhibit G** hereto.

“**Excluded Assets**” has the meaning set forth in Section 2.2.

“**Excluded Contracts**” has the meaning set forth in Section 5.5(b).

“**Execution Date**” has the meaning set forth in the recitals.

“**Existing Improvements**” shall have the meaning set forth in the Ground Lease.

“**Expense Reimbursement**” has the meaning set forth in Section 7.1(f).

“**Final Order**” means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Case that has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending and stayed, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought and a stay of the order or judgment has been granted, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, to petition for certiorari, or to move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rules 9023 or 9024, may be filed relating to such order shall not cause such order to not be a Final Order.

“**Governmental Authority**” means the Bankruptcy Court, any tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision.

“**Ground Lease**” has the meaning set forth in the recitals.

“**Ground Lease Assignment and Assumption Agreement**” has the meaning set forth in Section 2.8(a)(iii) and substantially in the form set forth in **Exhibit C** hereto.

“**Intangible Personal Property**” means all intangible property rights related to the Businesses or the Premises, including any warranties and guaranties, zoning approvals, building permits, and systems used or useful to the Business. .

“**Intellectual Property**” means all intellectual property and industrial property rights and assets, and any other similar or equivalent type of proprietary right or intellectual

property right anywhere in the world, and all rights to sue, obtain damages or other remedies, including for past, present, and future infringement or misappropriation, and other administrative rights arising from or relating to any of the foregoing, and any interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, fictitious names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or governmental authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights; (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections and other confidential and proprietary information and all rights therein; (e) patents (including all reissues, divisional, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other governmental-authority-issued indicia of invention ownership (including inventor's certificates, petty patents and patent utility models); (f) software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related specifications and documentation; (g) semiconductor chips and mask works; (h) royalties, fees, income, payments and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and (i) all rights to any Actions of any nature available to or being pursued by Seller to the extent related to the foregoing, whether accruing before, on, or after the Execution Date, including all rights to and claims for damages, restitution and injunctive relief for infringement, dilution, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief, and to collect, or otherwise recover, any such damages.

"Intellectual Property Assets" means all Intellectual Property that is owned or licensed by Seller, to the greatest extent assignable, and used or useful to the Business. Intellectual Property Assets shall exclude computer software used by Seller in operation of the Assets which Seller has no right to sell, including computer software which can be purchased through retail outlets, and Matrix software used by Seller for minimum data set tabulation.

"Intellectual Property Assignment and Assumption Agreement" has the meaning set forth in Section 2.8(a)(iv) and substantially in the form set forth in **Exhibit D** hereto.

"Intellectual Property Registrations" means all Intellectual Property Assets that are subject to any issuance, registration, application, or other filing by, to or with any governmental authority or authorized private registrar in any jurisdiction, including registered

trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

“**Inventory**” means all Seller’s inventory used or useful to the Business.

“**Issuer**” means Tarrant County Cultural Education Facilities Finance Corporation.

“**IT Assets**” means IT Inventories, technical documentation, software contracts and computer equipment, in each case related to the Business.

“**IT Inventories**” means (i) computer software code (in all media) and materials, including all software programs; (ii) computer software documentation, including user materials; and (iii) all other unused or reusable materials, stores, and supplies related to computer software, in each case to the extent used in, relating to, or arising out of the Business

“**Land**” shall have the meaning set forth in the Ground Lease.

“**Landlord**” has the meaning set forth in the recitals.

“**Landlord Litigation**” means that certain adversary proceeding commenced in the Bankruptcy Court on April 14, 2022 (Adv. No. 22-03040-mvl) and captioned *Northwest Senior Housing Corporation v. Intercity Investment Properties, Inc., et al.*

“**Liabilities**” means liabilities, obligations, or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute, or contingent, accrued or unaccrued, matured or unmatured or otherwise.

“**Lien**” shall have the meaning set forth in section 101(37) of the Bankruptcy Code, including any security interest, pledge, mortgage, lien, charge, adverse claim of ownership or use, restriction on transfer (such as a right of first refusal or other similar right), defect of title, encroachments, or other encumbrance of any kind or character.

“**Lifespace**” shall mean Lifespace Communities, Inc.

“**MAC**” shall mean either (i) if there has been a reduction of seventeen and a half percent (17.5%) or more, for any reason, when comparing the occupancy for independent living, memory care, and assisted living Residents, collectively, in the Edgemere Community during the month in which the Execution Date occurs to the monthly occupancy for such Residents over any one month period from the Execution Date to the Closing Date or (ii) the loss, revocation, or termination of any Permits necessary or material to operate the Business in the manner operated on the Execution Date, or the cessation of any material part of the Business.

“**Medicare**” means Title XVIII of the Social Security Act.

“**Modified Residency Agreement**” has the meaning set forth in Section 5.5(d).

“**Rejected Contracts**” has the meaning set forth in Section 5.5(b).

“**Related Agreements**” means the Bill of Sale, the Assignment Assumption Agreement, Ground Lease Assumption Agreement, the Intellectual Property Assignment and Assumption Agreement, and other agreements, documents, and instruments related to the transactions contemplated herein.

“**Residency Agreements**” means those certain agreements entered into by and between any Resident and the Seller, including all independent living residency agreements, assisted living residency agreements, life care agreements, skilled nursing residency agreements, memory care agreements, and any additional documents related thereto, including any amendments, supplements, or addendums.

“**Residency Escrow Agreement**” means that certain Escrow Agreement dated as of September 27, 2021, by and among Edgemere, the Trustee, and Regions Bank as escrow agent.

“**Resident**” means a present or former occupant of the Edgemere Community who is a party to a Residency Agreement.

“**Sale**” shall have the meaning ascribed to it in the Sale Transaction Procedures.

“**Sale Transaction Procedures**” shall mean the procedures, in form and substance acceptable to Purchaser, and set forth in those certain bidding procedures as filed and served pursuant to the Bidding Procedures ~~Motion~~Order, which set forth the procedures in connection with the sale of substantially all of the Seller’s assets pursuant to Sections 105(a), 363, 363, 365, 1123, 1125(a)(5)(D) and 1129 of the Bankruptcy Code.

“**Seller**” has the meaning set forth in the recitals.

“**Seller Closing Certificate**” has the meaning set forth in Section 6.2(e) and substantially in the form set forth in **Exhibit E** hereto.

“**Tangible Personal Property**” means all tangible personal property owned by Seller and used or useful to the Business.

“**Taxes**” means any and all taxes, fees, levies, duties, tariffs, import charges and other charges imposed by any taxing authority, together with any related interest, penalties or other additions thereto, or additional amounts imposed by any taxing authority, and without limiting the generality of the foregoing, shall include net income alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, value added, franchise, profits, license, transfer, recording, escheat, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profit, environmental, custom, duty, or other tax, governmental fee or other like assessment or charge of any kind whatsoever.

“**Threshold**” has the meaning set forth in Section 2.10.

2.2 Excluded Assets. Notwithstanding Section 2.1, the Parties acknowledge that Seller shall not sell, assign, transfer or convey to Purchaser, and Purchaser shall not purchase, acquire or accept from Seller, the assets consisting of the following (all such assets, the “**Excluded Assets**”):

(a) the Purchase Price and all rights under this Agreement and the Related Agreements;

(b) all cash and cash equivalents;

(c) the contracts that are not Assumed Contracts (including the Residency Agreements and the Residency Escrow Agreement, which, for the avoidance of doubt, are Rejected Contracts);

(d) all set-off rights to claims filed or asserted in the Chapter 11 Case (except to the extent arising in connection with (i) an Assumed Contract which is subject to cure, (ii) Assumed Liabilities, or (iii) Accounts Receivable);

(e) all Actions;

(f) all intercompany-related obligations between and among Lifespace, the Seller and their respective Affiliates;

(g) hold-backs and escrows for any prorations or Taxes (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing) being paid by Seller in connection with the Closing or afterward, if applicable;

(h) all insurance policies of Seller, any prepaid insurance premiums and any rights or claims or proceeds arising from such policies;

(i) all Tax refunds and rebates which are related to Seller’s operation of the Business prior to the Closing;

(j) all (i) corporate seals, corporate organizational records, minute books, charter documents, record books, and stock transfer books pertaining to Seller, (ii) original Tax, accounting and financial records which pertain exclusively to the Excluded Assets, and (iii) such other files, books and records which pertain exclusively to the Excluded Assets or to the formation, existence or capitalization of Seller or of any other Person;

(k) all Inventory and Assets disposed of or exhausted prior to Closing in the ordinary course of business;

(l) any records which Seller is legally required to retain in its possession and any records related to Excluded Assets or Excluded Liabilities (as hereinafter defined);

(m) all equipment and tangible property located at the Premises but not owned by Seller, and all other assets, properties and rights not related to or used in the Business;

(n) personnel records for Employees who are not Transferred Employees and, to the extent the transfer of such records (whether directly or by means of the sale of the Purchased Assets) to Purchaser or its affiliates is prohibited by applicable Law, for Transferred Employees;

(o) all board designated, self-insurance trusts, workers compensation trusts, working capital trust assets, and assets and investments restricted as to use), donor restricted assets, beneficial interests in charitable trusts and accrued earnings on all of the foregoing;

(p) Employee Retention Tax Credit on qualified wages for the period from March 27, 2020 to December 31, 2021 provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT), the Consolidated Appropriations Act, 2021 (CAA), and the American Rescue Plan Act (ARPA); and

(q) any reserve or bond funds in possession of the Trustee, including, without limitation, any restricted and trustee-held or other escrowed funds (such as the debt service reserves, operating reserves and rent reserves).

2.3 Assumed Liabilities. Upon the terms and subject to the conditions contained in this Agreement, at the Closing, Purchaser shall assume or otherwise be responsible for, which amounts shall be in addition to the Purchase Price, for (collectively, the “**Assumed Liabilities**”):

(a) all liabilities and obligations under the Purchased Assets accruing or arising after the Closing (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing) and all Cure Amounts associated with the Assumed Contracts (other than the Ground Lease for which the Cure Amounts, if any, shall be paid by Seller at Closing);

(b) all liabilities and obligations arising under or related to the Assumed Contracts, from and after Closing; and

(c) all liabilities required to be paid by Purchaser pursuant to this Agreement (such as, without limitation, stamp and recording Tax, solely to the extent not exempt under 11 U.S.C. § 1146).

2.4 Excluded Liabilities. Except for the Assumed Liabilities, Purchaser shall not assume or be liable to pay, perform or discharge any liability, obligation, debt, claim against or contract of the Seller or any of its Affiliates which, in any case, pertain to the ownership, operation or conduct of the Business or the ownership of the Purchased Assets prior to the Closing Date, at any time existing or asserted, whether or not accrued, fixed, contingent or otherwise, whether known or unknown, and whether or not recorded on the books and records of Seller or any of its Affiliates. Without limiting the generality of the foregoing, the Excluded Liabilities shall include, but not be limited to, the following:

(a) any liabilities with respect to the transactions contemplated hereunder arising under the federal Worker Adjustment and Retraining Notification Act and any similar foreign, state, or local plant closing or collective dismissal Laws (collectively, the “WARN Act”);

(b) any Liability for Taxes of Seller (or any member or affiliate of Seller) or relating to the Business, the Purchased Assets, or the Assumed Liabilities for any accruing or arising prior to the Closing (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing);

(c) any Liabilities relating to or arising out of the Excluded Assets, whether arising prior to, or from and after the Closing,

(d) any Liabilities related to or arising out of any Rejected Contracts, Accrued PTO, or any pension, deferred compensation or retirement plan, whether arising prior to, or from and after the Closing;

(e) any Liabilities in respect of any pending or threatened Action arising out of, relating to or otherwise in respect of the ownership or operation of the Business or the Purchased Assets to the extent such Action relates to such operation on or prior to the Closing Date; and

(f) any liabilities related to cost report settlements, fines, penalties, overpayments or recoupments.

2.5 Closing Proceedings.

(a) The Purchase Price under this Agreement is Forty Eight Million and Five Hundred Thousand Dollars (\$48,500,000.00) (“**Purchase Price**”), as adjusted in accordance with this Section 2.5.

(b) ~~Upon the~~ Within two (2) business days of entry of the Bidding Procedures Order by the Bankruptcy Court, Two Million and Four Hundred Thousand Dollars (\$2,425,000) (the “**Deposit**”) shall be paid to Escrow Agent, which will be held by Escrow Agent in accordance with the terms and conditions of this Agreement, the Escrow Deposit Agreement substantially in the form set forth in **Exhibit G** hereto, the Bidding Procedures Order and further orders of the Bankruptcy Court which have been reviewed and approved by the Purchaser. The Deposit will be credited against the Purchase Price at Closing, subject to Section 2.5(c), or, in the event an Alternative Transaction is consummated, returned to Purchaser in accordance with the terms of this Agreement.

(c) Notwithstanding anything to the contrary contained herein, if the Closing does not occur, the Deposit, including any interest earned thereon, shall be paid to the party entitled thereto pursuant to the terms of this Agreement.

(d) At the Closing, Purchaser shall assume the Assumed Liabilities (which shall be in addition to, and not a credit against, the Purchase Price), *provided, however*, with regard to Assumed Contracts other than the Ground Lease, the Purchaser shall pay to each

Contract Party any Cure Amounts, in cash, by wire transfer of immediately available funds, necessary to assume and assign any Assumed Contract, at such time as may be designated by the Court in the Confirmation Order; *provided, further, however*, the Seller shall pay any Cure Amounts due in connection with the Ground Lease to permit the assumption and assignment of the Ground Lease to Purchaser free and clear of any Encumbrances and Liens effective as of the Closing Date.

(e) At the Closing, Purchaser shall pay all escrow fees, recording costs or fees, transfer Taxes (if applicable), and conveyance fees (if applicable). The provisions of this Section 2.5(e) shall survive the Closing.

(f) At the Closing, payment of the Purchase Price, minus the Deposit (and any interest earned thereon) and plus or minus prorations or adjustments as set forth herein, shall be paid by the Purchaser by wire transfer to Escrow Agent.

(g) At the Closing, the Parties will execute and deliver the Related Agreements.

(h) At the Closing, \$1,500,000 of the Purchase Price (the “**Closing Escrow Amount**”) shall be deposited into an escrow account (the “**Closing Escrow**”) with an independent escrow agent acceptable to the ~~Plan Sponsors~~ Trustee and DIP Lender (the “**Closing Escrow Agent**”) upon terms and conditions consistent with this section. On or prior to the Closing Escrow Release Date (defined below), any portion of the Closing Escrow Amount shall only be released to Purchaser from the Closing Escrow upon fourteen (14) days’ notice by Purchaser to Closing Escrow Agent and ~~Plan Sponsors~~ the Trustee and DIP Lender for release of the amount (only up to the available Closing Escrow Amount) credited by Medicare/CMS payor pursuant to a notice of recoupment or setoff against the Purchaser’s post-Closing Medicare Accounts Receivable on account of pre-Closing Medicare/CMS payor overpayments on Seller’s Accounts Receivable (each, a “**Closing Escrow Release Notice**”). The ~~Plan Sponsors~~ Trustee and DIP Lender may assert any objection to a Closing Escrow Release Notice on or before seven (7) days from receipt of a Closing Escrow Release Notice (each, a “**Closing Escrow Objection**”). The ~~Plan Sponsors~~ Trustee and DIP Lender and Purchaser shall meet and confer in good faith to discuss the Closing Escrow Objection. To the extent the ~~Plan Sponsors~~ Trustee and DIP Lender fail to reach an agreement with Purchaser and continue(s) all or part of the Closing Escrow Objections, the ~~Plan Sponsors~~ Trustee and DIP Lender shall (a) provide instruction to the escrow agent to release any undisputed amounts from the Closing Escrow (up to the available Closing Escrow Amount), and (b) seek further order of the Bankruptcy Court to resolve the Closing Escrow Objection. Upon the later of (i) the one (1) year anniversary of the Closing Date, or (ii) resolution of any payment audit relating to Seller’s pre-Closing Medicare payments or Accounts Receivable that is pending at or initiated prior to the one (1) year anniversary of the Closing (the “**Closing Escrow Release Date**”), any remaining and undisputed Closing Escrow Amount shall be paid to ~~Plan Sponsors~~ Trustee and DIP Lender as proceeds from the Sale, with any disputed remaining amounts being disbursed upon final resolution of any then pending Closing Escrow Objections.

2.6 Prorations. The following items shall be prorated as of the Proration Time and paid or credited at Closing, as shall be set forth on the Closing Statement. In the event any

amounts at Closing cannot be accurately determined, such amounts shall be estimated and adjusted as promptly as practicable thereafter but in no event later than sixty (60) days after the Closing Date. Seller shall be responsible for such items prior to the Proration Time and Purchaser shall be responsible for such items after the Proration Time.

(a) All state, county, city, school, ad valorem, and other local real and personal property taxes and assessments and business personal property taxes relating to or assessed against the Purchased Assets shall be prorated as of the Proration Time.

(b) To the extent all utilities and other periodic charges cannot be changed to Purchaser's designee's account by the Closing Date, the same shall be prorated as of the Proration Time.

(c) Seller shall credit to Purchaser at Closing a pro-rata portion of the payments received by Seller for residents and patients, as well as other services to be provided after the Proration Time. Seller shall be credited at Closing with all prepayments made by Seller for services relating to Purchased Assets to be provided after the Proration Time (except real estate Taxes for tax year 2023 relating to the Premises and paid by Seller prior to the Closing).

(d) Provider taxes, privilege taxes or so-called bed taxes or similar taxes or fees (howsoever designated) shall be prorated as of the Proration Time.

2.7 Time and Place of Closing. Subject to the terms of this Agreement, the closing of the transactions contemplated hereby (the "**Closing**") shall be held by electronic exchange of executed documents (or, if the parties elect to hold a physical Closing, at the offices of the ~~Plan Sponsors~~ Trustee and DIP Lender's legal counsel at Haynes and Boone, LLP, 2323 Victory Avenue, Suite 700, Dallas, Texas 75219), prior to the close of business on a date which is not later than ten (10) days after all of the conditions to Closing set forth in Article VI are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date) (the "**Closing Date**"), but in no event later than forty-five (45) days after the entry of the Confirmation Order so long as an operation transition agreement is in place that enables Purchaser to operate the Business in the manner Seller was operating the Business as of the Execution Date (the "**Outside Closing Date**") (unless otherwise mutually agreed by the Parties). The transactions contemplated hereby shall take place pursuant to, and in accordance with, the terms and conditions hereof. The Closing shall be effective as of 11:59 p.m. on the Closing Date or such other date and time as the parties may agree in writing (the "**Effective Time**").

2.8 Closing Deliverables.

(a) At the Closing, Seller shall deliver to Purchaser or its designees the following:

(i) bills of sale in the form of **Exhibit A** (the "**Bills of Sale**") duly executed by Seller, transferring the Existing Improvements, the Intellectual Property Assets, the Intangible Personal Property the Tangible Personal Property, and the IT Assets to Purchaser or its designees;

(ii) assignment and assumption agreements in the form of **Exhibit B** (the “**Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Assumed Contracts (other than the Ground Lease);

(iii) assignment and assumption agreement in the form of **Exhibit C** (“**Ground Lease Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Ground Lease;

(iv) assignment and assumption agreements in the form of **Exhibit D** (the “**Intellectual Property Assignment and Assumption Agreement**”) duly executed by Seller, effecting the assignment to and assumption by Purchaser’s designees of the Intellectual Property Assets;

(v) a closing certificate duly executed by Seller in the form of **Exhibit E** (the “**Seller Closing Certificate**”);

(vi) a closing statement setting forth all prorations and adjustments (the “**Closing Statement**”);

(vii) a certified copy of the Confirmation Order;

(viii) physical possession of the Purchased Assets, including, without limitation, all access codes and keys to the Edgemere Community and Premises and all other things reasonably necessary in order for Purchaser to commence Business;

(ix) upon approval of the Bankruptcy Court, evidence of assumption of the Ground Lease; and

(x) all other documents and instruments contemplated to be delivered by Seller pursuant to this Agreement.

(b) At the Closing, Purchaser and/or its designees shall deliver to Seller the following:

(i) the Assignment and Assumption Agreements duly executed by Purchaser or its designees;

(ii) a closing certificate duly executed by the Purchaser in the form of **Exhibit F** (the “**Purchaser Closing Certificate**”);

(iii) the Closing Statement duly executed by Purchaser; and

(iv) all other documents and instruments contemplated to be delivered by Purchaser pursuant to this Agreement.

(c) On the Closing Date, Purchaser shall cause the Escrow Agent to deliver the Deposit to Seller and shall transfer to Seller the balance of the Purchase Price, less the \$1,500,000 escrow as described in Section 2.5(h).

2.9 Purchase Price Allocation. Purchaser shall allocate the Purchase Price (together with Assumed Liabilities properly included, if any) among the Purchased Assets in a manner consistent with the fair market values determined in good faith and on a reasonable basis by Purchaser prior to the Closing Date. Such allocation shall be consistent with Section 1060 of the Internal Revenue Code and the Treasury Regulations thereunder. Purchaser and Seller covenant and agree that all filings with Governmental Authorities regarding Taxes will be consistent with such allocation.

2.10 Casualty and Condemnation. If any material part of the Purchased Assets is condemned, damaged or destroyed (whether by fire, theft, or other casualty event) prior to the Closing, Seller shall immediately notify Purchaser of such condemnation, damage or destruction. In the event Seller's reasonable estimate of such damage or destruction is in excess of \$2,500,000.00 ("**Threshold**"), then Purchaser shall have the option to: (x) terminate this Agreement by written notice delivered to Seller within ten (10) days after Purchaser's receipt of notice of such damage or destruction, in which case the Deposit shall be returned to Purchaser and the Parties shall have no further obligations hereunder, or (y) proceed with the transaction contemplated in this Agreement without abatement of the Purchase Price, in which case (i) all insurance proceeds relating to such damage or casualty shall be deemed to have been absolutely and irrevocably assigned to and be payable directly to Purchaser from and after the Closing (and held by the Seller in trust for the Purchaser if received prior to the Closing), less any amounts reasonably expended by Seller with the written consent of the Purchaser prior to Closing, (ii) Purchaser shall have the right to conduct all settlement proceedings with respect to such insurance claims, and (iii) Seller shall deliver to Purchaser through escrow an unconditional assignment of all such insurance proceeds. If prior to Closing a material portion, but not all of the Premises, is taken through any power of eminent domain, whether by condemnation or conveyance in lieu of condemnation, Seller shall promptly provide Purchaser written notice of such action and Purchaser shall have the option before the date of the Closing to terminate this Agreement by written notice to Seller delivered within ten (10) days after receipt of Seller's written notice to Purchaser, and Seller shall promptly return the Deposit to Purchaser in immediately available funds. In order to constitute a "material" portion of the Premises for purposes of this Section 2.10, there must be a decrease in the value of the Premises in excess of the Threshold. If this Agreement is not terminated, Seller shall not be obligated to repair any damage or destruction unless requires by law, regulation or Government Authority. Any documents provided pursuant to this Section shall be provided by the disclosing Party to counsel for the Bond Trustee within one (1) Business Day of such disclosure.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

In order to induce Purchaser to enter into this Agreement, Seller makes the representations and warranties set forth below which are true, correct and complete on the date hereof and shall be true, correct and complete as of the Closing.

3.1 **Organization and Qualification of Seller.** Seller is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Texas and has full corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as currently conducted.

3.2 **Authority, Execution and Delivery.** Subject to entry of the Confirmation Order and to the extent limited thereby, Necessary Consents, and the Approvals, Seller has full power, authority and capacity to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, and this Agreement has been duly and validly executed and delivered by Seller and constitutes, and upon the execution and delivery by the Seller of the Related Agreements, the Related Agreements shall constitute, legal, valid and binding obligations of Seller enforceable against Seller in accordance with their terms.

3.3 **Broker.** Except for the engagement of RBC Capital Markets, LLC, whose fee shall be paid from the proceeds of the sale at Closing, neither Seller nor any of its Affiliates has incurred any liability for any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement that would result in any liability, fee, expense or obligation being imposed on Purchaser.

3.4 **Title to Purchased Assets.** Seller has good and valid title to all the Purchased Assets. All such Purchased Assets are free and clear of Liens and Encumbrances except for the Permitted Liens.

3.5 **Accuracy of Representations and Warranties.** All representations and warranties of Seller contained in this Agreement are true and correct as of the Execution Date and shall be true and correct as of the Closing Date.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PURCHASER

In order to induce Seller to enter into this Agreement, Purchaser makes the representations and warranties set forth below which are true, correct and complete on the date hereof and shall be true, correct and complete as of the Closing.

4.1 **Organization.** Purchaser has full power, authority and capacity to execute and deliver this Agreement and the Related Agreements and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

4.2 Authority, Execution and Delivery. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes and, upon the execution and delivery by Purchaser of the Related Agreements, the Related Agreements shall constitute, legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms.

4.3 Brokers. Neither Purchaser nor any of its Affiliates has incurred any liability for any fee or commission to any broker, finder, investment banker or other intermediary in connection with the transactions contemplated by this Agreement that would result in any liability, fee, expense or obligation being imposed on Seller.

4.4 Adequate Funds. As of the Execution Date, Purchaser has the ability to obtain funds in cash in amounts equal to the Purchase Price and other funds needed to consummate the transaction and will at the Closing have immediately available funds in cash, which are sufficient to pay the Purchase Price and to pay any other amounts payable pursuant to this Agreement and to consummate the transaction contemplated herein.

4.5 Condition of Assets; Disclaimers. Purchaser expressly acknowledges and warrants that Purchaser is accepting the Purchased Assets, and taking assignment of the Ground Lease in an “AS IS” “WHERE IS” “WITH ALL FAULTS CONDITION”. PURCHASER ACKNOWLEDGES THAT, EXCEPT AS OTHERWISE PROVIDED FOR IN THE REPRESENTATIONS AND WARRANTIES IN ARTICLE 3 OF THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS, WARRANTIES, OR GUARANTEES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PURCHASED ASSETS.

The representations and warranties in this Section 4 shall not survive Closing.

ARTICLE 5

COVENANTS

5.1 Access to Books and Records. Seller shall, commencing on the Execution Date, provide reasonable access to Purchaser of all of Seller’s assets, books, accounting records, correspondence and files of Seller (to the extent related to the operation of the Assets) for examination by Purchaser (and its representatives), with the right to make copies of such books, records and files or extracts therefrom. Such access will be available to Purchaser during normal business hours, upon reasonable notice, in such manner as will not unreasonably interfere with the conduct of the Business. Those books, records and files which relate to Seller’s assets that are not transferred to Purchaser shall be maintained pursuant to the terms of and in accordance with the Confirmation Order. In addition, from the Execution Date until the Closing Date, Seller shall provide to Purchaser copies of the reports provided to the US Trustee and/or DIP Lender at Section 5.1(a), (c) and (d) of the DIP Credit Agreement [ECF #72] and paragraph 21(ii) of the Final Order approving entry into the DIP Credit Agreement [ECF #421].

5.2 Conduct of Business. From the Execution Date until the Closing Date, except as otherwise contemplated by this Agreement, authorized by the Bankruptcy Court or to the extent Purchaser otherwise consents in writing, and subject to the requirements of the Chapter 11 Case,

Seller shall: (i) conduct the Business in the ordinary course, (ii) make no transfers of any Purchased Assets, (iii) use commercially reasonable efforts to maintain and preserve intact the organization and advantageous business relationships of the Business, and (iv) take no action which would materially adversely affect or materially delay the ability of Purchaser to obtain any Approvals for the transactions contemplated hereby or to perform its covenants under this Agreement.

5.3 Further Assurances. Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, at Purchaser's reasonable request and at the Purchaser's sole cost and expense, the Seller will execute and deliver to Purchaser such other instruments of sale, transfer, conveyance and assignment, provide such materials and information and take such other actions as Purchaser may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to Purchaser, and to confirm Purchaser's title to, all of the Purchased Assets. Additionally, Purchaser shall undertake all commercially reasonable efforts to obtain Permits and regulatory approvals as are needed to consummate the transaction described in this Agreement, and shall file any necessary applications within fifteen (15) days of entry of the Confirmation Order.

5.4 Employees.

(a) Not more than ten (10) days after the Execution Date, Seller shall provide Purchaser with a list of all employees of Seller working at the Edgemere Community, including, for each listed employee, his or her name, date of hire, job title, full-time/part-time status, exempt/non-exempt status, bonus eligibility, commission eligibility, current compensation and status (e.g., leave of absence, disability, layoff, active, temporary).

(b) As of the Closing Date, Purchaser may, but shall not be obligated to, offer employment to such of the hourly and salaried employees of the Seller in its sole discretion (all such employees that accept the employment offer are collectively, the "**Transferred Employees**"). For the avoidance of doubt, Purchaser shall have no liability to Seller or any Transferred Employee for any accrued and unpaid obligations owing from Seller to such employee.

(c) As of the Closing Date, all such Transferred Employees shall be deemed to be the employees of Purchaser and no longer to be the employees of Seller. Effective as of the Closing, Seller agrees to terminate the employment of all of the Transferred Employees. Seller agrees to use its commercially reasonable efforts to make employment records and other related information reasonably requested by Purchaser available to Purchaser.

(d) Nothing herein, express or implied, shall confer upon any other Persons (including any current or former employee or contractor of Seller, Purchaser or any of their respective Affiliates) any rights or remedies hereunder, including any right to employment or continued employment for any specified period or continued participation in any benefit plan or other benefit plan, or any nature or kind whatsoever under or by reason of this Agreement. Nothing herein restricts or precludes the right of Purchaser to terminate the employment of any Transferred Employee after the Closing Date.

5.5 Assumed and Assigned Contracts.

(a) Cure Process. Purchaser shall pay cash or other acceptable consideration to the third party (or parties) to the applicable Assumed Contract (each, a “**Contract Party**”) in order to cure the monetary defaults and satisfy any pecuniary obligations of Seller (or obtain waivers with respect thereto) with respect to the Business. Notwithstanding anything to the contrary herein, Seller shall pay cash or other acceptable consideration to the Landlord in order to cure the monetary defaults and satisfy any pecuniary obligations of Seller in connection with the Ground Lease, with such consideration to permit the assumption and assignment of the Ground Lease to Purchaser free and clear of any Encumbrances and Liens, effective as of the Closing Date. The Purchaser shall provide adequate assurance of future performance under the Assumed Contracts. Further, Purchaser shall assume all obligations from and after the Closing Date under Assumed Contracts.

(b) Identification of Assumed Contracts. Schedule 5.5(b)(i) identifies all executory contracts and unexpired leases Purchaser wishes to be assumed by Seller and assigned by the Seller to Purchaser at Closing (the “**Assumed Contracts**”). At any time prior to the Closing, Purchaser will have the right to provide written notice to Seller of Purchaser’s election to designate an executory contract or an unexpired lease as an Assumed Contract or as a contract that will not be assumed by Purchaser (such contracts, the “**Excluded Contracts**”). Schedule 5.5(b)(ii) identifies all executory contracts and unexpired leases Purchaser wishes to be Excluded Contracts. Upon such designation of a contract as an Assumed Contract, such contract will constitute a Purchased Asset and will be conveyed to Purchaser under this Agreement at Closing. Upon such designation of a contract as an Excluded Contract, such contract will constitute an Excluded Asset. All executory contracts and unexpired leases that are not Assumed Contracts, including, the Excluded Contracts, shall be deemed to be rejected by Seller under Section 365(a) of the Bankruptcy Code as of the Closing Date (the “**Rejected Contracts**”). For the avoidance of doubt, the Residency Agreements, the Residency Escrow Agreement and the management agreement between the Seller and Lifespace are Rejected Contracts and Excluded Contracts. The Confirmation Order shall provide for the assumption and assignment to Purchaser, effective as of the Effective Time, of any Assumed Contract, and, to the extent not included in a prior order of the Bankruptcy Court, for the rejection, effective as of the Effective Time, of the Rejected Contracts. After the Closing Date, the Seller shall be released from any further liability under such Assumed Contracts as provided for under Sections 365(k) and 1141 of the Bankruptcy Code.

(c) Non-Assignment of Assets. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to assign or transfer and shall not affect the assignment or transfer of any Purchased Asset if (a) notwithstanding the rights and remedies available under the Bankruptcy Code, an attempted assignment thereof, without the approval, authorization or consent of, or granting or issuance of any license or permit by, any Government Authority thereto would constitute a breach thereof or (b) the Bankruptcy Court shall not have approved assumption and assignment of any Assumed Contract for any reason (each such action in (a) and (b), a “**Necessary Consent**”). In such event, Seller and Purchaser shall use their commercially reasonable efforts, to obtain the Necessary Consents with respect to any such Assumed Contract after the Closing; provided that the failure to obtain any Necessary Consent shall not delay the Closing or give rise to a reduction in the Purchase Price.

Nothing in this Section 5.5 shall in any way diminish or enlarge (x) Purchaser's obligations hereunder to obtain the Approvals, or (y) the Parties' obligations hereunder to obtain the Necessary Consents.

(d) Modified Residency Agreements. [Subject to regulatory approvals and/or requirements,](#) Purchaser will offer all current Residents at the Edgemere Community the option to enter into a new rental agreement which shall provide similar services to each current Resident as offered by Seller prior to Closing, at the then current private pay rate as advertised by Seller, subject to ordinary market adjustments (the "**Modified Residency Agreement**").

5.6 Cost Reports. Seller shall prepare and file any Medicare cost reports for the Edgemere Community related to the period prior to Closing. Following the Closing, Seller shall be authorized to contact the business office manager or other persons with access to the information at the Edgemere Community during normal business hours in order to obtain information needed to prepare the final Medicare cost reports with respect to claims filed with Medicare for the Facilities prior to the Closing, and Purchaser shall provide Seller with such Edgemere Community records as Seller reasonably requests to complete such final cost reports.

ARTICLE 6

CONDITIONS TO CLOSING

6.1 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No governmental authority shall have enacted, issued, promulgated, enforced, or entered any governmental Order which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) The Bankruptcy Court shall have entered the Confirmation Order on terms reasonably acceptable to the Parties approving the sale to the Purchaser, and the Confirmation Order shall have become a Final Order.

(c) Purchaser or its designees shall have received all Permits and regulatory approvals that are material to operation of the Purchased Assets as such Purchased Assets are currently owned and operated by Seller.

6.2 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Purchaser's waiver, at or prior to the Closing, of each of the following conditions:

(a) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the other Related Agreements to be performed or complied with by it prior to or on the Closing Date; provided, with respect to agreements, covenants and conditions that are qualified by materiality,

notice thereof is received, provided, however, that the Seller is not then in material breach or default of this Agreement;

(d) by either Purchaser, or Seller with consent of ~~Plan Sponsors~~ the Trustee and DIP Lender, if the sale is not approved by the Bankruptcy Court, or there is an Alternative Transaction;

(e) by Purchaser, or Seller with consent of ~~Plan Sponsors~~ the Trustee and DIP Lender, if the Closing has not occurred by the Outside Closing Date by no fault of the Party terminating; and

(f) by either Purchaser with consent of ~~Plan Sponsors~~ the Trustee and DIP Lender, or Seller, if, prior to Closing, the Confirmation Order, after being entered by the Bankruptcy Court, has subsequently been reversed, revoked, or voided by an order of a court of competent jurisdiction.

(g) by Purchaser if any of the conditions set forth in Section 6.1(c) or 6.2 shall have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Closing Date, unless such failure shall be due to the failure of Purchaser to perform with any of the covenants, agreements or conditions hereof to be performed or complied with prior to the Closing; or

(h) by Seller if any of the conditions set forth in Section 6.3 shall have been, or if it becomes apparent that any of such conditions will not be, fulfilled by the Outside Closing Date, unless such failure shall be due to the failure of Seller to perform with any of the covenants, agreements or conditions hereof to be performed or complied with prior to the Closing;

(i) If Seller sells, transfers, leases or otherwise disposes of, directly or indirectly, including through an asset sale, stock sale, merger or other similar transaction, all or substantially all of the Business or the Purchased Assets in a transaction or a series of transactions with one or more Persons other than Purchaser in any circumstance, including in accordance with the Sale Transaction Procedures (such event being an “**Alternative Transaction**”), Seller shall pay to Purchaser, within two (2) Business Days after the consummation of the Alternative Transaction, an amount in cash equal to (i) three percent (3%) of the Purchase Price (the “**Break-Up Fee**”) and (ii) Purchaser’s actual, out of pocket costs and expenses, not to exceed \$200,000 (the “**Expense Reimbursement**”);

(j) by Purchaser if Seller fails to comply with Section 5.1(a), (c) or (d) of the DIP Credit Agreement [ECF #72] or paragraph 21(ii) of the Final Order approving entry into the DIP Credit Agreement [ECF #421] or if there is an Event of Default under Section 8.1 (k), or (l) under the DIP Credit Agreement; or

(k) by Purchaser if the Bidding Procedures Order is not in form and substance acceptable to the Purchaser, which order must include approval of the Break-Up Fee and Expense Reimbursement.

8.2 ~~8.1~~ Expenses. Except as specifically set forth in this Agreement, the Parties shall bear their own expenses, including, without limitation, fees, disbursements and other costs of any attorneys, accountants and other advisors, in connection with this Agreement, the Related Agreements, and the transactions contemplated hereby and thereby. This Section shall not apply, if the Closing does not occur, to any existing or future litigation, if a right to attorneys' fees and expenses otherwise exists.

8.3 ~~8.2~~ Notices. All notices, requests, demands and other communications made in connection with this Agreement shall be in writing and shall be (a) mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, (b) transmitted by hand delivery, (c) sent by electronic means, or (d) sent by nationally recognized overnight courier for next Business Day delivery, addressed as follows:

Seller:

John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225

With a simultaneous copy to:

Jeremy R. Johnson & Trinitee G. Green
POLSINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

Purchaser:

Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

With a simultaneous copy to:

Adrienne K. Walker
Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

And with a simultaneous copy to counsel for the ~~Plan Sponsors~~ Trustee and DIP Lender:

Daniel S. Bleck
Eric Blythe
Kaitlin R. Walsh
Mintz Levin Cohn Ferris Glovsky
and Popeo, PC
One Financial Center
Boston, Massachusetts 02111
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

or, in each case, such other address as may be specified in writing to the other Party. All such notices, requests, demands, waivers and other communications shall be deemed to have been received (w) if by first-class, registered or certified mail, on the fifth Business Day after the mailing thereof, (x) if by hand delivery, on the day after such delivery, (y) if by electronic means and the transmitting Party receives a transmission receipt dated the day of transmission, on the same day as the transmission, and (z) if by nationally recognized overnight courier, on the next Business Day after deposit with such courier.

8.4 ~~8.3~~ Amendment; Waivers, Etc. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the Party against whom enforcement of the amendment, modification, discharge or waiver is sought. Any such waiver shall constitute a waiver only with respect to the specific matter described in such writing and shall in no way impair the rights of the Party granting such waiver in any other respect or at any other time.

8.5 ~~8.4~~ Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.6 ~~8.5~~ Assignment. Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned by either Party without the prior written consent of the other Party, except that Purchaser may assign its rights under this Agreement to an Affiliate.

8.7 ~~8.6~~ Parties in Interest. This Agreement and the Related Agreements shall be binding upon and inure solely to the benefit of the Parties and their successors and permitted assigns, and nothing in this Agreement or any Related Agreement, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature under or by reason of this Agreement or any Related Agreement.

8.8 ~~8.7~~ No Personal Liability. No individual officer, director, employee, manager, agent, or representative shall have personal liability for any of the obligations hereunder or claims of any kind in connection herewith.

8.9 ~~8.8~~ Counterparts; Facsimile Signature. This Agreement may be executed in one or more counterparts, each of which shall be deemed to constitute an original, but all of which shall constitute one and the same instrument, and shall become effective when one or more counterparts have been signed by each of the Parties. Any Party may execute this Agreement by facsimile (or .pdf copy) signature and the other Parties will be entitled to rely upon such facsimile (or .pdf copy) signature as conclusive evidence that this Agreement has been duly executed by such Party.

8.10 ~~8.9~~ Governing Law. Except to the extent inconsistent with the Bankruptcy Code, this Agreement and the Related Agreements shall be governed by and construed and enforced in accordance with the laws of the State of Texas, without regard to its conflicts of law rules.

8.11 ~~8.10~~ Jurisdiction. Each of the Parties agrees that any proceeding brought to enforce the rights or obligations of any Party under this Agreement or any Related Agreement shall be commenced and maintained in the Bankruptcy Court, and the Bankruptcy Court shall have exclusive jurisdiction over any such proceeding. Each of the Parties consents to the exercise of jurisdiction over it and its properties, in accordance with the terms of this Section, with respect to any proceeding arising out of or in connection with this Agreement, any Related Agreement or the transactions contemplated hereby or thereby, or the enforcement of any rights under this Agreement or any Related Agreement. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDINGS BROUGHT BY ANY OTHER PARTY IN CONNECTION WITH ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE PROPERTY OR THE RELATIONSHIP OF THE PARTIES HEREUNDER. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING OR EARLIER TERMINATION OF THIS AGREEMENT.

8.12 ~~8.11~~ Severability. If any provision of this Agreement is inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever, so long as this Agreement, taken as a whole, still expresses the material intent of the Parties. The invalidity of any one or more phrases, sentences, clauses, sections or subsections of this Agreement shall not affect the remaining portions of this Agreement.

CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE DOCUMENTS RELATED HERETO, ANY DEALINGS BETWEEN THE PARTIES RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT OR ANY RELATED TRANSACTIONS.

8.19 ~~8.18~~ Time of the Essence. Time is of the essence for purposes of this Agreement and the rights and obligations of the Parties hereunder.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered as of the date first above written.

NORTHWEST SENIOR HOUSING CORPORATION:

By: _____
Name: _____
Title: _____

BAY 9 HOLDINGS LLC:

By: _____
Name: _____
Title: _____

SCHEDULE 1(w) – EQUIPMENT

SCHEDULE 3.7 – PERMITS

SCHEDULE 5.5(b)(i) – ASSUMED CONTRACTS

SCHEDULE 5.5(b)(ii) – EXCLUDED CONTRACTS

EXHIBIT A

FORM OF BILL OF SALE

BILL OF SALE

Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”), for good and valuable consideration received from Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”), except as limited by that certain Asset Purchase Agreement, dated as of ~~November~~December [•], 2022 between Seller and Purchaser (as modified, amended, or supplemented, the “**Asset Purchase Agreement**”) and the Confirmation Order (as defined in the Asset Purchase Agreement), does hereby sell, convey, transfer, assign and deliver the Purchased Assets (as defined in the Asset Purchase Agreement) “AS-IS”, “WHERE-IS”, “WITH ALL FAULTS”, and Seller does not make any express or implied representations, statements, warranties or conditions of any kind or nature whatsoever concerning the Purchased Assets being sold, conveyed, transferred, assigned and delivered hereunder.

Seller hereby covenants that it will, from time to time upon written request therefor, execute and deliver to Purchaser, its nominees, successors and/or assigns, any new or confirmatory instruments which Purchaser, its nominees, successors and/or assigns, may reasonably request in order to assign and transfer to Purchaser its rights, title and interest in, such Purchased Assets.

IN WITNESS WHEREOF, the undersigned, being duly authorized, has executed and delivered this instrument effective as of January [•], 2023.

NORTHWEST SENIOR HOUSING CORPORATION,
a Texas not-for-profit corporation

By: _____
Name:
Title:

EXHIBIT B

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This ASSIGNMENT AND ASSUMPTION AGREEMENT (“**Assignment**”), dated as of January [•], 2023, is between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Assignor**”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Assignee**”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Asset Purchase Agreement (as defined below).

RECITALS

A. This Assignment is executed pursuant to that certain Asset Purchase Agreement dated as of ~~November~~December [•], 2022, by and between Assignor as Seller and Assignee as Purchaser (the “**Purchase Agreement**”).

B. Subject to the terms and conditions set forth in the Purchase Agreement, Assignor has agreed to assign to Assignee the Assumed Contracts, and Assignee has agreed to assume the Assumed Liabilities.

AGREEMENT

NOW, THEREFORE, in consideration of the above promises and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Assignor does hereby assign transfer, convey, and deliver to Assignee, as of the Effective Time, all of its right, title, and interest in all Assumed Contracts.
2. Assignee, as of the Effective Time, hereby assumes and agrees to pay and perform in due course the Assumed Liabilities. For avoidance of doubt, Assignee is not assuming any of the Excluded Liabilities set forth in Section 2.4 of the Purchase Agreement.
3. This Assignment is binding upon and shall inure to the benefit of the parties and their respective successors and assigns.
4. This Assignment may be executed in any number of counterparts (including by facsimile, .PDF, or email), each of which will be deemed to be an original and all of which, together, will constitute one and the same instrument.
5. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF, INCLUDING AS TO MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE.
6. THE PARTIES AGREE THAT THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO (i) THE

INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT; OR (ii) THE ASSUMED CONTRACTS AND TRANSFERRED RIGHTS ASSIGNED PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT, AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

7. Nothing in this Assignment, express or implied, is intended to or shall be construed to modify, expand, or limit in any way the terms and conditions of the Purchase Agreement. In the event of a conflict between the terms and conditions of this Assignment and the terms and conditions of the Purchase Agreement, the terms and conditions of the Purchase Agreement shall govern, supersede, and prevail.

8. None of the provisions of this Assignment may be amended or waived unless such amendment or waiver is in writing and is signed, in the case of an amendment, by both parties, or in the case of a waiver, by the party against whom the waiver is to be effective.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed as of the date first written above.

ASSIGNOR

**NORTHWEST SENIOR HOUSING
CORPORATION**

By: _____

ASSIGNEE

BAY 9 HOLDINGS LLC

By: _____

EXHIBIT C

FORM OF GROUND LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this “Assignment Agreement”) is made and entered into this [•] day of January, 2023 (the “Effective Date”) by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“Assignor”), and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“Assignee”). Assignor and Assignee may be referred to individually herein as a “Party” and, collectively, as the “Parties” to this Assignment Agreement.

WHEREAS, Assignor is a party to the Ground Lease (as it may be amended, the “Lease Agreement”) dated as of November 1999 by and between Intercity Investment Properties, Inc., a Texas corporation (“Landlord”) and Assignor with respect to certain real property in the City and County of Dallas more specifically described in the Lease Agreement (the “Premises”); and

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of ~~November~~December [•], 2022 (the “Purchase Agreement”), Assignor desires to assign the Lease Agreement to Assignee effective as of the Closing Date (as defined in the Purchase Agreement) and Assignee desires to assume the Lease Agreement in accordance with, and subject to the terms hereof.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the Parties agree as follows:

1. Effective as of the Effective Date, Assignor hereby irrevocably contributes, assigns, transfers, conveys and delivers to Assignee, and Assignee hereby accepts from Assignor, the entire right, title, and interest of Assignor in, to and under the Lease Agreement.
2. Notwithstanding anything to the contrary contained in the Lease Agreement and subject to the terms and conditions of the Purchase Agreement and Confirmation Order (as defined in the Purchase Agreement), effective as of the Effective Date, Assignee hereby assumes and agrees to be bound by the terms and conditions, pay, defend, discharge, and perform all of the liabilities and obligations of the tenant arising under the Lease Agreement on and after the Effective Date as if Assignee were the tenant named therein. Assignor shall remain responsible for all of the liabilities and obligations of the tenant arising under the Lease Agreement prior to the Effective Date subject to any limitations in the Purchase Agreement and the Confirmation Order.
3. Assignor represents that the Lease Agreement represents the entire agreement with respect to the Premises between Landlord and Assignor.
4. Effective as of the Effective Date, notice is hereby given that all notices and other communications to Assignor and Assignee under the Lease Agreement should be delivered to the addresses set forth below in lieu of (or, with respect to Assignee, in addition to) the addresses for notices set forth in the Lease Agreement. Notice to Landlord shall be given to the address set forth in the Lease Agreement. Any notice, demand, request, consent, approval or communication that a Party desires or is required to give to any other Party related to this Assignment Agreement shall be in writing and either served personally or sent by prepaid, certified or registered mail, return receipt requested, and addressed to such Party at the address set forth below. A Party may change its address by notifying the other Parties of the change of address. Notice shall be deemed communicated on the date shown on the receipt card (or if no

date is shown, on the date of the postmark) if mailed as provided in this paragraph, and upon receipt if served personally.

Assignor:

John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225

With a simultaneous copy to:

Jeremy R. Johnson & Trinitee G. Green
POLSINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

Assignee:

Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

With a simultaneous copy to:

Adrienne K. Walker
Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

Except as specifically amended or modified by this Assignment Agreement, the Lease Agreement shall remain unchanged and in full force and effect.

5. Assignee warrants and represents it has not contacted any broker regarding the Premises or this Assignment Agreement.

6. This Assignment Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective executors, administrators, successors and assigns.

7. This Assignment Agreement shall be governed by and construed in accordance with federal bankruptcy law, to the extent applicable, and where state law is implicated this Assignment Agreement, shall be governed by and construed in accordance with the laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction).

8. THE PARTIES AGREE THAT THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS (THE "BANKRUPTCY COURT") SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO THE INTERPRETATION AND ENFORCEMENT OF THIS ASSIGNMENT AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS ASSIGNMENT AGREEMENT AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9. This Assignment Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which counterparts when taken together will constitute one and the same agreement. The exchange of copies of this Assignment Agreement and of signature pages by facsimile transmission or electronic mail transmission (e.g., in .PDF format) will constitute effective execution and delivery of this Assignment Agreement as to the parties and may be used in lieu of the original Assignment Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic mail (e.g., in .PDF format) will be deemed to be their original signatures for any purpose whatsoever. Without limiting the foregoing, the words "execution," "execute," "signed," "signature," and words of like import in or related to this Assignment Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures (e.g., through DocuSign or other similar electronic e-signature application), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act.

[Signature Page Follows]

EXECUTED under seal as of the date first above written.

ASSIGNOR:

Northwest Senior Housing Corporation

By: _____

Name: []

Title: []

Hereunto Duly Authorized

ASSIGNEE:

Bay 9 Holdings, LLC

By: _____

Name: []

Title: []

Hereunto Duly Authorized

EXHIBIT D

**FORM OF INTELLECTUAL PROPERTY
ASSIGNMENT AND ASSUMPTION AGREEMENT**

INTELLECTUAL PROPERTY ASSIGNMENT

This INTELLECTUAL PROPERTY ASSIGNMENT (this “**Agreement**”), is executed and delivered as of January [•], 2023, by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Assignor**”) and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Assignee**”) pursuant to the Asset Purchase Agreement (as hereinafter defined). Assignor and Assignee are each referred to individually as a “**Party**,” and collectively as the “**Parties**.”

WHEREAS, on the terms and subject to the conditions of the Asset Purchase Agreement, dated as of ~~November~~December [•], 2022, by and between Assignor (the “**Seller**”), and Assignee (the “**Purchaser**”) (as modified, amended, or supplemented, the “**Asset Purchase Agreement**”), Seller agreed to, on the Closing Date and at the Closing, sell, convey, transfer, assign, and deliver to Purchaser the Purchased Assets free and clear of all Claims and Encumbrances (other than Permitted Liens).

WHEREAS, Assignor is the owner of the Intellectual Property Assets as defined in the Asset Purchase Agreement, including as set forth on **Schedule 1** hereto; and

NOW, THEREFORE, for the consideration set forth in the Asset Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Defined Terms**. All initially capitalized terms used but not defined herein have the meaning given them in the Asset Purchase Agreement.
2. **Assignment**. On the terms and subject to the conditions set forth in the Asset Purchase Agreement and the Confirmation Order, Assignor hereby sells, conveys, transfers, assigns, and delivers to Assignee, and Assignee’s successors and assigns,
 - i) all right, title and interest in and to the Intellectual Property Assets, including all rights therein provided by international conventions and treaties, and the right to sue for past, present and future infringement thereof (“**Transferred Rights**”);
 - ii) any and all rights to sue at law or in equity for any infringement, imitation, impairment, distortion, dilution or other unauthorized use or conduct in derogation of the Transferred Rights occurring prior to the Closing, including the right to receive all proceeds and damages therefrom;
 - iii) any and all rights to royalties, profits, compensation, license fees or other payments or remuneration of any kind relating to the Transferred Rights arising from and after the date of this Agreement;
 - iv) any and all rights to obtain renewals, reissues, and extensions of registrations or other legal protections pertaining to the Transferred Rights; and

v) all goodwill and other intangible assets associated with the Intellectual Property Assets.

Assignee, its successors and assigns, shall hold the rights to the foregoing for and during the existence of such Transferred Rights, and all renewals, reissues and extensions thereof, as fully and as entirely as the same would have been held and enjoyed by Assignor had this Agreement not been made.

3. Asset Purchase Agreement. This Agreement is in accordance with and is subject to the terms of the Asset Purchase Agreement and Confirmation Order. Nothing contained herein shall be deemed to supersede, enlarge on, limit or modify any of the obligations, agreements, covenants or warranties of Seller contained in the Asset Purchase Agreement and Confirmation Order. If any conflict or other difference exists between the terms of this Agreement and the Asset Purchase Agreement or Confirmation Order, then the terms of the Asset Purchase Agreement and Confirmation Order shall govern and control. Except as set forth in the Asset Purchase Agreement and Confirmation Order, the Transferred Rights are being sold, conveyed, transferred, assigned and delivered hereunder “AS-IS”, “WHERE-IS”, “WITH ALL FAULTS”, and Seller does not make any express or implied representations, statements, warranties or conditions of any kind or nature whatsoever concerning the Transferred Rights being sold, conveyed, transferred, assigned and delivered hereunder.

4. Further Assurances. At the request and cost (if any) of Assignee, Assignor shall timely execute and deliver any additional documents and perform such additional acts reasonably necessary or desirable to record and perfect the interest of Assignee in and to the Intellectual Property Assets (including, without limitation, the Transferred Rights), and shall not enter into any agreement in conflict with this Agreement.

5. Binding on Successors; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and the respective successors in interest and permitted assigns of such parties. This Agreement is not intended to confer any rights or remedies upon any Person or entity other than the Parties hereto.

6. Counterparts. This Agreement may be executed in two (2) or more counterparts (including by DocuSign, or other electronic delivery by electronic mail), each of which shall be deemed an original but all of which together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party hereto and delivered to the other parties, it being understood that each party need not sign the same counterpart. No Party shall assert that the use of an electronic transmission to deliver a signature or the fact that any signature was transmitted or communicated through the use of an electronic transmission, constitutes a defense to the formation or delivery of a contract or a document, and each party hereto forever waives any such defenses.

7. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

8. Amendments, Etc. Any amendment, modification or waiver of any term or provision of this Agreement must be in writing and signed by Assignor and Assignee. Any waiver will be effective only in the specific instance and for the specific purpose for which it is given.

9. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH FEDERAL BANKRUPTCY LAW, TO THE EXTENT APPLICABLE, AND WHERE STATE LAW IS IMPLICATED THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES THEREOF, INCLUDING AS TO MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE.

10. Bankruptcy Court Jurisdiction. THE PARTIES AGREE THAT THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ALL DISPUTES AND OTHER MATTERS RELATING TO (i) THE INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT; OR (ii) THE INTELLECTUAL PROPERTY ASSETS, AND TRANSFERRED RIGHTS ASSIGNED PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY DOCUMENT EXECUTED PURSUANT TO THIS AGREEMENT, AND THE PARTIES EXPRESSLY CONSENT TO AND AGREE NOT TO CONTEST SUCH EXCLUSIVE JURISDICTION; PROVIDED THAT IF THE BANKRUPTCY COURT IS UNWILLING OR UNABLE TO HEAR ANY SUCH DISPUTES AND OTHER MATTERS, THEN THE COURTS OF THE STATE OF TEXAS AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA SITTING IN THE STATE OF TEXAS SHALL HAVE JURISDICTION OVER SUCH DISPUTES AND OTHER MATTERS EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

[Signature Page Follows]

IN WITNESS WHEREOF, the party hereto has executed this Agreement as of the day and year first above written.

ASSIGNEE:

ASSIGNOR:

BAY 9 HOLDINGS LLC

NORTHWEST SENIOR HOUSING
CORPORATION

By: _____
Name:
Its:

By: _____
Name:
Its:

Schedule 1 - Intellectual Property Assets

EXHIBIT E

FORM OF SELLER CLOSING CERTIFICATE

SELLER CLOSING CERTIFICATE

Pursuant to Section 6.2(e) of the Asset Purchase Agreement (the “**Agreement**”), dated as of ~~November~~December [•], 2022 between Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”) and Bay 9 Holdings LLC, a Delaware limited liability company, or its designee (“**Purchaser**”), the undersigned, being a duly authorized executive officer of Seller, does hereby certify that (i) all the covenants and obligations of the Agreement to be complied with and performed by Seller at or before the Closing Date (as defined in the Agreement) have been complied with and performed in all material respects, and (ii) the representations and warranties made by Seller in the Agreement (other than those that speak as of a specified date or time) are true and correct in all respects, as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a material effect.

Northwest Senior Housing Corporation,
a Texas not-for-profit corporation

By: _____
Name:
Title:

EXHIBIT F

FORM OF PURCHASER CLOSING CERTIFICATE

PURCHASER CLOSING CERTIFICATE

Pursuant to Section 6.3(e) of the Asset Purchase Agreement (the “**Agreement**”), dated as of ~~November~~December [•], 2022 between Northwest Senior Housing Corporation, a Texas not-for-profit company (“**Seller**”) and Bay 9 Holdings LLC, a Delaware limited liability company or its designee (“**Purchaser**”), the undersigned, being a duly authorized executive officer of Purchaser, does hereby certify that (i) all of the covenants and obligations of the Agreement to be complied with and performed by Purchaser at or before the Closing Date (as defined in the Agreement) have been complied with and performed in all material respects, and (ii) the representations and warranties made by Purchaser in the Agreement (other than those that speak as of a specified date or time) are true and correct in all respects, as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent such failure to be true and correct has not had, and would not reasonably be expected to have, a material effect.

Bay 9 Holdings LLC
a Delaware limited liability company

By: _____
Name:
Title:

EXHIBIT G

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW AGREEMENT

THIS Escrow Agreement (this “**Agreement**”) made and entered into as of this [•] day of ~~November~~December, 2022 by and among Northwest Senior Housing Corporation, a Texas not-for-profit corporation (“**Seller**”), Bay 9 Holdings LLC, a Delaware limited liability company or its designee (“**Purchaser**”), and UMB Bank, N.A., as Escrow Agent, a national banking association organized and existing under the laws of the United States of America (the “**Escrow Agent**”).

RECITALS

A. Seller has filed a voluntary petition for relief under the Bankruptcy Code as Case Number 22-30659 with the United States Bankruptcy Court for the Northern District of Texas;

B. Seller is a not-for-profit corporation that owns and operates a best-in-class continuing care retirement community located at 8523 Thackery St, Dallas, Texas 75225 (the “**Edgemere Community**”) on land owned by Intercity Investment Properties, Inc. pursuant to that certain Ground Lease dated November 5, 1999 (the “**Ground Lease**”). The Edgemere Community offers residents a continuum of care in a campus-style setting, providing living accommodations and related health care and support services to persons aged 62 or older.

C. UMB Bank, N.A., as the Bond Trustee under the 2015 Bond Indenture and the 2017 Bond Indenture, and successor Master Trustee under the Original Master Indenture (the “**Trustee**”) and in its capacity as DIP Lender, together with the Seller and its affiliated debtor, have filed a proposed a Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the “**Plan**”) that contemplates the sale of the Edgemere Community and related assets to Purchaser, or another purchaser that submits a higher and better offer for the assets in accordance with the Sale Transaction Procedures;

D. Purchaser desires to acquire the Edgemere Community, including Edgemere’s leasehold interest in the Premises created by the Ground Lease, and the assets owned by Seller and used or useful to Seller’s operation of the Edgemere Community (the “**Business**”, and, together with Seller’s interests in the Ground Lease, the “**Assets**”) on the terms and conditions contained in this Agreement, subject to higher and better bids, as well as confirmation of the Plan;

E. Seller and Purchaser have entered into that certain Asset Purchase Agreement dated ~~November~~December [•], 2022 (the “**APA**”)¹.

F. Seller and Purchaser desire that UMB Bank, N.A. act as Escrow Agent to hold the Deposit for the Sale described in the APA, and Escrow Agent is willing to act in such capacity. Seller and Purchaser acknowledge that UMB Bank, N.A. also serves as Bond Trustee and DIP

¹ Terms not defined herein shall have the meanings ascribed to them in the APA.

Lender. Seller and Purchaser assert that no conflict exists, nor does Seller or Purchaser assert any objection thereto.

AGREEMENT

NOW, THEREFORE, Seller, Purchaser, and Escrow Agent agree to the terms of this Agreement as follows:

1. Commencement of Duties. Purchaser, subject to entry of the Bidding Procedures Order, simultaneously with the execution and delivery of this Agreement, shall transfer to the Escrow Agent the aggregate sum of Two Million and Four Hundred Thousand Dollars (\$2,425,000) (the “**Escrowed Funds**”). Upon receipt of the Escrowed Funds and after the parties’ submission of all documentation required by the Escrow Agent to comply with the Bank Secrecy Act, the duties and obligations of each of the parties to this Agreement will commence.

2. Operation of the Escrow. With respect to any requested disbursement, Seller and Purchaser (i) certify they have reviewed any wire instructions set forth in such written disbursement direction to confirm such wire instructions are accurate, (ii) agree to indemnify and hold harmless the Escrow Agent from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested up to the amount of the Escrowed Funds, and (iii) agree they will not seek recourse from the Escrow Agent as a result of losses incurred by it for making the disbursement in accordance with the disbursement direction.

3. Escrowed Funds. Upon receipt of the Escrowed Funds, the Escrow Agent shall hold the Escrowed Funds in escrow pursuant to the terms of this Agreement. Until such time as the Escrowed Funds shall be distributed by the Escrow Agent as provided herein, unless the Escrow Agent is otherwise directed in writing in a joint written investment direction signed by the Seller and the Purchaser, the Escrowed Funds shall be invested and reinvested by the Escrow Agent in the an interest-bearing money market deposit account. The parties hereto acknowledge that the Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

(a) The Escrow Agent shall be entitled to sell or redeem any such investment as necessary to make any distributions required under this Agreement and shall not be liable or responsible for any loss resulting from any such sale or redemption.

(b) Income, if any, resulting from the investment of the Escrowed Funds shall be retained by the Escrow Agent and shall be considered, for all purposes of this Agreement, to be part of the Escrowed Funds.

4. Disbursement of the Escrowed Funds. The Parties shall act in accordance with, and the Escrow Agent shall hold and release the Escrowed Funds as provided in this Section:

(a) Upon receipt of a joint written instruction executed by each of Seller and Purchaser with respect to the Escrowed Funds, the Escrow Agent shall promptly, but in any event within two (2) business days after receipt of such joint written

instruction, disburse all or part of the Escrowed Funds in accordance with such joint written instruction;

(b) Upon receipt by the Escrow Agent of a copy of a final, non-appealable order of any court of competent jurisdiction which may be issued, together with (i) a certificate executed by an authorized representative of the prevailing party, to the effect that such order is final and non-appealable and from a court of competent jurisdiction having proper authority and (ii) the written payment instructions executed by an authorized representative of the prevailing party to effectuate such order (a "Final Determination") (a copy of which shall be delivered simultaneously to the Escrow Agent and the no-presenting party), the Escrow Agent shall, on the fifth (5th) business day following receipt of such Final Determination, disburse as directed, part of all, as the case may be, of the Escrowed Funds in accordance with such Final Determination; or

(c) the Escrow Agent shall release the Escrowed Funds in a manner consistent with the terms of the Bidding Procedures Order.

5. Duties of the Escrow Agent. The Escrow Agent shall have no duties or responsibilities other than those expressly set forth in this Agreement, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent has no fiduciary or discretionary duties of any kind. The Escrow Agent is not a party to, or bound by, the Purchase Agreement or any other agreement among the other parties hereto, and the Escrow Agent's duties shall be determined solely by reference to this Agreement. The Escrow Agent shall have no duty to enforce any obligation of any person, other than as provided herein. The Escrow Agent shall be under no liability to anyone by reason of any failure on the part of any party hereto or any maker, endorser or other signatory of any document or any other person to perform such person's obligations under any such document.

6. Liability of the Escrow Agent; Indemnification. The Escrow Agent acts hereunder as a depository only. The Escrow Agent is not responsible or liable in any manner for the sufficiency, correctness, genuineness or validity of this Escrow Agreement or with respect to the form of execution of the same. The Escrow Agent shall not be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith, and in the exercise of its own best judgment, and may rely conclusively and shall be protected in acting upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by the Escrow Agent), statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is believed by the Escrow Agent to be genuine and to be signed or presented by the proper person(s). The Escrow Agent shall not be held liable for any error in judgment made in good faith by an officer or employee of the Escrow Agent unless it shall be proved that the Escrow Agent was grossly negligent in ascertaining the pertinent facts or acted intentionally in bad faith. The Escrow Agent shall not be bound by any notice of demand, or any waiver, modification, termination or rescission of this Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall give its prior written consent thereto. In no event shall the Escrow Agent be liable for

incidental, indirect, special, consequential or punitive damages or penalties (including, but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such damages or penalty and regardless of the form of action. The Escrow Agent shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of God, strikes, lockouts, riots, acts of war or terror, epidemics, pandemics, governmental regulations, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters. The Escrow Agent shall not be obligated to take any legal action or commence any proceeding in connection with the Escrowed Funds, any account in which Escrowed Funds are deposited, this Agreement or any other agreement, or to appear in, prosecute or defend any such legal action or proceeding.

The Escrow Agent may consult legal counsel in the event of any dispute or question as to the construction of any provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the opinion or instructions of such counsel.

The Escrow Agent shall not be responsible, may conclusively rely upon and shall be protected, indemnified and held harmless by Seller and Purchaser, acting jointly and severally, for the sufficiency or accuracy of the form of, or the execution, validity, value or genuineness of any document or property received, held or delivered by it hereunder, or of the signature or endorsement thereon, or for any description therein; nor shall the Escrow Agent be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any document, property or this Agreement.

In the event that the Escrow Agent shall become involved in any arbitration or litigation relating to the Escrowed Funds, the Escrow Agent is authorized to comply with any decision reached through such arbitration or litigation.

Seller and Purchaser, jointly and severally, hereby agree to indemnify the Escrow Agent and each direction, officer, employee, attorney, agent and affiliate of the Escrow Agent for, and to hold it harmless against any loss, liability or expense incurred in connection herewith up to the amount of the Escrowed Funds without gross negligence or willful misconduct on the part of the Escrow Agent, including without limitation legal or other fees arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including without limitation the costs and expenses of defending itself against any claim of liability in the premises or any action for interpleader. The Escrow Agent shall be under no obligation to institute or defend any action, suit, or legal proceeding in connection herewith, unless first indemnified and held harmless to its satisfaction in accordance with the foregoing, except that the Escrow Agent shall not be indemnified against any loss, liability or expense arising out of its own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction, subject to no further appeal. Such indemnity shall survive the termination or discharge of this Agreement or resignation of the Escrow Agent.

7. The Escrow Agent's Fee. Escrow Agent shall be entitled to fees and expenses for its regular services as Escrow Agent as set forth in Exhibit A. Additionally, Escrow Agent is entitled to fees for extraordinary services and reimbursement of any out of pocket and extraordinary costs and expenses, including, but not limited to, attorneys' fees. Escrow Agent shall have a first lien upon all Escrowed Funds for the purposes of paying its fees and expenses.

All of the Escrow Agent's compensation, costs and expenses shall be paid by Seller. Any fees and expenses shall be payable from and may be deducted by Escrow Agent from interest and/or principal of any monies held in Escrowed Funds by Escrow Agent.

8. Security Interests. No party to this Escrow Agreement shall grant a security interest in any monies or other property deposited with the Escrow Agent under this Escrow Agreement, or otherwise create a lien, encumbrance or other claim against such monies or borrow against the same.

9. Dispute. In the event of any disagreement between the undersigned or the person or persons named in the instructions contained in this Agreement, or any other person, resulting in adverse claims and demands being made in connection with or for any papers, money or property involved herein, or affected hereby, the Escrow Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected hereby, the Escrow Agent shall not be or become liable to the undersigned or to any person named in such instructions for its refusal to comply with such conflicting or adverse demands, and the Escrow Agent shall be entitled to refuse and refrain to act until: (a) The rights of the adverse claimants shall have been fully and finally adjudicated in a Court assuming and having jurisdiction of the parties and money, papers and property involved herein or affected hereby, or (b) All differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing, signed by all the interested parties.

10. Resignation of Escrow Agent. Escrow Agent may resign or be removed, at any time, for any reason, by written notice of its resignation or removal to the proper parties at their respective addresses as set forth herein, at least 30 days before the date specified for such resignation or removal to take effect; upon the effective date of such resignation or removal:

(a) All cash and other payments and all other property then held by the Escrow Agent hereunder shall be delivered by it to such successor Escrow Agent as may be designated in writing by the Seller and the Purchaser, whereupon the Escrow Agent's obligations hereunder shall cease and terminate;

(b) If no such successor Escrow Agent has been designated by such date, all obligations of the Escrow Agent hereunder shall, nevertheless, cease and terminate, and the Escrow Agent's sole responsibility thereafter shall be to keep all property then held by it and to deliver the same to a person designated in writing by the Seller and the Purchaser or in accordance with the directions of a final order or judgment of a court of competent jurisdiction.

(c) Further, if no such successor Escrow Agent has been designated by such date, the resigning or removed Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor agent. In such instance, the resigning or removed Escrow Agent may pay into court all monies and property deposited with Escrow Agent under this Agreement.

11. Notices. All notices, demands and requests required or permitted to be given under the provisions hereof must be in writing and shall be deemed to have been sufficiently given, upon receipt, if (i) personally delivered, (ii) sent by telecopy or electronic mail and confirmed by phone or (iii) mailed by registered or certified mail, with return receipt requested, delivered as follows:

(1) If to Seller: John Falldine, Executive Director
Edgemere
8523 Thackery Street
Dallas, Texas 75225
John.Falldine@lifespacecommunities.com

with a copy to: Jeremy Johnson & Trinitee Green
POL SINELLI PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
jeremy.johnson@polsinelli.com
tggreen@polsinelli.com

(2) If to Purchaser: Bay 9 Holdings LLC
265 Magnolia Avenue
Suite 100
Larkspur, CA 94939

with a copy to: Adrienne K. Walker

Chelsey Rosenbloom List
Locke Lord LLP
111 Huntington Avenue, 9th Floor
Boston, MA 02199-7613
awalker@lockelord.com
chelsey.list@lockelord.com

(3) If to Escrow Agent: Irina Palchuk, Senior Vice President
UMB Bank, N.A.
100 William Street, Suite 1850
New York, NY 10038
Irina.Palchuk@umb.com

with a copy to: Daniel S. Bleck
Eric Blythe
Kaitlin R. Walsh

Mintz Levin Cohn Ferris Glovsky
and Popeo, PC
One Financial Center
Boston, Massachusetts 02111
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

12. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Missouri without regard to the principles of conflicts of law.

13. Binding Effect; Benefit. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

14. Modification. This Agreement may be amended, modified or terminated at any time by a writing executed by Seller, Purchaser, and the Escrow Agent; provided the party making such assignment provides written notice to the other parties hereto.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means.

16. Headings. The section headings contained in this Agreement are inserted for convenience only, and shall not affect in any way, the meaning or interpretation of this Agreement.

17. Severability. This Agreement constitutes the entire agreement among the parties and supersedes all prior and contemporaneous agreements and undertakings of the parties in connection herewith. No failure or delay of the Escrow Agent in exercising any right, power or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power or remedy preclude any other or further exercise of any right, power or remedy. In the event that any one or more of the provisions contained in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.

18. Earnings Allocation; Tax Matters; Regulatory Compliance. The parties hereto agree that, for tax reporting purposes, all interest or other income, if any, attributable to the Escrowed Funds or any other amount held in escrow by the Escrow Agent pursuant to this Agreement shall be allocable to the Seller. The Seller agrees to provide the Escrow Agent completed Forms W-9 (or Forms W-8, in the case of non-U.S. persons) and other forms and documents that the Escrow Agent may reasonably request (collectively, "Tax Reporting Documentation") at the time of

execution of this Agreement. Additionally, the parties hereto agree that they will provide any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time, and the Bank Secrecy Act of 1970, as amended from time to time (together the "Acts"), which information will be used to verify the identities of the parties to ensure compliance with the terms of such Acts. The parties hereto understand that if such Tax Reporting Documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code, as it may be amended from time to time, to withhold a portion of any interest or other income earned on the investment of monies or other property held by the Escrow Agent pursuant to this Escrow Agreement.

[SIGNATURE PAGES FOLLOW]

SELLER:

Northwest Senior Housing Corporation,
a Texas not-for-profit corporation

By: _____
Name:
Title:

PURCHASER:

Bay 9 Holdings LLC,
a Delaware limited liability company

By: _____
Name:
Title:

ESCROW AGENT:

UMB BANK, N.A., solely as Escrow Agent

By: _____
Name: Irina Palchuk
Title: Senior Vice President

Exhibit 3

Sale Notice

HAYNES AND BOONE, LLP

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**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY AND POPEO, PC**

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krwalsh@mintz.com

Counsel to the ~~Plan Sponsors~~ Trustee and
DIP Lender

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

NOTICE OF SALE

PLEASE TAKE NOTICE THAT:

1. Pursuant to the *Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation And Sale Hearing; and (V) Granting Related Relief* [Docket No. ___] (the “**Bidding Procedures Order**”) entered by the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”) on [____], 2022, the Bankruptcy Court approved entry into that certain Asset Purchase Agreement, dated as of ~~November~~ December [•], 2022 (the “**Stalking Horse APA**”) with Bay 9 Holdings LLC or its designee (the “**Stalking Horse Bidder**”) for the sale of substantially all of the Debtors’ assets subject to a competitive bidding process as set forth in the Bidding Procedures Order.

¹ The Debtors in the Chapter 11 Cases (the “**Chapter 11 Cases**”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

Capitalized terms used but not otherwise defined in this notice have the meanings ascribed to them in the Bidding Procedures Order or the Stalking Horse APA, as applicable.

2. Copies of (i) the Stalking Horse APA, (ii) the Bidding Procedures, and (iii) the Bidding Procedures Order can be obtained by contacting the ~~Plan Sponsors~~ Trustee and DIP Lender's financial advisor, RBC Capital Advisors ("RBC"), Attn: David B. Fields, Telephone: 610-729-3658, E-mail: david.fields@rbccm.com or by download from the Debtors' claims and noticing agent KCC website at: <https://www.kccllc.net/edgemere>.

3. Once filed with the Bankruptcy Court, which will be at least [_____] () days prior to the Confirmation and Sale Hearing, copies of the proposed order approving the ~~Plan Sponsors'~~ Plan, which order will effectuate the sale of the Debtors' assets (the "Confirmation Order") may be obtained by contacting RBC or KCC as set forth in paragraph 2 above.

4. All interested parties are invited to make an offer to purchase the Purchased Assets in accordance with the terms and conditions approved by the Bankruptcy Court (the "Bidding Procedures") by ~~DECEMBER 27~~ JANUARY 13, 2022 2023 at 4:00 P.M. (prevailing Central Time). Pursuant to the Bidding Procedures, the ~~Plan Sponsors~~ Trustee and DIP Lender may conduct an auction for the Purchased Assets (the "Auction") on ~~DECEMBER 28~~ JANUARY 17, 2022 2023 BEGINNING PROMPTLY AT 10:00 A.M. (prevailing Central Time) at the offices of the ~~Plan Sponsors~~ Trustee and DIP Lender's counsel, Haynes & Boone LLP, 2323 Victory Avenue, Suite 700 Dallas, TX 75219 or such other location as may be announced prior to the Auction to the Auction Participants. Contact ~~the Plan Sponsors' financial advisor,~~ RBC, Attn: David B. Fields, Telephone: 610-729-3658, E-mail: david.fields@rbccm.com for further information regarding the Debtors' assets and/or making a bid.

5. Participation at the Auction is subject to the Bidding Procedures and the Bidding Procedures Order.

6. A hearing to approve the sale of the Purchased Assets to the highest and best bidder will be held on JANUARY 10 26, 2023 at 9:30 A.M. (prevailing Central Time) at the Bankruptcy Court. The hearing on the sale may be adjourned without notice other than an adjournment in open court.

7. Objections, if any, to the proposed sale must be filed and served in accordance with the Bidding Procedures Order, and **actually received** no later JANUARY 3 20, 2023 AT 4:00 P.M. (prevailing Central Time).

8. This notice is qualified in its entirety by the Bidding Procedures Order.

[Remainder of page intentionally left blank.]

Dated: [_____], 2022

HAYNES AND BOONE, LLP

/s/ DRAFT

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– and –

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
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*Counsel to the ~~Plan Sponsors~~ Trustee and
DIP Lender*

/s/ DRAFT

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Facsimile: (212) 684-0197

jeremy.johnson@polsinelli.com
Counsel to the Debtors and Debtors in Possession

Exhibit 4

Cure and Possible Assumption and Assignment Notice

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

¹ The Debtors in the Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

**NOTICE OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES
THAT MAY BE ASSUMED, PURSUANT TO SECTIONS 365 AND 1123 OF THE
BANKRUPTCY CODE, IN CONNECTION WITH THE PLAN AND THE
PROPOSED CURE AMOUNTS WITH RESPECT THERETO**

PLEASE TAKE NOTICE THAT:

1. On April 14, 2022 (the “**Petition Date**”), Northwest Senior Housing Corporation and Senior Quality Lifestyles Corporation (collectively, the “**Debtors**”) commenced bankruptcy cases (the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”).

2. On November 2, 2022, UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**,” and collectively with the Trustee, the “**Initial Plan Sponsors**”) filed, among other things, the *Plan of Reorganization of the Trustee and the DIP Lender Dated November 2, 2022 (as amended, modified, and supplemented, the “**Plan**”) and the Motion of Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures;(II) Authorizing and Approving the Stalking Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation And Sale Hearing; and (V) Granting Related Relief* [Docket No. 755] (the “**Motion**”).² On [____], 2022, the Bankruptcy Court entered an order granting the relief requested in the Motion [Docket No.] (the “**Bidding Procedures Order**”).²

² ~~All capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.~~

² All capitalized terms not defined herein shall have the meaning ascribed to them in the Bidding Procedures Order.

3. On December 6, 2022, the Debtors, the Trustee and the DIP Lender (collectively, the “**Plan Sponsors**”) filed the (i) *First Amended Plan of Reorganization of the Plan Sponsors Dated December 6, 2022* [Docket No. ---] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Plan**”) and (ii) *First Amended Disclosure Statement for the First Amended Plan of Reorganization of the Plan Sponsors Dated December 6, 2022* [Docket No. ---] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Disclosure Statement**”). The Plan is supported by the Plan Sponsors, Lifespace Communities, Inc. (“**Lifespace**”), and the official committee of unsecured creditors (the “**Committee**”).

4. ~~3.~~ Pursuant to the Bidding Procedures Order, the Plan Sponsors are delivering this notice (the “**Cure and Possible Assumption and Assignment Notice**”) identifying (a) those executory contracts and unexpired leases which may be assumed on the Effective Date and assigned to a Purchaser (the “**Executory Contracts and Unexpired Leases**”); and (b) the proposed cure amount for each Executory Contract and Unexpired Lease identified herein. For the avoidance of doubt, this Cure and Possible Assumption and Assignment Notice shall not apply to the Residency Agreements, which are contemplated to be rejected pursuant to the Plan.

5. ~~4.~~ An Executory Contract and/or Unexpired Lease with respect to which you have been identified as a counterparty, and the corresponding proposed cure amount, if any, is set forth on the attached **Exhibit A**.

Objections

6. ~~5.~~ Any objections to the assumption and/or assumption and assignment of any Executory Contract or Unexpired Lease, including any objection to a proposed cure amount and any objection to the Stalking Horse Bidder’s adequate assurance of future performance (each a

“Cure Objection”), must (a) be in writing; (b) state with specificity the nature of such objection; and (c) comply with the Bankruptcy Rules.

7. ~~6.~~ Additionally, any Cure Objection must be filed with the Court no later than ~~DECEMBER 19, 2022~~ JANUARY [4,] 2023 at 4:00 P.M. (prevailing Central Time).

8. ~~7.~~ UNLESS YOU FILE A CURE OBJECTION AND SERVE SUCH OBJECTION IN ACCORDANCE WITH THE INSTRUCTIONS AND DEADLINES SET FORTH HEREIN, YOU SHALL BE FOREVER BARRED FROM (A) OBJECTING TO THE DEBTORS’ ASSUMPTION, ASSIGNMENT AND/OR THE CURE AMOUNT SET FORTH ON EXHIBIT A; AND (B) ASSERTING OR CLAIMING ANY CURE AMOUNT AGAINST THE DEBTORS, THE PURCHASER, OR ANY OTHER ASSIGNEE OF THE RELEVANT EXECUTORY CONTRACT OR UNEXPIRED LEASE; PROVIDED, HOWEVER, THAT [IF THE SUCCESSFUL BIDDER IS NOT THE STALKING HORSE BIDDER,](#) ANY COUNTERPARTY TO AN EXECUTORY CONTRACT OR UNEXPIRED LEASE SUBJECT TO ASSUMPTION MAY RAISE AN OBJECTION TO THE ASSUMPTION AND ASSIGNMENT THEREOF SOLELY WITH RESPECT TO THE ABILITY OF THE SUCCESSFUL BIDDER TO PROVIDE ADEQUATE ASSURANCE OF FUTURE PERFORMANCE UNDER THE ASSUMED CONTRACT AT THE CONFIRMATION AND SALE HEARING, OR AT ANY TIME BEFORE THE CONFIRMATION AND SALE HEARING.

Confirmation and Sale Hearing

9. ~~8.~~ Any Cure Objection that is timely filed and served regarding any Executory Contract or Unexpired Lease listed on Exhibit A, shall be heard at a hearing to be held before the Honorable Michelle V. Larson, United States Bankruptcy Court for the Northern District of

Texas, 1100 Commerce Street, 14th Floor, Courtroom No. 2, Dallas, Texas 75242 on **January 10, 2023 at 9:30 a.m. (prevailing Central Time)** or such other date and time as may be fixed by the Court.

Reservation of Rights

10. ~~9.~~ The presence of an Executory Contract or Unexpired Lease on **Exhibit A** does not constitute an admission that such any listed Executory Contract or Unexpired Lease is an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code, or that such Executory Contract or Unexpired Lease will be assumed by the Debtors and assigned to the Purchaser. The Plan Sponsors reserve all of their rights to send out additional notices concerning additional or other Executory Contracts and Unexpired Leases subject to the provisions of any order by the Court.

[Remainder of page intentionally left blank.]

DATED: _____, 2022
Dallas, Texas

HAYNES AND BOONE, LLP

By: /s/ Draft
J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
2323 Victory Avenue, Suite 700
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– and –

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Counsel to the ~~Plan Sponsors~~ Trustee and
DIP Lender

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Counsel to UMB Bank, N.A. as Trustee and DIP Lender

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**DEBTORS', TRUSTEE AND DIP LENDER'S MOTION FOR AN ORDER (I)
ESTABLISHING VOTING RECORD DATE AND OTHER DEADLINES;
(II) AUTHORIZING KURTZMAN CARSON CONSULTANTS LLC TO ACT AS THE
SINGULAR VOTING AGENT WITH RESPECT TO THE COMPETING PLANS; (III)
APPROVING SOLICITATION AND NOTICE PROCEDURES WITH RESPECT TO**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.



COMPETING PLANS; (IV) APPROVING MANNER AND FORMS OF BALLOTS, NOTICES AND RELATED DOCUMENTS; AND (V) GRANTING RELATED RELIEF

A HEARING WILL BE CONDUCTED ON THE MATTERS SET FORTH IN THIS MOTION ON NOVEMBER 30, 2022 AT 1:30 P.M. (PREVAILING CENTRAL TIME) AT THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS, 1100 COMMERCE ST., 14TH FLOOR, COURTROOM NO. 2, DALLAS, TEXAS 75242. THE HEARING WILL BE CONDUCTED VIA WEBEX IN ACCORDANCE WITH INSTRUCTIONS PROVIDED IN A SEPARATE NOTICE OF HEARING FILED CONTEMPORANEOUSLY HEREWITH.

The above-captioned debtors and debtors-in-possession (the “**Debtors**”) and UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**,” and together with the Trustee, the “**Bondholder Plan Sponsors**”)² hereby move (the “**Motion**”) this Court in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”) for entry of an order, pursuant to sections 105(a), 1123(a), 1124, 1125, 1126, and 1128 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2002, 3016, 3017, 3018, and 3020 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 2002-1, 3017-1, 3018-1, and 3020-1 of the Local Bankruptcy Rules for the Northern District of Texas (the “**Local Rules**”): (i) authorizing Kurtzman Carson Consultants LLC to act as the singular voting agent with respect to the Edgemere Plan and the Bondholder Plan (each, as may be further amended or supplemented from time to time, and including all exhibits and supplements thereto, a “**Competing Plan**, and collectively, the “**Competing Plans**”); (ii) establishing the Voting Record Date and other deadlines³; (iii) approving solicitation and notice procedures with respect to confirmation of the

² Notwithstanding that this is a joint motion of the Debtors and the Bondholder Plan Sponsors, no party waives its rights with respect to objections regarding the Disclosure Statements (as defined herein) or confirmation of the Competing Plans (as defined herein).

³ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Competing Plans, as applicable.

Competing Plans and for filing objections to the Competing Plans; (iv) approving the manner and forms of ballots, notices and other related documents; and (v) granting related relief as set forth herein. In support of this Motion, the Debtors and the Bondholder Plan Sponsors respectfully state as follows:

PRELIMINARY STATEMENT

1. This Motion seeks relief to permit the coordinated solicitation of votes to accept or reject the two (2) Competing Plans that have been filed in these Chapter 11 Cases. The “**Plan Proponents**” include the official committee of unsecured creditors (the “**Committee**”) and the Debtors, on the one hand, and the Bondholder Plan Sponsors, on the other.

2. On November 2, 2022, (i) the Committee and the Debtors filed (a) the *Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 750] (the “**Edgemere Plan**”) and (b) the *Disclosure Statement in Support of the Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 751] (“**Edgemere Disclosure Statement**”); and (ii) the Bondholder Plan Sponsors filed (a) the *Plan of Reorganization of the Trustee and the DIP Lender Dated November 2, 2022* [Docket No. 752] (the “**Bondholder Plan**”); and (b) the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* [Docket No. 753] (the “**Bondholder Disclosure Statement**”) and together with the Edgemere Disclosure Statement, the “**Disclosure Statements**”). To streamline the solicitation, notice, and voting procedures and confirmation process, counsel for the Committee, the Debtors, and the Bondholder Plan Sponsors conferred and reached agreement with respect to the relief requested herein.

3. The Debtors and the Bondholder Plan Sponsors request approval of the various deadlines, ballots, notices and other documents designed to govern and facilitate the solicitation

of votes to accept or reject the Competing Plans. The Debtors and the Bondholder Plan Sponsors further request that the Court establish solicitation procedures with respect thereto, as more fully set forth below.

JURISDICTION AND VENUE

4. This Court has jurisdiction over these Chapter 11 Cases pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Debtors confirm their consent to the entry of a final order or judgment by the Court in connection with the Motion if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

5. Venue is proper in this District under 28 U.S.C. §§ 1408 and 1409.

6. The statutory bases for the relief sought herein are Bankruptcy Code sections 105(a), 1123(a), 1124, 1125, 1126, and 1128, Bankruptcy Rules 2002, 3016, 3017, 3018, and 3020, and Local Rules 2002-1, 3017-1, 3018-1, and 3020-1.

BACKGROUND

7. On April 14, 2022 (the “**Petition Date**”), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas (the “**Court**”).

8. The Chapter 11 Cases are being jointly administered pursuant to Bankruptcy Rule 1015(b). *See* Docket No. 88. The Debtors continue to operate and manage their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.

9. On April 28, 2022, the Office of the United States Trustee for the Northern District of Texas (the “**U.S. Trustee**”) appointed the Committee pursuant to Bankruptcy Code section 1102(a)(1). *See* Docket Nos. 135, 142, and 150.

10. No trustee or examiner has been appointed in the Chapter 11 Cases.

RELIEF REQUESTED

11. By this Motion, the Debtors and the Bondholder Plan Sponsors request authority for Plan Proponents to commence solicitation of votes on the Competing Plans and further request that the Court enter an order, substantially in the form attached hereto as Exhibit A (the “**Solicitation Procedures Order**”), granting the following relief with respect to the Disclosure Statements and the Competing Plans, and such other relief as is just and proper:

- a. *Disclosure Statement Hearing Notice.* Approving the form and manner of notice of the hearing to consider the approval of the Disclosure Statements (the “**Disclosure Statement Hearing Notice**”), which was filed on November 2, 2022 [Docket No. 756] and served on creditors and parties in interest on November 3, 2022 [Docket No. 765] in the form attached to the proposed Solicitation Procedures Order as Exhibit 3.
- b. *Solicitation Procedures.* Approving the procedures, substantially in the form attached to the Solicitation Procedures Order as Exhibit 1, for: (i) soliciting, receiving, and tabulating votes to accept or reject the Competing Plans; and (ii) voting to accept or reject the Competing Plans (the “**Solicitation Procedures**”).
- c. *Ballots.* Approving the forms of ballots to be distributed to holders of Claims entitled to vote to accept or reject either of the Competing Plans (each a “**Ballot**” and collectively, the “**Ballots**”), substantially in the forms attached to the Solicitation Procedures Order as Exhibit Group 2-A, which includes the Voting Instructions and Ballots relating to the Edgemere Plan and Exhibit Group 2-B, which includes the Voting Instructions and Ballots relating to the Bondholder Plan.
- d. *Non-Voting Status Notices.* Approving the forms of notice, substantially in the forms attached to the Solicitation Procedures Order as Exhibit 4-A, with respect to the Edgemere Plan, and Exhibit 4-B, with respect to the Bondholder Plan, applicable to: (i) holders of Claims and Interests that are Unimpaired under either of the Competing Plans and conclusively

presumed to accept any of the Competing Plans pursuant to Bankruptcy Code section 1126(f); (ii) holders of Claims and Interests that are Impaired under either of the Competing Plans and conclusively deemed to reject any of the Competing Plans pursuant to Bankruptcy Code section 1126(g) (each a “**Non-Voting Status Notice**” and collectively, the “**Non-Voting Status Notices**”).⁴

- e. *Disputed Claim Non-Voting Status Notices.* Approving the form of notice, substantially in the form attached to the Solicitation Procedures Order as Exhibit 5-A, with respect to the Edgemere Plan, and Exhibit 5-B, with respect to the Bondholder Plan, which shall be distributed to recipients of any objections to expunge and/or disallow Claims that may be filed by the Debtors and the Bondholder Plan Sponsors (each a “**Disputed Claim Non-Voting Status Notice**” and collectively, the “**Disputed Claim Non-Voting Status Notices**”).⁵
- f. *Opt Out Forms.* Approving the opt out election forms, substantially in the forms attached to the Solicitation Procedures Order as Exhibit 6-A, with respect to the Edgemere Plan, and Exhibit 6-B, with respect to the Bondholder Plan (the “**Opt Out Forms**”), applicable to all holders of Claims and Interests who are receiving either (i) a Non-Voting Status Notice or (ii) a Disputed Claim Non-Voting Status Notice. Such holders must return the applicable Opt Out Form if they wish to opt-out of being treated as a “Releasing Party” with respect to releases, exculpation and injunction provisions under the Competing Plans.⁶
- g. *Solicitation Packages.* Finding that the materials and documents to be included in the Solicitation Packages (as defined below) that the Plan Proponents will cause KCC (as defined below) to distribute to holders of Claims entitled to vote to accept or reject the Competing Plans, comply with the requirements of Bankruptcy Rules 2002(d) and 3017(d).
- h. *Confirmation and Sale Hearing Notice.* Approving the form and manner of the notice of the Confirmation and Sale Hearing (as defined below) (the “**Confirmation and Sale Hearing Notice**”), substantially in the form attached to the Solicitation Procedures Order as Exhibit 7.
- i. *Plan Supplement Notices.* Approving the notices relating to the filing of the Edgemere Plan Supplement and the Bondholder Plan Supplement (the

⁴ Such Non-Voting Status Notices will include Opt Out Forms, attached to the Solicitation Procedures Order as Exhibit 6.

⁵ Such Disputed Claim Non-Voting Status Notices will include Opt Out Forms attached to the Solicitation Procedures Order as Exhibit 6.

⁶ “Releasing Party” is defined under the Bondholder Plan and the Edgemere Plan, respectively, at Sections 1.118 and 1.128.

“**Plan Supplement Notices**”), substantially in the forms attached to the Solicitation Procedures Order as Exhibit 8-A and Exhibit 8-B, respectively.

- j. *Plan Objection Procedures.* Approving the proposed procedures for filing any objections to confirmation of the Competing Plans.
- k. *Confirmation Timeline.* Approving the dates and deadlines set forth in the below chart, which have not previously been established by the Court, with all dates being subject to modification as necessary.

Event	Proposed Date ⁷
Voting Record Date	November 28, 2022*
Solicitation Deadline	December 5, 2022
Date of Publication of Confirmation and Sale Hearing Notice	December 9, 2022 or as soon as reasonably practicable thereafter
Deadline to File Plan Supplements	December 27, 2022 at 4:00 p.m. CT*
Deadline to File Rule 3018(a) Motions	December 27, 2022 at 4:00 p.m. CT*
Deadline to Object to Rule 3018(a) Motions	January 3, 2023 at 4:00 p.m. CT *
Plan Objection Deadline	January 3, 2023 at 4:00 p.m. CT
Voting Deadline	January 3, 2023 at 4:00 p.m. CT
Opt Out Deadline	January 3, 2023 at 4:00 p.m. CT*
Deadline to File Voting Report	January 6, 2023*
Deadline to File Confirmation Brief and Reply to Plan Objection(s)	January 6, 2023*
Confirmation and Sale Hearing Date	January 10, 2023 at 9:30 a.m. CT

⁷ Certain of the dates in this chart and elsewhere in the Motion are dates that have been set by the Court, while others are proposed dates that have not been set or approved by the Court. Dates that appear with an asterisk (*) are proposed dates that have not yet been set by the Court.

BASIS FOR RELIEF REQUESTED

I. Authorizing KCC to Act as Voting Agent for the Competing Plans

1. On April 20, 2022, the Court authorized the Debtors' retention of Kurtzman Carson Consultants LLC ("KCC" and "Voting Agent"), as claims, noticing, and solicitation agent in these Chapter 11 Cases. *See* Docket No. 110. Specifically, KCC is authorized to assist the Debtors with, among other things: (a) balloting; (b) distributing applicable solicitation materials; (c) tabulating and calculating votes; (d) determining with respect to each ballot cast, its timeliness and its compliance with the Bankruptcy Code, Bankruptcy Rules, and procedures ordered by this Court; (e) preparing an official ballot certification and testifying, if necessary, in support of the ballot tabulation results; and (f) in connection with the foregoing services, processing requests for documents from parties in interest, including, if applicable, brokerage firms, bank back-offices and institutional holders.

2. The Debtors have confirmed that KCC is able and willing to perform the necessary services relating to the noticing, solicitation and tabulation process with respect to both Competing Plans. If the Bondholder Plan Sponsors are required to retain a separate voting agent for purposes of soliciting the Bondholder Plan, the result will be duplication of services that unnecessarily increase administrative costs and burdens of completing the confirmation process in these Chapter 11 Cases.

3. Accordingly, the Debtors' creditors and all parties in interest will be best served if the Court authorizes KCC to act as the Voting Agent with respect to both Competing Plans. The Debtors and the Bondholder Plan Sponsors request that the Court authorize KCC serve as the singular voting agent for the Plan Proponents and take all necessary actions to, among other things, (a) distribute the Solicitation Packages (as defined below); (b) solicit votes on the Competing

Plans; (c) receive, tabulate and report on Ballots (as defined below); and (d) respond to inquiries relating to the solicitation and voting process, including all matters related thereto.

II. The Materials and Timeline for Plan Solicitation Should be Approved.

A. Approval of the Voting Record Date

4. Bankruptcy Rule 3017(d) provides, in relevant part, that, for the purposes of soliciting votes in connection with the confirmation of a plan of reorganization, “creditors and equity security holders [must] include holders of stock, bonds, debentures, notes and other securities of record on the date the order approving the disclosure statement is entered or another date fixed by the court, for cause, after notice and a hearing.” Fed. R. Bankr. P. 3017(d).

5. To identify and set the universe of holders of Claims and Interests entitled to vote on the Competing Plans, the Debtors and the Bondholder Plan Sponsors request that the Court set **November 28, 2022** as the date for determining which creditors and interest holders are entitled to vote on the Competing Plans (the “**Voting Record Date**”). The Voting Record Date will be used for determining which holders of Claims and Interests are: (a) entitled to vote on one or both Competing Plans and, thus, entitled to receive one or two Solicitation Packages (as defined below); and (b) not entitled to vote on either of the Competing Plans and, thus, entitled to receive only the Confirmation and Sale Hearing Notice, Non-Voting Status Notices, and Opt Out Forms.

6. With respect to any transferred claim, the Debtors and the Bondholder Plan Sponsors further propose that the transferee will be entitled to receive a Solicitation Package (as defined below) and cast a Ballot, with respect to the Competing Plans, on account of the transferred claim only if: (a) all actions necessary to effect the transfer of the claim or equity interest pursuant to Bankruptcy Rule 3001(e), have been completed by the Voting Record Date; or (b) the transferee files, no later than the Voting Record Date, (i) the documentation required by Bankruptcy Rule

3001(e) to evidence the transfer and (ii) a sworn statement of the transferor supporting the validity of the transfer. Regardless of the number of Claims obtained, each transferee will be treated as a single creditor for purposes of the numerosity requirements under Bankruptcy Code section 1126(c) and the other procedures set forth in this Motion.

7. Upon the approval of the Disclosure Statements as containing “adequate information” as required by Bankruptcy Code section 1125, the Plan Proponents will distribute or cause to be distributed the Solicitation Packages (as defined below) to holders of Claims and Interests entitled to vote on the Competing Plans on or before **December 5, 2022** (the “**Solicitation Deadline**”).

8. With respect to holders of Claims related to the Original Bonds (the “**Bondholders**”), the Voting Agent will submit the Solicitation Packages to all Bondholders in a manner customary in the securities industry so as to maximize the likelihood that beneficial owners of the Original Bonds receive the materials in a timely fashion. Specifically, the Voting Agent shall transmit Solicitation Packages for the beneficial holders of the Original Bonds to all banks, brokers, or as the agent of a bank, broker or other nominee (each, a “**Nominee**”) identified by the Voting Agent as an entity through which the Bondholders held their Original Bonds as of the Voting Record Date. Each Nominee will be instructed to distribute the Solicitation Packages to the Bondholders for whom the Nominee held such Original Bonds. In addition to Solicitation Packages, the Voting Agent shall transmit to Nominees both: (a) beneficial holder ballots, as appropriate, substantially in the forms included in Exhibit Group 2-A and Exhibit Group 2-B attached to the Solicitation Procedures Order (the “**Beneficial Holder Ballots**”) and (b) a master ballot, as appropriate, substantially in the forms included in Exhibit Group 2-A and Exhibit Group

2-B attached to the Solicitation Procedures Order (the “**Master Ballots**” and together with the Beneficial Holder Ballots, the “**Bondholder Ballots**”).

9. Bankruptcy Rule 3017(c) requires the Court to fix a time within which holders of Claims may vote to accept or reject the Competing Plans. *See* Fed. R. Bankr. P. 3017(c). The Court has set January 3, 2023 as the last date and time by which Ballots accepting or rejecting the Competing Plans must be received by KCC in order to be counted. *See* Docket No. 738. The Debtors’ request that the Court further establish that holders entitled to vote to accept or reject the Competing Plans must cast their votes no later than January 3, 2023 **at 4:00 p.m. (prevailing Central Time)**.

10. The foregoing proposed deadlines and materials will provide holders of Claims and Interests entitled to vote on one or both Competing Plans with twenty-nine (29) days to review the solicitation materials and make an informed decision with respect to whether to accept or reject the Competing Plans by the Voting Deadline, which is consistent with the requirements set forth under Bankruptcy Rule 3017(d). *See* Fed. R. Bankr. P. 3017(d) (after approval of a disclosure statement, the debtor must transmit the plan, the approved disclosure statement, a notice of the time within which acceptances and rejections of such plan may be filed and any other information that the court may direct to certain holders of claims).

B. The Forms of Ballots Should be Approved.

11. The Debtors and the Bondholder Plan Sponsors request that the Court approve the Ballots (and voting instructions), substantially in the forms attached to the Solicitation Procedures Order as Exhibit Group 2-A and Exhibit Group 2-B. Bankruptcy Rule 3017(d) obligates the Plan Proponents to mail ballot forms that substantially conform to Official Form No. B314 only to “creditors and equity security holders entitled to vote on the plan.” Fed R. Bankr. P. 3017(d). Thus,

of the Ballots in detail, reference applicable sections under the Competing Plans, and provide clear instructions on how to complete and return the Ballots. Thus, the Debtors and the Bondholder Plan Sponsors submit that the Ballots comply with Bankruptcy Rule 3018(c) and, therefore, should be approved. Further, the Voting Agent should be authorized to distribute the Ballots to holders of Claims and Interests entitled to vote on either of the Competing Plans.

C. The Form of Solicitation Packages and Manner of Distribution to Parties Entitled to Vote on the Competing Plans Should be Approved.

14. Bankruptcy Rule 3017(d) specifies the materials to be distributed to holders of allowed claims or interests upon approval of a disclosure statement. *See* Fed. R. Bankr. P. 3017(d). Accordingly, the Debtors and the Bondholder Plan Sponsors propose that on or before the Solicitation Deadline, subject to approval of the Disclosure Statements, Solicitation Packages will be transmitted to the holders of Claims and Interests entitled to vote on the Competing Plans, subject to the limitations contained therein and elsewhere in this Motion, a solicitation package (each a “**Solicitation Package**” and, collectively, the “**Solicitation Packages**”) containing the following:⁸

- i. The Disclosure Statements as approved by the Court, including exhibits attached thereto, which shall include the Competing Plans, orders approving the Disclosure Statements; and the Solicitation Procedures Order, excluding exhibits attached thereto;
- ii. the Confirmation and Sale Hearing Notice, which the Debtors and the Bondholder Plan Sponsors request that the Court approve in form and substance; and
- iii. an appropriate number of Ballots⁹ conforming to Official Bankruptcy Form No. B314, together with postage-prepaid return envelopes (with the exception that

⁸ For the avoidance of doubt, holders of Claims that are entitled to vote on only one of the Competing Plans will receive a Solicitation Package for the corresponding Plan.

⁹ For the avoidance of doubt, Solicitation Packages will not be distributed directly to the Bondholders entitled to vote on the Competing Plans, which includes Class 4 Claims, with respect to the Edgemere Plan, and Class 2 Claims with respect to the Bondholder Plan. Instead, as noted above, the Solicitation Packages will be distributed to the Nominees

Solicitation Packages provided to Nominees will not include postage-prepaid return envelopes); and

- iv. any supplemental documents filed with the Court and any documents that the Court orders to be included in the Solicitation Package, including any letters which are otherwise approved by the Court after notice in support of the Competing Plans.

15. The Solicitation Packages shall provide the Disclosure Statements (and exhibits attached thereto, including the Competing Plans and the orders approving the Disclosure Statements) and the Plan Proponents may transmit such materials via electronic means which may include providing (i) a compact-disc or flash drive or (ii) making such materials available online for download. Only Ballots and the Confirmation and Sale Hearing Notice will be distributed in hard copy format. Bankruptcy courts routinely permit debtors to transmit solicitation documents in electronic format in chapter 11 cases where such electronic transmission would reduce expenses for bankruptcy estates. *See, e.g., In re Rockall Energy Holdings, LLC*, No. 22-94000 (MXM) (Bankr. N.D. Tex. May 4, 2022); *In re Fore Machine, LLC*, No. 22-40487 (MXM) (Bankr. N.D. Tex. Mar. 25, 2022); *In re Shale Support Global Holdings, LLC*, No. 19-33884 (DRJ) (Bankr. S.D. Tex. Sept. 18, 2019); *In re Westmoreland Coal Co.*, No. 18-35672 (DRJ) (Bankr. S.D. Tex. Dec. 18, 2018); *see also e.g., In re Lucky's Market Parent Company, LLC*, No. 20-10166 (JTD) (Bankr. D. Del. Nov. 24, 2020) (authorizing the debtors to distribute solicitation documents in electronic format); *In re Charming Charlie Holdings, Inc.*, No. 17-12906 (CSS) (Bankr. D. Del. Jan. 10, 2018) (same); *In re Energy Future Holdings Corp.*, No. 14-10979 (CSS) (Bankr. D. Del. Sept. 6, 2017) (same). Thus, except for the Ballots and the Confirmation and Sale Hearing Notice, the Debtors and the Bondholder Plan Sponsors respectfully request authority to cause KCC to send

(or their agents), who will in turn distribute the Solicitation Packages to the Bondholders (including, but not limited to, electronic methods and the use of a "voting instruction form" in lieu of a Ballot). Master Ballots will be distributed to the Nominee(s).

the Solicitation Packages in electronic format to all holders of Claims entitled to vote on the Competing Plans.

16. Additionally, the Plan Proponents will provide: (a) copies of all of the materials in the Solicitation Packages (except for the Ballots) to the U.S. Trustee, and (b) copies of any order(s) approving the Disclosure Statements and the Solicitation Procedures Order (each in electronic format) and the Confirmation and Sale Hearing Notice on all creditors and equity security holders, pursuant to Bankruptcy Rule 2002 as of the Voting Record Date (the “**2002 List**”).

17. Holders of unclassified claims, with respect to the Competing Plans, will not receive Solicitation Packages but will receive only the Confirmation and Sale Hearing Notice.

18. Solicitation Packages will not be sent to holders of Claims that have already been paid in full during these Chapter 11 Cases or that are authorized to be paid in full in the ordinary course of business pursuant to an order previously entered by this Court or any party to whom the Disclosure Statement Hearing Notice was sent and was subsequently returned as undeliverable (unless the Debtors have been informed in writing by such Person or Entity of that Person’s or Entity’s new address).

19. Further, if Solicitation Packages (materials sent in lieu thereof to Classes that are not entitled to vote on one of the Competing Plans) are returned as undeliverable and the Plan Proponents have not been timely provided with corrected address information by such parties, the Debtors and the Bondholder Plan Sponsors request that the Plan Proponents be excused from attempting to re-deliver such materials to such parties. To avoid duplication and further reduce expenses, the Debtors and the Bondholder Plan Sponsors propose that holders of Claims that have filed duplicate Claims in any given Class, with respect to each of the Competing Plans, be entitled

to receive only one Solicitation Package and allowed one Ballot for voting their Claim with respect to the applicable Class.

20. The Confirmation and Sale Hearing Notice informs parties in interest that the Competing Plans and Disclosure Statements, together with all exhibits thereto, may be obtained by: (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line; or (d) visiting the case website at <http://www.kccllc.net/edgemere>. You may also obtain such information for a fee via PACER at <http://www.txnb.uscourts.gov>.

21. The Debtors further propose to make available additional copies of the Solicitation Packages for both Competing Plans at the Debtors’ community.

22. The proposed procedure for providing copies of the Competing Plans and the associated Disclosure Statements satisfies the requirements of Bankruptcy Rule 3017(a) and Local Rule 3017-1.

23. The Debtors and the Bondholder Plan Sponsors request authorization to accept (a) Ballots from voters via first class mail, overnight courier, and hand delivery, or, except for Bondholder Ballots, via electronic transmissions, solely through an online balloting portal to be maintained by the Voting Agent (“**E-Ballot**”); and (b) Bondholder Ballots, including Master Ballots submitted by Nominees, on behalf of beneficial holders, via e-mail to EdgemereBallots@kccllc.com. Parties, other than parties submitting Bondholder Ballots, may cast an E-Ballot solely through an online balloting portal on the Case Website located at <http://www.kccllc.net/edgemere>, and electronically sign and submit the Ballot. Instructions for

electronic, online transmission of Ballots are set forth on the Ballot. The encrypted ballot data and audit trail created by such electronic submission shall become part of the record of any Ballot submitted in this manner and the creditor's electronic signature will be deemed to be immediately legally valid and effective.

D. The Confirmation and Sale Hearing Notice Should be Approved.

24. As set forth above, the Debtors and the Bondholder Plan Sponsors will serve the Confirmation and Sale Hearing Notice on all known holders of Claims and Interests and all parties included on the 2002 List by the Solicitation Deadline, which will provide all parties in interest with at least twenty-nine (29) calendar days' notice of the Plan Objection Deadline and thirty-six (36) calendar days' notice of the Confirmation and Sale Hearing. The Confirmation and Sale Hearing Notice will include: (a) instructions as to how to view or obtain copies of the Competing Plans and the Disclosure Statements (with all exhibits), any orders approving the Disclosure Statements, and all other materials included in the Solicitation Package (with the exception of the Ballot); (b) notice of the Voting Deadline; (c) notice of the Plan Supplement Deadline; (d) notice of the Plan Objection Deadline and the Opt Out Deadline; and (e) notice of the Confirmation and Sale Hearing Date and information related thereto.

25. Bankruptcy Rule 2002-1 permits the Court to "order notice by publication if it finds that notice by mail is impracticable or that it is desirable to supplement notice." Fed. R. Bankr. P. 2002-1. Therefore, the Debtors propose to publish the Confirmation and Sale Hearing Notice by **December 9, 2022**, or as soon as practically possible thereafter, (i) in the national edition of the *New York Times* or *USA Today*; and (ii) in any other regional or local publication within Dallas, Texas, as the Debtors deem necessary, which will provide approximately thirty-two (32) days' notice of the Confirmation and Sale Hearing. The Debtors believe that publication in this manner

of this notice will give sufficient notice to Persons or Entities that do not otherwise receive notice by mail as provided for in the Solicitation Procedures Order, as part of the Solicitation Package or otherwise.

E. The Plan Proponents' Plan Supplement Notices Should Be Approved.

26. The Edgemere Plan defines "Plan Supplement" to mean:

[T]he compilation of documents and forms of documents, schedules, and exhibits to this Plan, to be filed prior to the Confirmation Hearing, as amended, supplemented, or modified from time to time in accordance with the terms hereof, the Bankruptcy Code, and the Bankruptcy Rules, which shall include, without limitation, the LSA, the DSSA, and the 2023 Bond Documents.

See Edgemere Plan at Sec. 1.116.

27. The Bondholder Plan defines "Plan Supplement" to mean:

[T]he compilation of documents and forms of documents, schedules, and exhibits to this Plan, to be filed prior to the Confirmation Hearing, as amended, supplemented, or modified from time to time in accordance with the terms hereof, the Bankruptcy Code, and the Bankruptcy Rules.

See Bondholder Plan at Sec. 1.105.

28. The Committee and the Debtors propose to file the Plan Supplement in support of the Edgemere Plan, and the Bondholder Plan Sponsors propose to file the Plan Supplement in support of the Bondholder Plan on or before **December 27, 2022, at 4:00 p.m. (prevailing Central Time)** (the "**Edgemere Plan Supplement Deadline**").

29. To ensure that all parties on the 2002 List receive notice of the filing of the Plan Supplements, the Plan Proponents propose to deliver, or cause to be delivered, the Edgemere Plan Supplement Notice, in substantially the form attached to the Solicitation Procedures Order as Exhibit 8-A, and the Bondholder Plan Supplement Notice, in substantially the form attached to the Solicitation Procedures Order as Exhibit 8-B, on the date the Plan Proponents file the Plan Supplements, or as soon as practicable thereafter. In the event the Edgemere Plan Supplement

and/or the Bondholder Plan Supplement is voluminous, the Plan Proponents will not physically serve the Plan Supplements and their exhibits, but will provide a notice of the filing of the applicable Plan Supplement with instructions on how to obtain copies of same. Notwithstanding the foregoing, the Debtors and the Bondholder Plan Sponsors request that they be permitted to amend the documents contained in, and exhibits to, the Plan Supplements solely in accordance with the Edgemere Plan or the Bondholder Plan, as applicable. The Debtors and the Bondholder Plan Sponsors request that the Court approve the form of notice of the filing of the Edgemere Plan Supplement and the Bondholder Plan Supplement and permit the Plan Proponents to serve the Plan Supplements in the form and manner set forth herein.

F. The Forms of Non-Voting Status Notices, including the Opt Out Forms, should be Approved.

30. With respect to the Competing Plans, certain Classes of Claims are Unimpaired as defined by Bankruptcy Code section 1124. Under Bankruptcy Code section 1126(f), such holders are conclusively presumed to accept the Competing Plans, and therefore solicitation of votes with respect to such Unimpaired Claims and Interests is not required. *See* 11 U.S.C. § 1126(f). Similarly, certain Classes of Claims are Impaired and, pursuant to Bankruptcy Code section 1126(g), are deemed to have rejected the Competing Plan. *See* 11 U.S.C. § 1126(g). As a result, holders of Claims that are not entitled to vote on any of the Competing Plans will not receive Solicitation Packages and, instead, the Debtors and Bondholder Plan Sponsors propose that such parties receive Non-Voting Status Notices and/or Disputed Claim Non-Voting Status Notices, each of which will include a separate Opt Out Form. With respect to the Edgemere Plan, only holders of Claims in Classes 4, 5, 6, and 8 will receive a Solicitation Package, and with respect to the Bondholder Plan, only holders of Claims in Classes 2 and 4 will receive a Solicitation Package. Thus, Non-Voting Status Notices and Opt Out Forms shall be delivered to: (i) with respect the

Edgemere Plan, holders of Claims and Interests in Classes 1, 2, 3, 7, and 9; and (ii) with respect to the Bondholder Plan, holders of Claims and Interests in Classes 1, 3, and 5.

31. The Non-Voting Status Notices, inclusive of the Opt Out Form, provide sufficient notice of the injunction, exculpation, and release provisions in the Competing Plans and provide holders of Claims and Interests with sufficient opportunity to elect not to (a) grant such third-party releases or (b) be treated as a Releasing Party under the Competing Plans by submitting a completed Opt Out Form to the Voting Agent in accordance with the instructions provided in the Opt Out Form.

G. The Solicitation Procedures Should be Approved.

32. Bankruptcy Code section 1126(c) provides that:

A class of claims has accepted a plan if such plan has been accepted by creditors, other than any entity designated under section (e) of this section, that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors, other than any entity designed under subsection (e) of this section, that have accepted or rejected the plan.

11 U.S.C. § 1126(c). Additionally, Bankruptcy Rule 3018(c) provides, in part, that “[a]n acceptance or rejection [of a plan] shall be in writing, identify the plan or plans accepted or rejected, be signed by the creditor or equity security holder or an authorized agent and conform to the appropriate Official Form.” Fed. R. Bankr. P. 3018(c).

33. Accordingly, the Debtors and the Bondholder Plan Sponsors propose to use the Solicitation Procedures, substantially in the form attached to the Solicitation Procedures Order as Exhibit 1, to govern voting procedures, standard assumptions in tabulating Ballots, and objections to confirmation of the Competing Plans. The Debtors and the Bondholder Plan Sponsors respectfully request that the Court approve the Solicitation Procedures, which are consistent with Bankruptcy Code section 1126(c) and Bankruptcy Rule 3018(a).

III. Confirmation and Sale Hearing and Objections

34. Bankruptcy Code section 1128 provides that a court shall hold a hearing on confirmation of a plan and provides that parties in interest may object to confirmation. 11 U.S.C. § 1128. Additionally, Bankruptcy Rule 3017(c) provides that, “[o]n or before approval of the disclosure statement, the court shall . . . fix a date for the hearing on confirmation” of a chapter 11 plan. Fed. R. Bankr. P. 3017(c). Pursuant to Bankruptcy Rule 2002(b), creditors must receive at least twenty-eight (28) days’ notice of the time fixed for filing objections to a plan. However, Bankruptcy Rule 9006(c)(1) provides that the Court may shorten the time periods established by the Local Rules or the Bankruptcy Rules “for cause shown”. Fed. R. Bankr. P. 9006(c).

35. The Court has set the hearing to consider confirmation of the Competing Plans, and the Bondholder Plan Sponsors have requested that the Court conduct a hearing to consider the approval of the sale of substantially all of the Debtors’ assets as contemplated by the Bondholder Plan, for **January 10, 2023 at 9:30 a.m. (prevailing Central Time)** (the “**Confirmation and Sale Hearing**”). *See* Docket No. 738.

36. Pursuant to Bankruptcy Rule 3020(b)(1), objections to confirmation of a plan must be filed and served “within a time fixed by the court.” *See* Fed. R. Bankr. P. 3020(b)(1). The Court has established January 3, 2023 as the deadline for parties to file and serve any objections to confirmation of the Competing Plans (“**Confirmation Objections**”). *See* Docket No. 738. The Debtors and the Bondholder Plan Sponsors request that the Court further establish that the deadline for filing Confirmation Objections shall be **January 3, 2023 at 4:00 p.m. (prevailing Central Time)**.

37. KCC will serve the Confirmation and Sale Hearing Notice by December 5, 2022, which would provide parties in interest with at least twenty-nine (29) days' notice of the Plan Objection Deadline and thirty-six (36) days' notice of the Confirmation and Sale Hearing.

38. Additionally, the Debtors and the Bondholder Plan Sponsors request that the Court direct that Confirmation Objections, if any, must: (a) be in writing; (b) comply with the Bankruptcy Rules, the Local Rules, and any applicable orders of the Court; (c) set forth the name of the objector and the nature and amount of any Claim or Interest asserted by the objector against or in the Debtors; (d) state with particularity the legal and factual bases for the Confirmation Objection; and (e) be filed, contemporaneously with proof of service, with the Court and served so that it is **actually received** by the undersigned counsel and the other Notice Parties no later than the Plan Objection Deadline.

39. The Court has established January 6, 2023 as the deadline to file and serve any replies (each a "**Reply**" and collectively, the "**Replies**") to any Confirmation Objections that may be timely filed. If the Confirmation and Sale Hearing is adjourned, the Debtors and the Bondholder Plan Sponsors propose the date that is three (3) business days prior to the adjourned hearing date as the deadline for filing and serving a Reply or Replies to any Confirmation Objections and a brief in support of confirmation of a Plan.

IV. Disallowance of Claims for Voting Purposes, and Procedures for Temporary Allowance of Claims that are Subject to an Objection Filed by the Debtors

A. Disallowance of Claims for Voting Purposes

40. Pursuant to Bankruptcy Code section 105(a), the Debtors and the Bondholder Plan Sponsors propose that in the event the Debtors or the Bondholder Plan Sponsors object to a Claim or seek to estimate a Claim, the holder of such Claim will not be entitled to vote on the Competing Plans and such Claim will not be counted in determining whether the requirements of Bankruptcy

Code section 1126(c) have been met with respect to the Competing Plans (except to the extent and in the manner as may be set forth in the objection or motion to estimate) unless: (a) the Claim has been temporarily allowed for voting purposes pursuant to Bankruptcy Rule 3018(a) and in accordance with the Solicitation Procedures Order; or (b) on or before the Voting Deadline, the objection to or request to estimate such Claim has been withdrawn or resolved in favor of the creditor asserting the Claim. Recipients of an objection to expunge, disallow, and/or estimate their Claim will receive a Disputed Claim Non-Voting Status Notice, substantially in the form attached to the Solicitation Procedures Order.

B. Procedures for Temporary Allowance of Certain Claims for Voting

41. Bankruptcy Rule 3018(a) provides, in relevant part, that, “[n]otwithstanding objection to a claim or interest, the court after notice and hearing may temporarily allow the claim or interest in an amount which the court deems proper for the purpose of accepting or rejecting a plan.” Fed R. Bankr. P. 3018(a). The Debtors and the Bondholder Plan Sponsors request that, pursuant to Bankruptcy Code section 105(a), the Court: (a) fix **December 27, 2022** (the “**Rule 3018(a) Motion Deadline**”) as the deadline for the filing and serving of a motion requesting temporary allowance of a movant’s Claim for purposes of voting pursuant to Bankruptcy Rule 3018(a) (a “**Rule 3018(a) Motion**”); and (b) require that such a Rule 3018(a) Motion be filed with the Court and served on the counsel to the Debtors, the Bondholder Plan Sponsors and the other Notice Parties so as to be **actually received not later than 4:00 p.m. (prevailing Central Time) on the Rule 3018(a) Motion Deadline**. The Debtors and the Bondholder Plan Sponsors request that the Court consider only a Rule 3018(a) Motion that has been timely filed and served in accordance with the provisions of this paragraph and Motion.

42. The Debtors and the Bondholder Plan Sponsors propose that any party having a Claim subject to a timely filed and served Rule 3018(a) Motion be permitted to cast a provisional Ballot to accept or reject the Competing Plans. If, and to the extent that, the Debtors, the Bondholder Plan Sponsors, and such party are unable to resolve the issues raised by a Rule 3018(a) Motion prior to the Voting Deadline, then, at the Confirmation and Sale Hearing, the Court shall determine whether the provisional Ballot should be counted as a vote on the Competing Plans. Such a procedure will help ensure that an efficient tabulation of Ballots will be completed accurately by the Confirmation and Sale Hearing. Moreover, setting the date of the Confirmation and Sale Hearing as the date for hearing Rule 3018(a) Motions also avoids holding separate hearings on such motions.

43. Notwithstanding the foregoing, the Debtors and the Bondholder Plan Sponsors request that the Debtors, the Bondholder Plan Sponsors and a holder of a Claim may agree and stipulate to treatment of a specific Claim for voting purposes pursuant to a notice filed with the Court. Nothing in these procedures is intended to impact the Debtors' or the Bondholder Plan Sponsors' rights to object to, dispute, or contest any Proof of Claim or Rule 3018(a) Motion.

V. Nonsubstantive and Nonmaterial Changes

44. The Debtors and the Bondholder Plan Sponsors' request that the Court grant the Plan Proponents authority to make nonsubstantive and nonmaterial changes to their respective Competing Plans and/or Disclosure Statements. Furthermore, the Debtors and the Bondholder Plan Sponsors' request authority to make nonsubstantive and nonmaterial changes to the Ballots, the Non-Voting Status Notices, the Confirmation and Sale Hearing Notice, and related documents without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors, insert dates, and to make conforming changes among the Disclosure

Statements, the Competing Plan, the Ballots, the Non-Voting Status Notices, the Confirmation and Sale Hearing Notice, and any other materials in the Solicitation Packages prior to mailing. If such changes are made, the Debtors or the relevant Plan Proponent will promptly file a notice on the Court's docket reflecting all such changes in a manner that highlights each such change.

NOTICE

45. Notice of the Motion will be given to: (a) the U.S. Trustee; (b) counsel to the Committee; (c) counsel to UMB Bank, N.A., as Trustee; (d) counsel to Lifespace Communities, Inc.; (e) the United States Attorney's Office for the Northern District of Texas; (f) the Internal Revenue Service; (g) the United States Department of Justice; (h) the Texas State Attorney General; (i) the United States Securities and Exchange Commission; and (j) any party that has requested notice pursuant to Bankruptcy Rule 2002.

WHEREFORE, the Debtors and the Bondholder Plan Sponsors respectfully request that the Court enter the Solicitation Procedures Order, substantially in the form attached hereto as Exhibit A, granting the relief requested in the Motion and such further relief as may be just and proper.

Dated: November 6, 2022
Dallas, Texas

POLSINELLI PC

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– and –

HAYNES AND BOONE, LLP

/s/ J. Frasher Murphy
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Counsel to the Debtors and Debtors in Possession

– and –

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Counsel to UMB Bank, N.A. as Trustee and DIP Lender

Exhibit A

(Proposed Form of Order)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**ORDER (I) ESTABLISHING VOTING RECORD DATE AND OTHER DEADLINES;
(II) AUTHORIZING KURTZMAN CARSON CONSULTANTS LLC TO ACT AS THE
SINGULAR VOTING AGENT WITH RESPECT TO THE COMPETING PLANS;
(III) APPROVING SOLICITATION AND NOTICE PROCEDURES WITH RESPECT
COMPETING PLANS; (IV) APPROVING MANNER AND FORMS OF BALLOTS,
NOTICES AND RELATED DOCUMENTS; AND (V) GRANTING RELATED RELIEF**

Upon the motion (the “**Motion**”)² of the debtors and debtors-in-possession (collectively, the “**Debtors**”) in the above-captioned Chapter 11 Cases and UMB Bank, N.A., in its capacity as

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Capitalized terms used in this Order but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the Competing Plans, as applicable.

successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**,” and together with the Trustee, the “**Bondholder Plan Sponsors**”), for entry of an order, pursuant to Bankruptcy Code sections 105(a), 1124, 1125, 1126, and 1128, Bankruptcy Rules 2002, 3016, 3017, 3018, and 3020, and of the Local Bankruptcy Rules 2002-1, 3017-1, 3018-1, and 3020-1: (i) authorizing Kurtzman Carson Consultants LLC to act as the singular voting agent with respect to the Competing Plans; (ii) establishing the Voting Record Date and other deadlines; (iii) approving solicitation and notice procedures with respect to confirmation of the Competing Plans and for filing objections to the Competing Plans; (iv) approving the manner and forms of ballots, notices and other related documents; and (v) granting related relief; and upon the record of the hearing on the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been given; and it appearing that no other or further notice of the Motion is required; and this Court having found that the relief requested by the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and sufficient cause appearing therefor, it is hereby:

FOUND AND DETERMINED THAT:

- A. Notice of the Motion was good and sufficient notice to all interested parties.
- B. The following forms attached hereto as Exhibit 3, 4-A, 4-B, 5-A, 5-B, 6-A, 6-B, 7, 8-A and 8-B contain sufficient information and are appropriate under the circumstances:
 - a. Disclosure Statement Hearing Notice, Exhibit 3;
 - b. Non-Voting Status Notice, Exhibit 4-A and Exhibit 4-B;

- c. Disputed Claim Non-Voting Status Notice, Exhibit 5-A and Exhibit 5-B;
- d. Opt Out Form, Exhibit 6-A and Exhibit 6-B; and
- e. Confirmation and Sale Hearing Notice, Exhibit 7; and
- f. Plan Supplement Notices, Exhibit 8-A and 8-B.

C. The forms of the Ballots attached hereto as Exhibit Group 2-A and Exhibit Group 2-B (i) are sufficiently consistent with Official Form No. B314, (ii) adequately address the particular needs of the Chapter 11 Cases, and (iii) are appropriate for each Class of Claims entitled to vote to accept or reject any of the Competing Plans.

D. The time period set forth below during which the Debtors and Bondholder Plan Sponsors may solicit votes on the Competing Plans is a reasonable period of time for holders of Claims to make an informed decision as to whether to accept or reject the Competing Plans.

E. The procedures set forth below for the solicitation and tabulation of votes to accept or reject the Competing Plans provide for a fair and equitable voting process and are consistent with Bankruptcy Code section 1126.

F. The procedures set forth below regarding the Confirmation and Sale Hearing Notice and the contents of the Solicitation Package comply with Bankruptcy Rules 2002 and 3017 and constitute sufficient notice to all interested parties.

THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED THAT:

- 1. The Motion is GRANTED, as set forth herein.

I. Kurtzman Carson Consultants, LCC's duties as Voting Agent for Competing Plans

2. KCC is authorized to serve as the voting agent in these Chapter 11 Cases with respect to both Competing Plans.

3. KCC shall assist the Plan Proponents with respect to the Competing Plans with, among other things, (a) balloting; (b) distributing applicable solicitation materials; (c) tabulating and calculating of votes; (d) determining with respect to each ballot cast, its timeliness and its compliance with the Bankruptcy Code, Bankruptcy Rules, and procedures ordered by this Court; (e) preparing an official ballot certification and testifying, if necessary, in support of the ballot tabulation results; (f) in connection with the foregoing services, processing requests for documents from parties in interest, including, if applicable, brokerage firms, bank back-offices, and institutional holders; (g) responding to inquiries relating to the solicitation and voting process, including all matters related thereto; and (h) providing copies of documents and pleadings upon the request of creditors and parties in interest.

II. Approval of Key Dates and Deadlines

4. The following dates, to the extent they have not already been established by the Court, are hereby established (subject to modification by further order of the Court) with respect to the solicitation of votes to accept or reject the Competing Plans, voting on the Competing Plans, objecting to the Competing Plans, and pursuing confirmation of the Competing Plans.

Event	Date
Voting Record Date	November 28, 2022
Solicitation Deadline	December 5, 2022
Date of Publication of Confirmation and Sale Hearing Notice	December 9, 2022 or as soon as reasonably practicable thereafter
Deadline to File Plan Supplements	December 27, 2022 at 4:00 p.m. CT
Deadline to File Rule 3018(a) Motions	December 27, 2022 at 4:00 p.m. CT
Deadline to Object to Rule 3018(a) Motions	January 3, 2023 at 4:00 p.m. CT
Plan Objection Deadline	January 3, 2023 at 4:00 p.m. CT

Event	Date
Voting Deadline	January 3, 2023 at 4:00 p.m. CT
Opt Out Deadline	January 3, 2023 at 4:00 p.m. CT
Deadline to File Voting Report	January 6, 2023
Deadline to File Confirmation Brief and Reply to Plan Objection(s)	January 6, 2023
Confirmation and Sale Hearing Date	January 10, 2023 at 9:30 a.m. CT

III. Confirmation and Sale Hearing Notice, Confirmation and Sale Hearing, and Objections

5. Confirmation Objections, if any, shall (a) be in writing, (b) comply with the Bankruptcy Rules and the Local Rules, (c) set forth the name of the objector and the nature and amount of any Claim or Interest asserted by the objector against or in the Debtors, (d) state with particularity the legal and factual bases for the objection and, if practicable, a proposed modification to the Plan(s) that would resolve such objection, and (e) be filed, contemporaneously with proof of service, with the Court and served so that they are **actually received** by the undersigned counsel and the following Notice Parties no later than the Plan Objection Deadline: (i) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green and 600 3rd Avenue, 42nd Floor, New York, NY 10016, Attn: Jeremy R. Johnson; (ii) counsel for Lifespace Communities, Inc., Cooley LLP, 110 North Upper Wacker Drive, Suite 4200, Chicago, Illinois 60606, Attn: Eric. E. Walker; (iii) counsel for UMB Bank, N.A., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck, Eric Blythe and Kaitlin Walsh; (iv) counsel for the Committee, Foley & Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn. Stephen A. McCartin, Thomas C. Scannell, and Mark C. Moore; (v) the Office of the United States

Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert; and (vi) such other parties as the Court may order.

6. The deadline for the Debtors, the Bondholder Plan Sponsors and/or other parties supporting confirmation of the Competing Plans to file and serve a confirmation brief and a Reply or Replies, as appropriate, to Confirmation Objections is **January 6, 2023** and, if the Confirmation and Sale Hearing is adjourned, the deadline shall be the date that is three (3) business days prior to any such adjourned hearing date.

7. Service of the Confirmation and Sale Hearing Notice, substantially in the form attached hereto as Exhibit 7, upon all known holders of Claims against and Interests in the Debtors and the parties on the Rule 2002 list (as of the Voting Record Date) constitutes adequate and sufficient notice, in satisfaction of the requirements of applicable provisions under the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, of: (a) the Confirmation and Sale Hearing to consider approval of the Competing Plans; (b) the manner in which a copy of the Competing Plans may be obtained; and (c) the Plan Objection Deadline.

8. The Debtors shall publish the Confirmation and Sale Hearing Notice on or prior to **December 9, 2022**, or as soon as practically possible thereafter, (i) in the national edition of the *New York Times* or *USA Today*; and (ii) in any other regional or local publication within Dallas, Texas, as the Debtors deem necessary.

9. Publication of the Confirmation and Sale Hearing Notice as described herein shall constitute sufficient notice of the Confirmation and Sale Hearing to persons who do not otherwise receive notice by mail as provided for in this Order.

IV. Establishment of Voting Record Date, Disallowance of Claims for Voting Purposes, and Procedures for Temporary Allowance of Claims

10. Pursuant to Bankruptcy Rule 3017(d), **November 28, 2022** shall be the Voting Record Date. The Plan Proponents shall use the Voting Record Date for determining which holders of Claims are: (a) entitled to vote on any of the Competing Plans and, thus, entitled to receive the Solicitation Package; or (b) not entitled to vote on any of the Competing Plans and, thus, entitled to receive only the Confirmation and Sale Hearing Notice and a Non-Voting Status Notice and/or a Disputed Claim Non-Voting Status Notice (each of which will include an Opt Out Form).

11. With respect to any transferred claim, the transferee shall be entitled to receive a Solicitation Package and cast a Ballot on account of the transferred claim only if: (a) all actions necessary to effect the transfer of the claim or equity interest pursuant to Bankruptcy Rule 3001(e) have been completed by the Voting Record Date; or (b) the transferee files, no later than the Voting Record Date, (i) the documentation required by Bankruptcy Rule 3001(e) to evidence the transfer and (ii) a sworn statement of the transferor supporting the validity of the transfer. Regardless of the number of Claims obtained, each transferee shall be treated as a single creditor for purposes of the numerosity requirements of Bankruptcy Code section 1126(c) and the other procedures set forth in this Order.

12. In the event the Debtors or the Bondholder Plan Sponsors object to a Claim or seek to estimate a Claim, the holder of such Claim shall not be entitled to vote on the Competing Plans and such Claim shall not be counted in determining whether the requirements of Bankruptcy Code section 1126(c) have been met with respect to the Competing Plans (except to the extent and in the manner as may be set forth in the objection or motion to estimate) unless (a) the Claim has been temporarily allowed for voting purposes pursuant to Bankruptcy Rule 3018(a) and in accordance with this Order or (b) on or before the Voting Deadline, the objection to such Claim has been withdrawn or resolved in favor of the creditor asserting the Claim. Recipients of an

objection to expunge and/or disallow their Claim shall receive a Disputed Claim Non-Voting Status Notice, substantially in the forms attached hereto as Exhibit 5-A and Exhibit 5-B, which will include the Opt Out Form, substantially in the forms attached hereto as Exhibit 6-A and Exhibit 6-B.

13. To be considered, any Rule 3018(a) Motion must be filed with this Court and served on counsel to the Plan Proponents and the other Notice Parties so as to be **actually received** no later than **December 27, 2022 at 4:00 p.m. (prevailing Central Time)**.

14. Any party having a Claim subject to a timely filed and served Rule 3018(a) Motion shall be permitted to cast a provisional Ballot to accept or reject the Competing Plans. If, and to the extent that, the Debtors, the Bondholder Plan Sponsors and such party are unable to resolve the issues raised by a Rule 3018(a) Motion prior to the Voting Deadline, then, at the Confirmation and Sale Hearing, the Court shall determine whether the provisional Ballot should be counted as a vote on the Competing Plans.

15. The Debtors, the Bondholder Plan Sponsors and a holder of a Claim may agree and stipulate to treatment of a specific Claim for voting purposes pursuant to a notice filed with the Court.

16. Nothing in this Order shall impact or limit the Debtors,' the Bondholder Plan Sponsors (or any other party in interest's) rights to object to any Proof of Claim or Rule 3018(a) Motion.

V. Approval of Solicitation Procedures

17. The Plan Proponents are authorized to solicit, receive, and tabulate votes to accept the Competing Plans in accordance with the Solicitation Procedures attached hereto as Exhibit 1, which are hereby approved in their entirety; *provided, however*, that the Debtors or the Bondholder Plan Sponsors may amend or supplement the Solicitation Procedures (in consultation with the

other Plan Proponents, or further order of the Court) where, in the Debtors' and Bondholder Plan Sponsors' best judgment, doing so would facilitate solicitation.

B. Ballots and Non-Voting Status Notices with Opt Out Forms

18. The Ballots (including voting instructions) to be distributed and used in connection with the solicitation of votes on, and confirmation of, the Competing Plans, substantially in the forms attached hereto as Exhibit Group 2-A, with respect to the Edgemere Plan, and Exhibit Group 2-B, with respect to the Bondholder Plan are hereby approved.

19. Ballots shall be distributed to holders of Claims entitled to vote on any of the Competing Plans, accompanied by a pre-addressed, postage prepaid return envelope. Holders of Claims entitled to vote on any of the Competing Plans (other than Bondholders), will receive Ballots in the forms included in Exhibit Group 2-A, with respect to the Edgemere Plan, and Exhibit Group 2-B, with respect to the Bondholder Plan.

20. With respect to Bondholders, the Voting Agent shall transmit Solicitation Packages for the beneficial holders of the Series 2015 Bonds and the Series 2017 Bonds (the "**Beneficial Owners**") to all Nominees identified by the Voting Agent as an entity through which the Bondholders held the Series 2015 and/or Series 2017 Bonds as of the Voting Record Date. Each Nominee will be instructed to distribute the Solicitation Packages to the Bondholders for whom the Nominee held bonds.³ As part of the Solicitation Package, the Voting Agent shall transmit to Nominees both: (a) beneficial holder ballots, as appropriate, substantially in the form(s) attached to the Motion (the "**Beneficial Holder Ballots**"), and (b) a master ballot, as appropriate,

³ Solicitation Packages may be sent in paper format or via electronic transmission in accordance with the customary requirements of each Nominee. Each Nominee will then distribute the Solicitation Packages, as appropriate, in accordance with their customary practices and obtain votes to accept or to reject the Competing Plans also in accordance with their customary practices. If it is the Nominee's customary and accepted practice to submit a "voting instruction form" to the beneficial holders for the purpose of recording the beneficial holder's vote, the Nominee will be authorized to send the voting instruction form in lieu of, or in addition to, a Beneficial Holder Ballot

substantially in the form(s) attached to the Motion (the “**Master Ballots**” and the Master Ballots collectively with the Beneficial Holder Ballots, the “**Bondholder Ballots**”).

21. Each Nominee through which one or more Beneficial Owners holds the securities as of the Voting Record Date is hereby ordered to distribute the Solicitation Package to the Beneficial Owners for which they hold the securities within three (3) business days after receipt of such Solicitation Package from the Voting Agent and obtain the vote of such Beneficial Owners consistent with customary practices for obtaining the votes of securities held in “street name,” in one of the following two ways:

- (a) **Master Ballots:** A Nominee may obtain the votes of Beneficial Owners by forwarding to the Beneficial Owners the applicable unsigned Beneficial Owner Ballot, together with the Solicitation Package, a return envelope provided by, and addressed to, the Nominee, and other materials requested to be forwarded. Each such Beneficial Owner may then indicate his/her or its vote on the Beneficial Owner Ballot, complete the information requested in the Beneficial Owner Ballot, review the certifications contained in the Beneficial Owner Ballot, execute the Beneficial Owner Ballot, and return the Beneficial Owner Ballot to the Nominee. After collecting the Ballots, the Nominee shall, in turn, complete the applicable Master Ballot provided to such Nominee by the Voting Agent, and compile the votes and other information from the Beneficial Owner Ballot, execute the Master Ballot, and deliver the Master Ballot to the Voting Agent so that it is received by the Voting Agent before the Voting Deadline. All Beneficial Owner Ballots returned by Beneficial Owners must be retained by Nominees for inspection for at least one year from the Voting Deadline.
- (b) **Pre-Validated Ballots:** A Nominee may pre-validate a Beneficial Owner Ballot, by: (i) signing the applicable Beneficial Owner Ballot, indicating their participant name and DTC participant number and; (ii) indicating on the Beneficial Owner Ballot the account number of the Beneficial Owner, the amount of the securities held by the Nominee for such Beneficial Owner, and the applicable CUSIP number; and (iii) forwarding such Beneficial Owner Ballot together with the Solicitation Package and other materials requested to be forwarded to the Beneficial Owner for voting. The Beneficial Owner may then complete the information requested in the Ballot, review the certifications contained in the Ballot, and return the Ballot directly to the Voting Agent via E-Ballot or in the pre-addressed, postage paid envelope included with the Solicitation Package so that it is received by the Voting Agent before the Voting Deadline. A list of the Beneficial Owners to whom “pre-validated” Ballots

were delivered should be maintained by the Nominee for inspection for at least one year from the Voting Deadline.

22. Notwithstanding the foregoing, Nominees are authorized to transmit Solicitation Packages and collect votes to accept or to reject the Plan Sponsors' Plan from Beneficial Owners in accordance with their customary practices, including the use of a "voting instruction form" in lieu of (or in addition to) a Beneficial Owner Ballot, and collecting votes from Beneficial Owners through online voting, by phone, facsimile, or other electronic means.

23. The Plan Proponents are not required to provide Solicitation Packages to holders of Claims who are not entitled to vote on any of the Competing Plans. Instead, on or before the Solicitation Deadline, the Voting Agent shall distribute, as appropriate, a Non-Voting Status Notice, substantially in the forms attached hereto as Exhibit 4-A, with respect to the Edgemere Plan, and Exhibit 4-B, with respect to the Bondholder Plan, or a Disputed Claim Non-Voting Status Notice, substantially in the forms attached hereto as Exhibit 5-A, with respect to the Edgemere Plan, and Exhibit 5-B, with respect to the Bondholder Plan, which notices are hereby approved, as the case may be, in lieu of a Solicitation Package. Holders of Claims receiving a Non-Voting Status Notice or a Disputed Claim Non-Voting Status Notice will also receive an Opt Out Form, substantially in the form(s) attached hereto as Exhibit 6-A with respect to the Edgemere Plan, and Exhibit 6-B, with respect to the Bondholder Plan, which such holders may complete and return to elect to opt-out of the consensual third-party releases set forth in the Edgemere Plan and the Bondholder Plan. The Opt Out Forms clearly and conspicuously instruct the recipient of such for that the form must be completed and submitted to avoid becoming a Releasing Party, as defined in the applicable Competing Plans.

24. The Non-Voting Status Notices, inclusive of the Opt Out Form, provide sufficient notice of the injunction, exculpation, and release provisions in the Competing Plans and provide

holders of Claims and Interests with sufficient opportunity to elect to not (a) grant such third-party releases or (b) be treated as a Releasing Party. The Opt Out Form sufficiently alerts holders of Claims and Interests not entitled to vote of their right to make the election and the manner in which such election must be made, by submitting a duly completed Opt Out Form to the Voting Agent in accordance with the instructions provided on the Opt Out Form.

25. Further, the Debtors and the Bondholder Plan Proponents are not required to distribute Solicitation Packages to: (i) holders of Claims that (a) have already been paid in full during the Chapter 11 Cases or (b) are authorized to be paid in full in the ordinary course of business pursuant to an order previously entered by this Court; or (ii) any party to whom the Disclosure Statement Hearing Notice was sent and was subsequently returned as undeliverable.

C. Approval of the Form of, and Distribution of, Solicitation Packages

26. The Debtors and the Bondholder Plan Proponents are authorized to transmit, or cause to be transmitted, Solicitation Packages to holders of Claims entitled to vote on any of the Competing Plans on or before **December 5, 2022**, or as soon as practically possible thereafter (the “**Solicitation Deadline**”). Solicitation Packages shall include the following materials:

- (a) The Disclosure Statements as approved by the Court, including exhibits attached thereto, which shall include the Competing Plans, orders approving the Disclosure Statements; and the Solicitation Procedures Order, excluding exhibits attached thereto;]
- (b) the Confirmation and Sale Hearing Notice, which the Debtors and Bondholder Plan Sponsors request that the Court approve in form and substance; and
- (c) an appropriate number of Ballots⁴ conforming to Official Bankruptcy Form No. B314, together with postage-prepaid return envelopes (with the exception that

⁴ For the avoidance of doubt, Solicitation Packages will not be distributed directly to the Bondholders entitled to vote on the Competing Plans, which includes Class 4 Claims, with respect to the Edgemere Plan, and Class 2 Claims with respect to the Bondholder Plan. Instead, as noted above, the Solicitation Packages will be distributed to the Nominees (or their agents), who will in turn distribute the Solicitation Packages to the Bondholders (including, but not limited to, electronic methods and the use of a “voting instruction form” in lieu of a Ballot). Master Ballots will be distributed to the Nominee(s).

Solicitation Packages provided to Nominees will not include postage-prepaid return envelopes); and

- (d) any supplemental documents filed with the Court and any documents that the Court orders to be included in the Solicitation Packages, including any letters which are otherwise approved by the Court after notice in support of the Competing Plans.

27. Copies of all of the materials in the Solicitation Packages (except for the Ballots) shall be served on the U.S. Trustee, and (b) copies of any order(s) approving the Disclosure Statements and the Solicitation Procedures Order (each in electronic format) and the Confirmation and Sale Hearing Notice shall be served on all creditors and equity security holders, pursuant to Bankruptcy Rule 2002 as of the Voting Record Date (the “**2002 List**”). The Solicitation Packages provide holders of Claims that are entitled to vote to accept or reject the Competing Plans with adequate information necessary to make an informed decision with respect to voting to accept or reject the Competing Plans in accordance with Bankruptcy Rules 2002(b) and 3017(d), and all other applicable provisions under the Bankruptcy Code, the Bankruptcy Rules and the Local Rules. Accordingly, service of the Solicitation Packages prior to the Solicitation Deadline to those holders of Claims that are entitled to vote to accept or reject any of the Competing Plans, as set forth above, shall satisfy the requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules.

28. The Debtors and the Bondholder Plan Sponsors are authorized, but not directed, to distribute the materials included in the Solicitation Packages, excluding Ballots and the Confirmation and Sale Hearing Notice in electronic format, which may include providing the materials (i) via compact-disc or flash drive or (ii) via online download. Any recipient of a Solicitation Package in electronic format who wishes to receive hard copies may request such hard copies from KCC in the manner provided in the Solicitation Packages.

29. Holders of Claims that have filed duplicate Claims in any given Class shall be entitled to receive only one Solicitation Package for each Competing Plan and allowed one Ballot for voting their Claims with respect to that Class.

D. When No Notice or Transmittal Necessary

30. The Debtors and the Bondholder Plan Sponsors are not required to send Solicitation Packages, individual solicitation materials, or other notices to (a) any creditor that filed a Proof of Claim if the amount asserted in such Proof of Claim is less than or equal to the amount that has already been paid to such creditor on account of such Proof of Claim or (b) the holder of a Claim that has been disallowed in full by order of the Court.

31. The Plan Proponents are not required to give notice of any kind to any Person or Entity to whom the Plan Proponents mailed the Disclosure Statement Hearing Notice and received the Disclosure Statement Hearing Notice returned by the United States Postal Service marked “undeliverable as addressed,” “moved - left no forwarding address,” “forwarding order expired,” or any similar reason, unless the Plan Proponents have been informed in writing by such Person or Entity of that Person’s or Entity’s new address.

32. The Plan Proponents are not required to attempt to re-deliver Solicitation Packages, Confirmation and Sale Hearing Notices, and Non-Voting Status Notices (including Opt Out Forms) that are returned as undeliverable if the Plan Proponents have not been timely provided with corrected address information by such parties.

VI. Procedures for Vote Tabulation

33. Any timely received Ballot that contains sufficient information to permit the identification of the holder of a Claim and is cast as an acceptance or rejection of the Competing

Plans shall be counted and shall be deemed to be cast as an acceptance or rejection, as the case may be, of the Plan, subject to the following exceptions:

- (a) If a Claim is deemed allowed in accordance with any of the Competing Plans, such Claim shall be allowed for voting purposes in the deemed allowed amount set forth in the applicable Plan;
- (b) If a Claim for which a Proof of Claim has been timely filed (i) is wholly contingent or unliquidated (*i.e.*, a claim based on litigation) (as determined on the face of the Proof of Claim or after a review of the supporting documentation by the Debtors, the Bondholder Plan Sponsors or the Voting Agent) or (ii) does not otherwise specify a fixed or liquidated amount, the claimant shall be allowed to cast one vote valued at one dollar (\$1.00) for voting purposes only;
- (c) If a Claim has been estimated or otherwise allowed for voting purposes by order of the Court, such Claim shall be temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or distribution, unless the Court, prior to the Voting Deadline, enters an order disallowing such Claim;
- (d) If a Claim is represented by a timely filed Proof of Claim, and based on reasonable review by the Debtors, the Bondholder Plan Sponsors or the Voting Agent of the supporting documentation attached to the Proof of Claim, to be contingent or unliquidated in part, such Claim shall be temporarily allowed in the amount that it is liquidated and non-contingent for voting purposes only, unless such Claim is disputed as set forth in subparagraph (h) below;
- (e) If a Claim has been estimated or otherwise allowed for voting purposes by order of the Court, such Claim shall be temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or Distribution;
- (f) If a Claim was listed in the Debtors' filed Schedules in an amount that is liquidated, non-contingent, and undisputed, and a proof of Claim was not filed by the Voting Record Date, such Claim is allowed for voting in the liquidated, non-contingent, undisputed, amount set forth in the Debtors' filed Schedules;
- (g) If a Claim is scheduled at \$0.00, in an unknown amount, or as unliquidated, contingent, or disputed, and a Proof of Claim was not (a) timely filed by the date established in the Bar Date Order or (b) deemed timely filed by an order of the Court prior to the Voting Deadline, such Claim shall be disallowed for voting purposes, provided however, to the extent the applicable Claims Bar Date has not yet expired prior to the Voting Record Date, Claims that are scheduled as contingent, unliquidated, or disputed (excluding such scheduled disputed, contingent, or unliquidated Claims that have been paid or superseded

- by a timely Filed Proof of Claim) shall be allowed to vote only in the amount of \$1.00;
- (h) If the Debtors or the Bondholder Plan Sponsors file and serve an objection to a Claim or a request for estimation of a Claim, such Claim shall be temporarily disallowed for voting purposes only and not for the purposes of allowance or distribution, except to the extent and in the manner as may be set forth in the request for estimation or objection, and subject to the outcome of any Rule 3018(a) Motion. If the Debtors or the Bondholder Plan Sponsors file a request for estimation or an objection to a portion of a Claim, the undisputed portion of such Claim shall be temporarily allowed for voting purposes only and not for the purposes of allowance or distribution, except to the extent and in the manner as may be set forth in the request for estimation or objection, and subject to the outcome of any Rule 3018(a) Motion;
 - (i) Proofs of Claim filed in the amount of \$0.00 shall not be entitled to vote;
 - (j) A Ballot cast in an amount in excess of the allowed amount of the applicable Claim shall only be counted to the extent of the allowed amount of such Claim;
 - (k) Notwithstanding anything to the contrary contained herein, any creditor who has filed or purchased duplicate Claims within the same Class that is entitled to vote on any of the Competing Plans shall be provided with only one Solicitation Package and one ballot for voting a single Claim in such Class, regardless of whether the Debtors or the Bondholder Plan Sponsors have objected to such duplicate Claims; and
 - (l) If a Proof of Claim has been amended by a later filed Proof of Claim that is filed on or prior to the Voting Record Date, the later filed amending Claim shall be entitled to vote in a manner consistent with these tabulation rules, and the earlier filed Claim shall be disallowed for voting purposes, regardless of whether the Debtors or the Bondholder Plan Sponsors have objected to such amended claim. Except as otherwise ordered by the Court, any amendments to proofs of Claim after the Voting Record Date shall not be considered for purposes of these tabulation rules.
 - (m) Registered holders are entitled to vote the principal amount of their Claim as of the Voting Record Date as evidenced on the record and depository listings and shall not be counted in excess of the amount of debt securities held by such Nominee or Beneficial Owner as of the Voting Record Date, provided, however, that any principal amounts may be adjusted by the Voting Agent to reflect the amount of the Claim actually voted, including any prepetition interest.

34. The following additional procedures shall apply with respect to the tabulation of Master Ballots and Beneficial Owner Ballots cast by Nominees and Beneficial Owners.

- (a) The amount that will be used to tabulate acceptance or rejection of the Competing Plans will be the principal amount held by such Nominees and Beneficial Owners as of the Voting Record Date as evidenced on the record and depository listings and shall not be counted in excess of the amount of debt securities held by such Nominee or Beneficial Owner as of the Voting Record Date; provided, however, that any principal amounts may be adjusted by the Voting Agent to reflect the amount of the Claim actually voted, including any prepetition interest;
- (b) If conflicting votes or “over-votes” are submitted by a Nominee, the Voting Agent shall use reasonable efforts to reconcile discrepancies; if over-votes are submitted by a Voting Nominee which are not reconciled prior to the preparation of the Voting Report, the votes to accept and to reject the applicable Plan shall be applied in the same proportion as the votes to accept and to reject the applicable Plan submitted by the Nominee, but only to the extent of the Voting Nominee’s Voting Record Date position in the debt securities; and
- (c) A single Nominee may complete and deliver to the Voting Agent multiple Master Ballots. Votes reflected on multiple Master Ballots shall be counted except to the extent that they are duplicative of other Master Ballots. If two or more Master Ballots are inconsistent, the last properly completed Master Ballot received prior to the Voting Deadline shall, to the extent of such inconsistency, supersede any prior Master Ballot.

35. If a holder of a Claim that is entitled to vote and has more than one Claim against the Debtors based upon different transactions, such holder is entitled to one vote for numerosity purposes in the aggregate dollar amount of all of such Claims.

36. The Plan Proponents have no duty to notify any holder of a Claim of any defects or irregularities with respect to Ballots received by KCC. Likewise, no Plan Proponent will incur any liability for failure to provide such notification. Further, unless waived by the Plan Proponent(s), any defects or irregularities with respect to Ballots must be cured before the Voting Deadline or such Ballots will not be counted.

37. The Debtors and the Bondholder Plan Sponsors request authorization to accept (a) Ballots from voters via first class mail, overnight courier, and hand delivery, or, except for Bondholder Ballots, via electronic transmissions, solely through an online balloting portal to be maintained by the Voting Agent (“E-Ballot”); and (b) Bondholder Ballots, including Master

Ballots submitted by Nominees, on behalf of beneficial holders, via e-mail to EdgemereBallots@kccllc.com. Parties, other than parties submitting Bondholder Ballots, may cast an E-Ballot solely through an online balloting portal on the Case Website located at <http://www.kccllc.net/edgemere>, and electronically sign and submit the Ballot. Instructions for electronic, online transmission of Ballots are set forth on the Ballot. The encrypted ballot data and audit trail created by such electronic submission shall become part of the record of any Ballot submitted in this manner and the creditor's electronic signature will be deemed to be immediately legally valid and effective.

38. Under the following circumstances, Ballots shall not be counted or considered for any purpose in determining whether the Competing Plans have been accepted or rejected:

- (a) any Ballot received after the Voting Deadline;
- (b) any Ballot that is illegible or contains insufficient information;
- (c) any Ballot cast by a Person or Entity that does not hold a Claim in a Class entitled to vote;
- (d) any Ballot timely received that is cast in a manner that indicates neither acceptance nor rejection of any of the Competing Plans or that indicates both acceptance and rejection of any of Plans;
- (e) simultaneous duplicative Ballots voted inconsistently;
- (f) a creditor may not split their vote(s), and thus a Ballot that partially rejects and partially accepts any Plan shall not be counted;
- (g) any attempt to cast a vote on a form other than the official form sent by the Voting Agent;
- (h) any unsigned Ballot; or
- (i) any Ballot not cast in accordance with the procedures approved in this Order.

39. Any duplicate Ballot shall be counted only once.

40. If two (2) or more valid Ballots are cast that attempt to vote the same Claim prior to the Voting Deadline, the last valid Ballot received prior to the Voting Deadline shall be deemed

to reflect the voter's intent and thus to supersede any prior Ballots; *provided, however*, that where an ambiguity exists as to which Ballot was the latest mailed, the Voting Agent reserves the right to contact the holder of the Claim and count the vote according to such voter's stated intent, which shall be noted in the Voting Agent's voting report.

41. Claim splitting is not permitted.

42. The deadline for the Voting Agent to file its voting report shall be **January 6, 2023**.

VII. Approval of the Notice of Filing of the Plan Supplements of the Debtors and Bondholder Plan Sponsors

43. The Debtors are authorized to send the notice of the filing of the Edgemere Plan Supplement, substantially in the form attached hereto as Exhibit 8-A, and the Bondholder Plan Sponsors are authorized to send the notice of the filing of the Bondholder Plan Supplement, substantially in the form attached hereto as Exhibit 8-B. Notwithstanding the foregoing, the Debtors and the Bondholder Plan Sponsors may amend the documents contained in, and exhibits to, the respective Plan Supplement in accordance with the respective Plan.

VIII. Miscellaneous

44. The service of Solicitation Packages and other notices and documents described herein in the time and manner set forth herein constitutes adequate and sufficient notice of the Confirmation and Sale Hearing, and no further notice is necessary.

45. The Plan Proponents, and KCC, are authorized to take all actions necessary to implement the relief granted in this Order.

46. To the extent there is any conflict or inconsistency between the terms of this Order and the terms set forth in the Ballots, the Non-Voting Status Notices, the Confirmation and Sale

Hearing Notice, and/or any other document approved by this Order, the terms of this Order shall control.

47. The Plan Proponents shall have authority to make nonsubstantive and nonmaterial changes to their respective Plans and/or disclosure statements. Furthermore, the Plan Proponents shall have authority to make nonsubstantive and nonmaterial changes to the Ballots, the Non-Voting Status Notices, the Confirmation and Sale Hearing Notice, and related documents without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors, insert dates, and to make conforming changes among the Disclosure Statements, the Competing Plans, the Ballots, the Non-Voting Status Notices, the Confirmation and Sale Hearing Notice, and any other materials in the Solicitation Packages prior to mailing. If such changes are made, the Debtors or the relevant Plan Proponent will promptly file a notice on the Court's docket reflecting all such changes in a manner that highlights each such change.

48. Notwithstanding any applicable Bankruptcy Rule, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

49. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

50. Copies of the Competing Plans, the applicable disclosure statements, and all pleadings and orders of the Court may be obtained by: (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; (c) emailing at EdgemereInfo@kccllc.com with a reference to "Edgemere" in the subject line; or (d) visiting the case website at <http://www.kccllc.net/edgemere>. You may also obtain such information for a fee via PACER at <http://www.txnb.uscourts.gov>.

END OF ORDER

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Exhibit 1
(Solicitation Procedures)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

<p>In re:</p> <p>Northwest Senior Housing Corporation, <i>et al.</i>,¹</p> <p style="text-align: center;">Debtors.</p>	<p>Chapter 11</p> <p>Case No. 22-30659 (MVL)</p> <p>(Jointly Administered)</p>
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SOLICITATION PROCEDURES

PLEASE TAKE NOTICE THAT on **November 2, 2022**, (i) the official committee of unsecured creditors (the “**Committee**”) and the above captioned debtors and debtors in possession (the “**Debtors**”) in these Chapter 11 Cases filed the *Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 750] (as may be amended, modified, or supplemented from time to time, the “**Edgemere Plan**”) and the *Disclosure Statement in Support of Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 751] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Edgemere Disclosure Statement**”); and (ii) UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**,” and together with the Trustee, the “**Bondholder Plan Sponsors**”) filed the *Plan of Reorganization of the Trustee and the DIP Lender Dated November 2, 2022* [Docket No. 752] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Bondholder Plan**”) and the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* [Docket No. 753] (together with all the schedules and exhibits thereto, and each as may be amended, modified, or supplemented from time to time, the “**Bondholder Disclosure Statement**”). Together the Edgemere Disclosure Statement and the Bondholder Disclosure Statement shall be referred to herein as the “**Disclosure Statements**” and “**Plan Proponents**” shall be used to refer, collectively, to the Committee and the Debtors, with respect to the Edgemere Plan, and the Bondholder Plan Sponsors, with respect to the Bondholder Plan.

PLEASE TAKE FURTHER NOTICE THAT on [DATE], 2022, the United States Bankruptcy Court for the Northern District of Texas (the “**Court**”) entered an order approving the Edgemere Disclosure Statement. *See* Docket No. [•].

PLEASE TAKE FURTHER NOTICE THAT on [DATE], 2022, the Court entered an order approving the Bondholder Disclosure Statement. *See* Docket No. [•].

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

PLEASE TAKE FURTHER NOTICE THAT on [DATE], 2022, the Court entered an order (the “**Solicitation Procedures Order**”), among other things, (i) authorizing Kurtzman Carson Consultants LLC (“**KCC**” or the “**Voting Agent**”) to serve and act as the singular Voting Agent with respect to the Edgemere Plan and the Bondholder Plan (each, as may be further amended or supplemented from time to time, and including all exhibits and supplements thereto, a “**Competing Plan**” and, collectively, the “**Competing Plans**”);² (ii) establishing the voting record date and other related dates in connection with confirmation of the Competing Plans; (iii) approving procedures for soliciting, receiving, and tabulating votes on the Competing Plans and for filing objections to the Competing Plans; (iv) approving the manner and forms of notice and related documents; and (v) granting related relief. *See* Docket No. [•].

A. The Voting Record Date

The Court has approved **November 28, 2022**, as the record date for purposes of determining which holders of Claims are entitled to vote on the Competing Plans (the “**Voting Record Date**”).

B. The Voting Deadline

The Court has established **January 3, 2023, at 4:00 p.m. prevailing Central Time** as the voting deadline (the “**Voting Deadline**”) with respect to the Competing Plans.

To be counted as votes to accept or reject the Competing Plans, all ballots and master ballots (each a “**Ballot**” and collectively, the “**Ballots**”) must be properly executed, completed, and *actually received* by no later than the Voting Deadline by the Voting Agent.

C. Ballots and Notices of Non-Voting Status

1. Ballots

The Ballots to be used for the solicitation of votes on, and confirmation of, the Competing Plans, shall be substantially in the form(s) attached to the Solicitation Procedures Order as Exhibit Group 2-A, with respect to the Edgemere Plan, and Exhibit Group 2-B, with respect to the Bondholder Plan. Ballots, along with other materials in the Solicitation Packages (as defined below), shall be distributed to all parties entitled to vote no later than **December 5, 2022**. Ballots will be accompanied by a pre-addressed, postage prepaid return envelope and instructions for submission of votes (with the exception that Solicitation Packages provided to Nominees will not include postage-prepaid return envelopes).

2. Notices of Non-Voting Status and Disputed Claim Non-Voting Status

Notices of non-voting status, including the Non-Voting Status Notices attached to the Solicitation Procedures Order as Exhibit 4-A, with respect to the Edgemere Plan, and Exhibit 4-B, with respect to the Bondholder Plan, and the Disputed Claims Non-Voting Status Notices attached to the Solicitation Procedures Order as Exhibit 5-A, with respect to the Edgemere Plan, and Exhibit

² Capitalized terms used but not defined herein have the meaning given to such terms in the respective Competing Plan or Disclosure Statement, as applicable.

5-B, with respect to the Bondholder Plan, shall be distributed to parties that are not entitled to vote to accept or reject the Competing Plans. Such notices will instruct these holders as to how they may obtain copies of the documents contained in the Solicitation Package (with the exception of the Ballot). Additionally, with respect to each Competing Plan, parties not entitled to vote shall receive Opt-Out Forms that such holders MUST complete and return if they desire to (i) elect to opt-out of the consensual third-party releases and other provisions set forth in Section 8 of the Edgemere Plan and Section 8 of the Bondholder Plan; and (ii) avoid being treated as a Releasing Party, as that term is defined in each of the applicable Competing Plans.

D. Content, General Transmittal of Solicitation Packages, and Notice of Confirmation and Sale Hearing

1. The Solicitation Package

The solicitation package (the “**Solicitation Package**”) will include the following:

- a. The Disclosure Statements as approved by the Court, including exhibits attached thereto, which shall include the Competing Plans, orders approving the Disclosure Statements; and the Solicitation Procedures Order, excluding exhibits attached thereto;
- b. the Confirmation and Sale Hearing Notice, which the Debtors and the Bondholder Plan Sponsors request that the Court approve in form and substance;
- c. an appropriate number of Ballots conforming to Official Bankruptcy Form No. B314, together with postage-prepaid return envelopes (with the exception that Solicitation Packages provided to Nominees will not include postage-prepaid return envelopes); and
- d. any supplemental documents filed with the Court and any documents that the Court orders to be included in the Solicitation Package, including any letters which are otherwise approved by the Court after notice in support of the Competing Plans.

2. Distribution of the Solicitation Packages

As stated above, the Solicitation Packages shall provide the Disclosure Statements (and exhibits attached thereto, including the Competing Plans and the orders approving the Disclosure Statements) and the Plan Proponents may transmit such materials via electronic means by: (i) providing a compact-disc or flash drive; or (ii) making such materials available online for download. Only the Ballot and the Confirmation and Sale Hearing Notice shall be provided in paper format. Any party that receives the materials in electronic format but would prefer hard copies may contact the Voting Agent retained by the Debtors in the Chapter 11 Cases by: (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line; or (d) visiting the case website at <http://www.kccllc.net/edgemere>. Copies may also be obtained for a fee via PACER at <http://www.txnb.uscourts.gov>.

The Plan Proponents shall serve, or cause to be served, (a) copies of all of the materials in the Solicitation Package (except for the Ballots) on the U.S. Trustee, and (b) copies of any order(s) approving the Disclosure Statements and the Solicitation Procedures Order (each in electronic format) and the Confirmation and Sale Hearing Notice on all creditors and equity holders, pursuant to Bankruptcy Rule 2002 as of the Voting Record Date.

With respect to each Competing Plan, the Plan Proponents shall endeavor, to the extent possible, to ensure that holders of more than one Claim or Interest in a single Voting Class receive no more than one Solicitation Package on account of such Claim(s) or Interest(s).

E. Voting and Tabulation Procedures

1. Holders of Claims Entitled to Vote

With respect to the Edgemere Plan, only holders of Claims in Classes 4, 5, 6, and 8 are entitled to vote to accept or reject the Edgemere Plan pursuant to Bankruptcy Code section 1126.

With respect to the Bondholder Plan, only holders of Claims in Classes 2 and 4 are entitled to vote to accept or reject the Bondholder Plan pursuant to Bankruptcy Code section 1126.

2. Voting Options

The Plan Proponents may accept (a) Ballots from voters via first class mail, overnight courier, and hand delivery, or, except for Bondholder Ballots, via electronic transmissions, solely through an online balloting portal to be maintained by the Voting Agent (“**E-Ballot**”); and (b) Bondholder Ballots, including Master Ballots submitted by Nominees, on behalf of beneficial holders, via e-mail to EdgemereBallots@kccllc.com. Parties, other than parties submitting Bondholder Ballots, may cast an E-Ballot solely through an online balloting portal on the Case Website located at <http://www.kccllc.net/edgemere>, and electronically sign and submit the Ballot. Instructions for electronic, online transmission of Ballots are set forth on the Ballot. The encrypted ballot data and audit trail created by such electronic submission shall become part of the record of any Ballot submitted in this manner and the creditor’s electronic signature will be deemed to be immediately legally valid and effective.

Beneficial Holders will receive instructions for voting from the applicable Nominee and each Beneficial Holder voting on the Competing Plans through a Nominee can (i) return their Beneficial Holder Ballot with a vote to the appropriate Nominee in sufficient time for such Nominee to timely cast a Master Ballot including the votes to accept or reject the Competing Plans on behalf of the Beneficial Holder(s), or (ii) if the Nominee has elected to “prevalidate” Beneficial Holder Ballots, to return the prevalidated Beneficial Holder Ballots to the Voting Agent by the Voting Deadline. The Voting Agent will then tabulate each such Master Ballot received.

Instructions for Ballot submissions accompany the Ballots.

3. Tabulation of Votes

Solely for purposes of voting to accept or reject the Competing Plans and not for the purpose of the allowance of, or distribution on account of, any Claim, and without prejudice to

either the Debtors' or the Bondholder Plan Sponsors' rights in any other context, each Claim entitled to vote to accept or reject the Competing Plans shall be in an amount determined by the following procedures:

- (a) If a Claim is deemed allowed in accordance with any of the Competing Plans, such Claim shall be allowed for voting purposes in the deemed allowed amount set forth in the applicable Plan;
- (b) If a Claim for which a Proof of Claim has been timely filed (i) is wholly contingent or unliquidated (*i.e.*, a claim based on litigation) (as determined on the face of the Proof of Claim or after a review of the supporting documentation by the Debtors, the Bondholder Plan Sponsors or the Voting Agent) or (ii) does not otherwise specify a fixed or liquidated amount, the claimant shall be allowed to cast one vote valued at one dollar (\$1.00) for voting purposes only;
- (c) If a Claim has been estimated or otherwise allowed for voting purposes by order of the Court, such Claim shall be temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or distribution, unless the Court, prior to the Voting Deadline, enters an order disallowing such Claim;
- (d) If a Claim is represented by a timely filed Proof of Claim, and based on reasonable review by the Debtors, the Bondholder Plan Sponsors or the Voting Agent of the supporting documentation attached to the Proof of Claim, to be contingent or unliquidated in part, such Claim shall be temporarily allowed in the amount that it is liquidated and non-contingent for voting purposes only, unless such Claim is disputed as set forth in subparagraph (h) below;
- (e) If a Claim has been estimated or otherwise allowed for voting purposes by order of the Court, such Claim shall be temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowance or Distribution;
- (f) If a Claim was listed in the Debtors' filed Schedules in an amount that is liquidated, non-contingent, and undisputed, and a proof of Claim was not filed by the Voting Record Date, such Claim is allowed for voting in the liquidated, non-contingent, undisputed, amount set forth in the Debtors' filed Schedules;
- (g) If a Claim is scheduled at \$0.00, in an unknown amount, or as unliquidated, contingent, or disputed, and a Proof of Claim was not (a) timely filed by the date established in the Bar Date Order or (b) deemed timely filed by an order of the Court prior to the Voting Deadline, such Claim shall be disallowed for voting purposes, *provided however*, to the extent the applicable Claims Bar Date has not yet expired prior to the Voting Record Date, Claims that are scheduled as contingent, unliquidated, or disputed (excluding such scheduled disputed, contingent, or unliquidated Claims that have been paid or superseded by a timely Filed Proof of Claim) shall be allowed to vote only in the amount of \$1.00;

- (h) If the Debtors or the Bondholder Plan Sponsors file and serve an objection to a Claim or a request for estimation of a Claim, such Claim shall be temporarily disallowed for voting purposes only and not for the purposes of allowance or distribution, except to the extent and in the manner as may be set forth in the request for estimation or objection, and subject to the outcome of any Rule 3018(a) Motion. If the Debtors or the Bondholder Plan Sponsors file a request for estimation or an objection to a portion of a Claim, the undisputed portion of such Claim shall be temporarily allowed for voting purposes only and not for the purposes of allowance or distribution, except to the extent and in the manner as may be set forth in the request for estimation or objection, and subject to the outcome of any Rule 3018(a) Motion;
- (i) Proofs of Claim filed in the amount of \$0.00 shall not be entitled to vote;
- (j) A Ballot cast in an amount in excess of the allowed amount of the applicable Claim shall only be counted to the extent of the allowed amount of such Claim;
- (k) Notwithstanding anything to the contrary contained herein, any creditor who has filed or purchased duplicate Claims within the same Class that is entitled to vote on any of the Competing Plans shall be provided with only one Solicitation Package and one ballot for voting a single Claim in such Class, regardless of whether the Debtors or the Bondholder Plan Sponsors have objected to such duplicate Claims;
- (l) If a Proof of Claim has been amended by a later filed Proof of Claim that is filed on or prior to the Voting Record Date, the later filed amending Claim shall be entitled to vote in a manner consistent with these tabulation rules, and the earlier filed Claim shall be disallowed for voting purposes, regardless of whether the Debtors or the Bondholder Plan Sponsors have objected to such amended claim. Except as otherwise ordered by the Court, any amendments to proofs of Claim after the Voting Record Date shall not be considered for purposes of these tabulation rules;
- (m) Registered holders are entitled to vote the principal amount of their Claim as of the Voting Record Date as evidenced on the record and depository listings and shall not be counted in excess of the amount of debt securities held by such Nominee or Beneficial Owner as of the Voting Record Date, provided, however, that any principal amounts may be adjusted by the Voting Agent to reflect the amount of the Claim actually voted, including any prepetition interest; and
- (n) Notwithstanding this paragraph 3, holders of claims in Classes 5 and 6 under the Plan shall be permitted to vote the face amount of their scheduled claims notwithstanding any designation of such claim as unliquidated, disputed or contingent.

If a holder of a Claim is entitled to vote and has more than one Claim against the Debtors based upon different transactions, such holder is entitled to one vote for numerosity purposes in the aggregate dollar amount of all of such Claims.

4. Tabulation of Master Ballots

The following additional procedures shall apply with respect to the tabulation of Master Ballots and Beneficial Owner Ballots cast by Nominees and Beneficial Owners.

- (a) The amount that will be used to tabulate acceptance or rejection of the Competing Plans will be the principal amount held by such Nominees and Beneficial Owners as of the Voting Record Date as evidenced on the record and depository listings and shall not be counted in excess of the amount of debt securities held by such Nominee or Beneficial Owner as of the Voting Record Date; provided, however, that any principal amounts may be adjusted by the Voting Agent to reflect the amount of the Claim actually voted, including any prepetition interest;
- (b) If conflicting votes or “over-votes” are submitted by a Nominee, the Voting Agent shall use reasonable efforts to reconcile discrepancies; if over-votes are submitted by a Voting Nominee which are not reconciled prior to the preparation of the Voting Report, the votes to accept and to reject the applicable Plan shall be applied in the same proportion as the votes to accept and to reject the applicable Plan submitted by the Nominee, but only to the extent of the Voting Nominee’s Voting Record Date position in the debt securities; and
- (c) A single Nominee may complete and deliver to the Voting Agent multiple Master Ballots. Votes reflected on multiple Master Ballots shall be counted except to the extent that they are duplicative of other Master Ballots. If two or more Master Ballots are inconsistent, the last properly completed Master Ballot received prior to the Voting Deadline shall, to the extent of such inconsistency, supersede any prior Master Ballot.

5. Ballots not Counted

In addition, under the following circumstances, Ballots shall not be counted or considered for any purpose in determining whether any of the Competing Plans have been accepted or rejected:

- (a) any Ballot received after the Voting Deadline;
- (b) any Ballot that is illegible or contains insufficient information;
- (c) any Ballot cast by a Person or Entity that does not hold a Claim in a Class entitled to vote;
- (d) any Ballot timely received that is cast in a manner that indicates neither acceptance nor rejection of any of the Competing Plans or that indicates both acceptance and rejection of any of Plans;
- (e) simultaneous duplicative Ballots voted inconsistently;

- (f) a creditor may not split their vote(s), and thus a Ballot that partially rejects and partially accepts any Plan shall not be counted;
- (g) any attempt to cast a vote on a form other than the official form sent by the Voting Agent;
- (h) any unsigned Ballot; or
- (i) any Ballot not cast in accordance with the procedures approved in the Solicitation Procedures Order.

If two (2) or more valid Ballots are cast that attempt to vote the same Claim prior to the Voting Deadline, the last valid Ballot received prior to the Voting Deadline shall be deemed to reflect the Claim holder's intent and, thus, will supersede any prior Ballot(s); *provided, however*, that where an ambiguity exists as to which Ballot was the latest mailed, the Voting Agent reserves the right to contact the holder of the Claim and count the vote according to such voter's stated intent, which shall be noted in the Voting Agent's voting report.

If no votes are returned for a Class of Claims entitled to vote on the Competing Plans, such Class shall be deemed to have accepted the applicable Plan.

The Plan Proponents have no duty to notify any holder of a Claim of any defects or irregularities with respect to Ballots received by KCC. Likewise, no Plan Proponent will incur any liability for failure to provide such notification. Further, unless waived by the Plan Proponent(s), any defects or irregularities with respect to Ballots must be cured before the Voting Deadline or such Ballots will not be counted.

Subject to any contrary order of the Court and except as otherwise set forth herein, the applicable Plan Proponent may waive any defects or irregularities as to any particular Ballot at any time, either before or after the Voting Deadline, and any such waiver(s) shall be documented in the Voting Agent's Voting Report.

6. The Voting Report

The Voting Agent shall file its Voting Report no later than **January 6, 2023, at 4:00 p.m. prevailing Central Time.**

F. Amendments to the Competing Plans and Solicitation Procedures

The Plan Proponents reserve the right to make nonsubstantive and nonmaterial changes to their respective Competing Plans and/or Disclosure Statements. Furthermore, the Debtors and the Plan Proponents, as applicable, reserve the right to make nonsubstantive and nonmaterial changes to the Ballots, the Non-Voting Status Notices, the Confirmation and Sale Hearing Notice, and related documents without further order of the Court, including, without limitation, changes to correct typographical and grammatical errors, insert dates, and to make conforming changes among the Disclosure Statements, the Competing Plans, the Ballots, the Non-Voting Status Notices, the Confirmation and Sale Hearing Notice, the Edgemere Plan Supplement Notice and

any other materials in the Solicitation Package prior to mailing. If such changes are made, the Plan Proponents will promptly file a notice on the Court's docket reflecting all such changes in a manner that highlights each such change.

Dated: November [__], 2022
Dallas, Texas

POLSINELLI PC

/s/ DRAFT

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AND DEBTORS IN POSSESSION

AND

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– and –

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COUNSEL TO UMB BANK, N.A. AS
TRUSTEE AND DIP LENDER

131317283v.2

Exhibit 2-A
(Edgemere Plan Ballots)

No person is authorized to give any information or advice, or to make any representation, other than what is contained in the Disclosure Statement in Support of the Joint Plan of Reorganization Proposed by the Committee and the Debtors, dated November 2, 2022.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**BENEFICIAL HOLDER BALLOT FOR VOTING TO ACCEPT OR REJECT
THE JOINT PLAN OF REORGANIZATION
PROPOSED BY THE COMMITTEE AND THE DEBTORS**

CLASS 4 BOND DEFICIENCY CLAIMS

PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS BALLOT.

PLEASE REVIEW CAREFULLY THE ACCOMPANYING PLAN AND DISCLOSURE STATEMENT FOR A DESCRIPTION OF THE SAME AND THEIR EFFECTS ON HOLDERS OF CLAIMS AGAINST THE DEBTOR TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, IN ORDER FOR YOUR VOTE TO BE COUNTED, YOU MUST FOLLOW THE DIRECTIONS OF YOUR NOMINEE AND ALLOW SUFFICIENT TIME FOR YOUR NOMINEE TO RECEIVE YOUR VOTE AND TRANSMIT SUCH VOTE ON A MASTER BALLOT, WHICH MASTER BALLOT MUST BE RETURNED TO THE CLAIMS AND NOTICING AGENT BY JANUARY 3, 2023 AT 4:00 P.M., PREVAILING CENTRAL TIME (THE "VOTING DEADLINE").

IF, HOWEVER, YOU RECEIVED A "PRE-VALIDATED" BALLOT FROM YOUR NOMINEE WITH INSTRUCTIONS TO SUBMIT SUCH BALLOT DIRECTLY TO THE VOTING AGENT IN ORDER FOR YOUR VOTE TO BE COUNTED, YOU MUST COMPLETE, EXECUTE, AND RETURN THE "PRE-VALIDATED" BALLOT, SO AS TO BE ACTUALLY RECEIVED BY THE VOTING AGENT BY THE VOTING DEADLINE.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

Kurtzman Carson Consultants LLC (the “**Voting Agent**”) in its capacity as voting agent for and on behalf of the official committee of unsecured creditors (the “**Committee**”) and Northwest Senior Housing Corporation and Senior Quality Lifestyles Corporation (the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”) is soliciting votes with respect to the *Joint Plan of Reorganization Proposed by the Committee and the Debtors*, dated November 2, 2022 [Docket No. 750] (together with all schedules and exhibits thereto, and as may be modified, amended, or supplemented from time to time, the “**Plan**”) ² from the holders of certain Impaired Claims against the Debtors. The accompanying *Disclosure Statement in Support of the Joint Plan of Reorganization of the Committee and the Debtors* [Docket No. 752] (together with all schedules and exhibits thereto, and as may be modified, amended, or supplemented from time to time, the “**Disclosure Statement**”) describes the Plan and contains information to assist you in deciding how to vote on the Plan. The Disclosure Statement also includes a copy of the Plan, as filed on November 2, 2022, as Exhibit 1. On [DATE], 2022, the Court entered the *Order (A) Approving Disclosure Statement; (B) Granting Related Relief* [Docket No. [●]] (the “**Disclosure Statement Order**”). On [DATE], 2022, the Court approved the solicitation of the Plan (the “**Solicitation Procedures Order**”). See Docket No. [●]. Thus, the Debtors and the Committee are soliciting votes in accordance with the Solicitation Procedures approved by the Court’s Solicitation Procedures Order.

Please review the Disclosure Statement, the Plan, the Solicitation Procedures Order, and this ballot carefully before you submit this ballot.

This ballot (the “**Beneficial Holder Ballot**”) is being sent to all beneficial holders (collectively, the “**Beneficial Holders**”) of the Original Bonds (as defined in the Plan). You are receiving this Beneficial Holder Ballot because records maintained by your broker, bank, common representative or other nominee or intermediary (collectively with their mailing agents, “**Nominee**”) indicate that you are a Beneficial Holder of a Class 4 Bond Deficiency Claim arising under, related to or in connection with the Original Bonds as of November 28, 2022 (the “**Voting Record Date**”). Accordingly, you have a right to vote to accept or reject the Plan.

The rights and treatment for each Class are described in the Disclosure Statement. Each of the Disclosure Statement, Plan and the Disclosure Statement Order are available on the case website. The Solicitation Package you are receiving with this Ballot provides instructions detailing how to access electronic versions and request hard copies of each of the (a) Disclosure Statement Order as entered by the Court (without any exhibits) and (b) the Disclosure Statement as approved by the Court. If you need to obtain additional solicitation materials, you may obtain such information from the Voting Agent by: (i) calling (866) 967-0269 (toll-free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line. The materials may also be obtained free-of-charge from <https://www.kccllc.net/edgemere..> You may also obtain such information for a fee via PACER at <http://www.txnb.uscourts.gov>.

PLEASE NOTE THAT THE VOTING AGENT IS NOT AUTHORIZED TO PROVIDE LEGAL ADVICE.

² Capitalized terms used or not otherwise defined shall have the meanings ascribed to them in the Plan.

CUSIP indicated on Exhibit A hereto

Pursuant to the Disclosure Statement and the Disclosure Statement Order, the Court has approved the Disclosure Statement as containing adequate information under Bankruptcy Code section 1125. Bankruptcy Court approval of the Disclosure Statement does not mean that the Plan has been confirmed by the Court. Rather, Ballots will be counted and the Court will use the tabulation of the Ballots as part of its determination as to whether or not to confirm (approve) the Plan. This Beneficial Holder Ballot may not be used for any purpose other than for voting to accept or reject the Plan and making certain certifications with respect to the Plan. If you believe that you have received this Beneficial Holder Ballot in error, please contact the Voting Agent **immediately** at the address, telephone number, or email address set forth above.

Most Beneficial Holders will submit votes to accept or reject the Plan by completing a Beneficial Holder Ballot and returning it to their Nominee, who will then prepare and submit a master ballot (a “**Master Ballot**”). You may have received specific instructions from your Nominee for use in returning completed Beneficial Holder Ballots. Please follow the instructions provided by your Nominee and return your Beneficial Holder Ballot in sufficient time for your Nominee to complete and submit the Master Ballot so that it is received on or before January 3, 2023 at 4:00 p.m. (prevailing Central Time) (the “**Voting Deadline**”). If a Master Ballot is not received by the Voting Agent on or before the Voting Deadline and such Voting Deadline is not extended, the vote will not count as an acceptance or rejection of the Plan.

YOU SHOULD CAREFULLY REVIEW THE PLAN AND THE ATTACHED INSTRUCTIONS BEFORE COMPLETING AND RETURNING THIS BALLOT. YOU MAY WISH TO SEEK LEGAL ADVICE CONCERNING THE PLAN AND THE CLASSIFICATION AND TREATMENT OF YOUR CLAIM UNDER THE PLAN.

If the Voting Agent does not receive the Master Ballot by January 3, 2023 at 4:00 p.m. (prevailing Central Time), and if the deadline is not extended, your vote as either acceptance or rejection of the Plan will not count and the Plan, if it is confirmed, will be binding on you whether or not you vote.

IMPORTANT NOTICE FOR ALL CREDITORS

PLEASE TAKE NOTICE THAT IF THE PLAN IS CONFIRMED BY THE COURT, ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS (INCLUDING THOSE HOLDERS WHO ABSTAIN FROM VOTING ON OR WHO VOTE TO REJECT THE PLAN, AND THOSE HOLDERS WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE CONFIRMED PLAN AND THE TRANSACTIONS CONTEMPLATED THEREUNDER.

CUSIP indicated on Exhibit A hereto

Item 1. Amount of Claim.

As of the Voting Record Date, the undersigned was the Beneficial Holder (or authorized signatory for such Holder) or the Nominee of a Beneficial Holder in the following aggregate unpaid principal amount:

*(If an amount has not been provided by your bank, broker, nominee or other intermediary on a label below, please insert the amount in the box below. If your Bonds are held by a Nominee on your behalf and you do not know the amount of Bonds held or the amount provided on the label is incorrect, please contact your Nominee immediately.)

Principal Amount: \$ _____

Item 2. Vote on the Plan.

The Beneficial Holder of the Claim against the Debtors set forth in Item 1 votes to (please check only one):

ACCEPT (vote FOR) the Plan **REJECT** (vote AGAINST) the Plan

Item 3. Important information regarding Releases, Exculpation, and Injunctions and Creditors' Rights to Opt-Out.

The Plan contains the following provision(s):

Section 1.128 Defines "Releasing Party"

"Releasing Party" means each Claimant who has not chosen, by marking the appropriate box on the Ballot, to opt out of the "Releases by Holders of Claims" provided for in Section 8.3 of this Plan.

Section 8.3 Releases by Holders of Claims

AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE REORGANIZED DEBTOR, THE ESTATES, THE SPONSOR, AND OTHER RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF

CUSIP indicated on Exhibit A hereto

OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, REPRESENTATION, OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THE DISCLOSURE STATEMENT, ANY PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY, OR THE REFINANCING TRANSACTION (COLLECTIVELY, "CREDITOR RELEASED CLAIMS"), OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY OR A FORMER OFFICER OR DIRECTOR OF THE DEBTORS THAT CONSTITUTES WILLFUL MISCONDUCT (INCLUDING FRAUD) OR GROSS NEGLIGENCE. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE CREDITOR RELEASED CLAIMS ON ACCOUNT OF THE LITIGATION TRUST AS SUCH CLAIMS ARE RELEASED PURSUANT TO THIS PLAN AND, AS SUCH, DO NOT AND WILL NOT CONSTITUTE LITIGATION TRUST ASSETS.

Section 8.4 Exculpation

UPON THE EFFECTIVE DATE, THE DEBTORS, THE COMMITTEE AND THE SPONSOR, AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THE PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E). EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, THE DISTRIBUTION OF PROPERTY UNDER THE PLAN, OR ANY OTHER RELATED

CUSIP indicated on Exhibit A hereto

AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE ANY CLAIMS DESCRIBED IN THIS SECTION 8.4 OF THIS PLAN AGAINST ANY EXCULPATED PARTY.

Section 8.5 Injunction

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER. FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THE PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS), ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH RIGHTS, CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, ENFORCEMENT PROCEEDING, OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY

CUSIP indicated on Exhibit A hereto

SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN. THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS) FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g). ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTOR, TH SPONSOR, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS, AGENTS, ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

If you wish to opt-out of being a "Releasing Party" you must check the following box, complete this form, and ensure that it is timely submitted to the Voting Agent. If you do not submit this Ballot to the Voting Agent before the Voting Deadline and check the following opt-out box, you will be deemed to have consented to being a Releasing Party.

I elect to **OPT OUT** of and do not consent to the releases, exculpations, and injunctions in Section 8 of the Edgemere Plan.

Item 4. Other Beneficial Holder Ballots Submitted.

By returning this Beneficial Holder Ballot, the holder of the Claims identified in Item 1 certifies that (a) this Beneficial Holder Ballot is the only Beneficial Holder Ballot submitted for Claims

CUSIP indicated on Exhibit A hereto

identified in Item 1 owned by such holder, except as identified in the following table, and (b) all Beneficial Holder Ballots submitted by the holder in the same Class indicate the same vote to accept or reject the Plan that the holder has indicated in Item 2 of this Beneficial Holder Ballot (please use additional sheets of paper if necessary):

ONLY COMPLETE THIS TABLE IF YOU HAVE VOTED OTHER CLAIMS IN THIS CLASS ON ANOTHER BENEFICIAL HOLDER BALLOT

Account Number of Other Claims Voted	Name of Record Holder or Nominee	Principal Amount of Other Claims Voted	CUSIP Ticker Symbol of Other Claims Voted
		\$	
		\$	
		\$	
		\$	

Item 5. Acknowledgments and Certification

By signing this Beneficial Holder Ballot, the undersigned certifies that:

- a. no other Beneficial Holder Ballots have been cast with respect to the Claim identified in Item 1, and that, to the extent such Beneficial Holder Ballots have been cast, such earlier Ballots are hereby revoked;
- b. the undersigned Beneficial Holder has been provided with a copy of the Plan, the Disclosure Statement, and the Disclosure Statement Order, and acknowledges that the vote set forth on this Beneficial Holder Ballot is subject to all terms and conditions set forth therein; and
- c. the undersigned Beneficial Holder is the Beneficial Holder of the Claim set forth in Item 1, with full power and authority to vote to accept or reject the Plan.

The undersigned also acknowledges that this solicitation is subject to all the terms and conditions set forth in the Plan and that all authority conferred or agreed to be conferred pursuant to this Beneficial Holder Ballot, and every obligation of the undersigned hereunder, shall be binding upon the transferees, successors, assigns, heirs, executors, administrators, trustees in bankruptcy, and legal representatives of the undersigned and shall not be affected by, and shall survive the death or incapacity, of the undersigned.

Name of Claimant: _____

Signature: _____

Name of Signatory: _____
(if different than Claimant)

If authorized by Agent, Title of Agent _____

CUSIP indicated on Exhibit A hereto

Street Address: _____

Street Address:
(continued) _____

City, State, Zip Code: _____

Telephone Number: _____

Email Address: _____

Date Completed: _____

Please return your Beneficial Holder Ballot promptly in the envelope provided or otherwise in accordance with the instructions provided by your Nominee. If the Voting Agent does not actually receive the Master Ballot reflecting the vote cast on this Beneficial Holder Ballot (or your pre-validated Beneficial Holder Ballot, if applicable) on or before January 3, 2023 at 4:00 p.m. (prevailing Central Time), and if the Voting Deadline is not extended, your vote will not be counted.

CUSIP indicated on Exhibit A hereto

INSTRUCTIONS FOR COMPLETING THE BENEFICIAL HOLDER BALLOT

THESE INSTRUCTIONS EXPLAIN HOW TO COMPLETE THE BENEFICIAL HOLDER BALLOT. PLEASE READ AND FOLLOW THESE INSTRUCTIONS CAREFULLY TO ENSURE THAT YOUR BENEFICIAL HOLDER BALLOT WILL BE COUNTED.

1. The Debtors are soliciting the vote of holders of Bond Claims as of the Voting Record Date to accept or reject the Plan. The Debtors have caused the attached Beneficial Holder Ballot to be sent to you because the Debtors' available records indicate that you are a Beneficial Holder.

2. The Plan can be confirmed by the Court and thereby made binding upon you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of Claims in at least one class of creditors that votes on the Plan and if the Plan otherwise satisfies the requirements for confirmation provided by Bankruptcy Code section 1129(a). Please review the Disclosure Statement for more information.

3. Unless otherwise instructed by your Nominee or if you have received a pre-validated Ballot, to ensure that your vote is counted, you must submit your Beneficial Holder Ballot (or otherwise convey your vote) to your Nominee in sufficient time to allow your Nominee to process your vote and submit a Master Ballot so that the Master Ballot is **actually received** by the Voting Agent by the Voting Deadline. You may instruct your Nominee to vote on your behalf in the Master Ballot as follows: (a) complete the Beneficial Holder Ballot; (b) indicate your decision either to accept or reject the Plan in the boxes provided in Item 2 of the Beneficial Holder Ballot; and (c) sign and return the Beneficial Holder Ballot to your Nominee in accordance with the instructions provided by your Nominee. The Voting Deadline for the receipt of Master Ballots and pre-validated Ballots by the Voting Agent is **January 3, 2023 at 4:00 p.m. (prevailing Central Time)**. Please allow additional time for your vote to be submitted to the Voting Agent on or before the Voting Deadline.

4. If your Beneficial Holder Ballot is not received by your Nominee in sufficient time to be included on a timely submitted Master Ballot, it will not be counted unless the Debtors determine otherwise. In all cases, Beneficial Holders should allow sufficient time to assure timely delivery of your Beneficial Holder Ballot to your Nominee. No Beneficial Holder Ballot should be sent to any of the Debtors, the Debtors' agents (other than the Voting Agent and only with respect to a pre-validated Beneficial Holder Ballot), the Debtors' financial or legal advisors, or the Bond Trustee, and if so sent will not be counted.

5. If a Beneficial Holder Ballot is received by the Voting Agent after the Voting Deadline, it will not be counted, unless the Debtors determine or the Court orders otherwise.

6. This Beneficial Holder Ballot is not, and shall not, constitute or be deemed to be (a) a Proof of Claim or interest, an assertion of a Claim of Equity Interest, or (b) an

CUSIP indicated on Exhibit A hereto

admission by the Debtor of the nature, validity, or amount of any Claim or Equity Interest and does not signify that your Claim or Equity Interest has been or will be Allowed.

7. This Beneficial Holder Ballot is not a letter of transmittal and may not be used for any purposes other than to vote to accept or reject the Plan.

8. If Multiple Beneficial Holder Ballots are received by the same holder of a Claim with respect to the same Claim(s) prior to the Voting Deadline, the last dated valid Beneficial Holder Ballot timely received will supersede and revoke any earlier Beneficial Holder Ballots.

9. If you believe you have received this Beneficial Holder Ballot in error, or if you need an additional Beneficial Holder Ballot, please contact the Voting Agent immediately at the telephone number or email address set forth below.

Please return your Beneficial Holder Ballot promptly

If you have any questions regarding this Ballot, these Ballot Instructions or the procedures for voting, please contact the Voting Agent by: (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line.

Please return your Beneficial Holder Ballot promptly in the envelope provided or otherwise in accordance with the instructions provided by your Nominee. If the Voting Agent does not actually receive the Master Ballot reflecting the vote cast on this Beneficial Holder Ballot (or your pre-validated Beneficial Holder Ballot) on or before January 3, 2023 at 4:00 p.m. (prevailing Central Time), and if the Voting Deadline is not extended, your vote transmitted by this Beneficial Holder Ballot will not be counted.

CUSIP indicated on Exhibit A hereto

Exhibit A

Your Nominee may have checked a box below to indicate the Plan Class and CUSIP to which this Beneficial Holder Ballot pertains, or otherwise provided that information to you on a label or schedule attached to the Beneficial Holder Ballot:

CLASS 4-BOND DEFICIENCY CLAIMS		
<input type="checkbox"/>	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EJ2
<input type="checkbox"/>	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EK9
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EL7
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EM5
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EN3
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015B (TX)	CUSIP 87638R ET0
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015B (TX)	CUSIP 87638R EU7
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015B (TX)	CUSIP 87638R EV5
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015B (TX)	CUSIP 87638R EW3
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2017 (TX)	CUSIP 87638R HV2

CUSIP indicated on Exhibit A hereto

No person is authorized to give any information or advice, or to make any representation, other than what is contained in the Disclosure Statement in Support of the Joint Plan of Reorganization Proposed by the Committee and the Debtors, dated November 2, 2022.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

MASTER BALLOT FOR VOTING TO ACCEPT OR REJECT
JOINT PLAN OF REORGANIZATION
PROPOSED BY THE COMMITTEE AND THE DEBTORS

CLASS 4 BOND DEFICIENCY CLAIMS

PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS BALLOT.

PLEASE REVIEW CAREFULLY THE ACCOMPANYING PLAN AND DISCLOSURE STATEMENT FOR A DESCRIPTION OF THE SAME AND THEIR EFFECTS. HOLDERS OF CLAIMS AGAINST THE DEBTORS TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

THIS MASTER BALLOT MUST BE COMPLETED, EXECUTED, AND RETURNED SO AS TO BE ACTUALLY RECEIVED BY KURTZMAN CARSON CONSULTANTS LLC (“KCC” OR THE “VOTING AGENT”) BY 4:00 P.M. (PREVAILING CENTRAL TIME) ON JANUARY 3, 2023 (THE “VOTING DEADLINE”).

Kurtzman Carson Consultants LLC (the “**Voting Agent**”) in its capacity as voting agent for and on behalf of Northwest Senior Housing Corporation and Senior Quality Lifestyles Corporation (the “**Debtors**”) in the above-captioned bankruptcy cases (the “**Chapter 11 Cases**”) is soliciting votes with respect to the *Joint Plan of Reorganization Proposed by the Committee and the Debtors*, dated November 2, 2022 [Docket No. 750] (together with all schedules and exhibits thereto, and as may be modified, amended, or supplemented from time to time, the “**Plan**”) ² from the holders of certain Impaired Claims against the Debtors. The accompanying *Disclosure Statement in Support of the Joint Plan of Reorganization of the Committee and the Debtors*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Capitalized terms used or not otherwise defined shall have the meanings ascribed to them in the Plan.

CUSIP indicated on Exhibit A hereto

[Docket No. 752] (together with all schedules and exhibits thereto, and as may be modified, amended, or supplemented from time to time, the “**Disclosure Statement**”) describes the Plan and contains information to assist you in deciding how to vote on the Plan. The Disclosure Statement also includes a copy of the Plan, as filed on November 2, 2022, as Exhibit 1. On [DATE], 2022, the Court entered the *Order (A) Approving Disclosure Statement; (B) Granting Related Relief* [Docket No. [●]] (the “**Disclosure Statement Order**”). On [DATE], 2022, the Court approved the solicitation of the Plan (the “**Solicitation Procedures Order**”). See Docket No. [●]. Thus, the Debtors and the Committee are soliciting votes in accordance with the Solicitation Procedures approved by the Court’s Solicitation Procedures Order.

Please review the Disclosure Statement, the Plan, the Solicitation Procedures Order, and this Master Ballot carefully before you submit this Master Ballot.

This ballot (the “**Master Ballot**”) is to be used by you, as a bank, broker, nominee or other intermediary, or an agent thereof (each of the foregoing, a “**Nominee**”) for beneficial holders of Bond Deficiency Claims (each a “**Beneficial Holder**” and together the “**Beneficial Holders**”) as of November 28, 2022 (the “**Voting Record Date**”). This Master Ballot is being sent to Nominees for such Beneficial Holders to cast votes to accept or reject the Plan.

The rights and treatment for each Class are described in the Disclosure Statement. Each of the Disclosure Statement, Plan, and the Disclosure Statement Order are available on the Debtors’ Case Website. The Solicitation Package you are receiving with this Master Ballot provides instructions detailing how to access electronic versions and request hard copies of each of the (a) Disclosure Statement Order as entered by the Bankruptcy Court (without any exhibits) and (b) the Disclosure Statement as approved by the Court. If you need to obtain additional solicitation materials, you may obtain such information from the Voting Agent by: (i) calling (877) 499-4509 (toll-free) or +1 (917) 281-4800 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line. The materials may also be obtained free-of-charge from <https://www.kccllc.net/edgemere..> You may also obtain such information for a fee via PACER at <http://www.txnb.uscourts.gov>.

PLEASE NOTE THAT THE VOTING AGENT IS NOT AUTHORIZED TO PROVIDE LEGAL ADVICE.

Pursuant to the Disclosure Statement Order, the Bankruptcy Court has approved the Disclosure Statement as containing adequate information under Bankruptcy Code section 1125. Bankruptcy Court approval of the Disclosure Statement does not mean that the Plan has been confirmed by the Bankruptcy Court. Rather, Ballots will be counted and the Court will use the tabulation of the Ballots as part of its determination as to whether or not to confirm (approve) the Plan. This Master Ballot may not be used for any purpose other than for voting to accept or reject the Plan and making certain certifications with respect to the Plan. If you believe that you have received this Master Ballot in error, please contact the Voting Agent **immediately** at the address, telephone number, or email address set forth above.

CUSIP indicated on **Exhibit A** hereto

You are authorized to collect votes to accept or reject the Plan from Beneficial Holders in accordance with your customary practices and any legal requirements, including the use of a “voting instruction form” or a meeting of the Beneficial Holders in lieu of (or in addition to) a Beneficial Holder Ballot, and collecting votes from Beneficial Holders through online voting, by phone, facsimile, or other electronic means.

The Court may confirm the Plan and thereby bind all holders of Claims and Interests. To have the votes of your Beneficial Holders count as either an acceptance or rejection of the Plan, you must complete and return this Master Ballot so that the Voting Agent **actually receives** it on or before the Voting Deadline.

This Master Ballot is not a letter of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan.

Item 1. Certification of Authority to Vote.

The undersigned hereby certifies that, as of the Voting Record Date, the undersigned (please check the applicable box):

- Is a broker, bank, common representative or other Nominee for the Beneficial Holders of the aggregate principal amount of Claims listed in Item 2 below, and is the record holder of such Bonds, or
- Is acting under a power of attorney and/or agency (a copy of which will be provided upon request) granted by a broker, bank, common representative or other Nominee that is the registered holder of the aggregate principal amount of Claims listed in Item 2 below,
- Has been granted a proxy (an original of which is attached hereto) from a broker, bank, common representative or other Nominee, or a beneficial owner, that is the registered holder of the aggregate principal amount of Claims listed in Item 2 below,

and, accordingly, has full power and authority to vote to accept or reject the Plan, on behalf of the Beneficial Holders of the Claims described in Item 2.

Item 2. Claim Votes on Plan:

The undersigned transmits the following votes of Beneficial Holders of Claims in the Class indicated on Exhibit A hereto and certifies that the following Beneficial Holders of such Claims, as identified by their respective customer account numbers set forth below, are the Beneficial Holders of such Claims as of the Voting Record Date and have delivered to the undersigned, as Nominee, Beneficial Holder Ballots (the “**Beneficial Holder Ballots**”) or other vote submissions casting such votes.

Indicate in the appropriate column below the aggregate principal amount voted for each account or attach such information to this Master Ballot in the form of the following table. Please note that each holder must vote all such Beneficial Holder’s Claims to accept or reject the Plan and may not split such vote. Any Beneficial Holder Ballot executed by the Beneficial Holder that does not

CUSIP indicated on Exhibit A hereto

indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted.

CUSIP indicated on Exhibit A hereto

INDICATE CUSIP HERE: _____

(USE A SEPARATE FORM FOR EACH CUSIP).

Your Customer Account Number for Each Beneficial Holder of Claims	Principal Amount Held as of Voting Record Date	Indicate the vote cast from Item 2 of the Beneficial Holder Ballot by checking the appropriate box below			Indicate OPT OUT to giving the Releases by Holders of Claims in Item 3 of the Beneficial Holder Ballot by checking the box below.
		Accept the Plan	or	Reject the Plan	
1	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
2	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
3	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
4	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
5	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
6	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
TOTAL	\$				

Item 3. Important information regarding Releases, Exculpation, and Injunctions and Creditors’ Rights to Opt-Out.

The Plan contains the following provision(s):

Section 1.128 Defines “Releasing Party”

“Releasing Party” means each Claimant who has not chosen, by marking the appropriate box on the Ballot, to opt out of the “Releases by Holders of Claims” provided for in Section 8.3 of this Plan.

Section 8.3 Releases by Holders of Claims

AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE REORGANIZED DEBTOR, THE ESTATES, THE SPONSOR, AND OTHER RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR

CUSIP indicated on Exhibit A hereto

ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, REPRESENTATION, OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THE DISCLOSURE STATEMENT, ANY PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY, OR THE REFINANCING TRANSACTION (COLLECTIVELY, "CREDITOR RELEASED CLAIMS"), OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY OR A FORMER OFFICER OR DIRECTOR OF THE DEBTORS THAT CONSTITUTES WILLFUL MISCONDUCT (INCLUDING FRAUD) OR GROSS NEGLIGENCE. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE CREDITOR RELEASED CLAIMS ON ACCOUNT OF THE LITIGATION TRUST AS SUCH CLAIMS ARE RELEASED PURSUANT TO THIS PLAN AND, AS SUCH, DO NOT AND WILL NOT CONSTITUTE LITIGATION TRUST ASSETS.

Section 8.4 Exculpation.

UPON THE EFFECTIVE DATE, THE DEBTORS, THE COMMITTEE AND THE SPONSOR, AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THE PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E). EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, THE DISTRIBUTION OF PROPERTY UNDER THE PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN

CUSIP indicated on Exhibit A hereto

A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE ANY CLAIMS DESCRIBED IN THIS SECTION 8.4 OF THIS PLAN AGAINST ANY EXCULPATED PARTY.

Section 8.5 Injunction

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER. FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THE PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS), ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH RIGHTS, CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, ENFORCEMENT PROCEEDING, OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH

CUSIP indicated on Exhibit A hereto

RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN. THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS) FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g). ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTOR, TH SPONSOR, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS, AGENTS, ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

Item 4. Other Ballots Submitted by Beneficial Holders in the same Class.

The undersigned certifies that it has transcribed in the following table the information, if any, provided by the Beneficial Holders in Item 4 of the Beneficial Holder Ballot:

YOUR customer account number and/or Customer Name for each Beneficial Holder who completed Item 4 of the Beneficial Holder Ballot	Transcribe from Item 4 of the Beneficial Holder Ballot			
	Account Number of Other Claims Voted	Name of Record Holder or Nominee	Principal Amount of Other Claims Voted	CUSIP of Other Claims Voted
1.			\$	
2.			\$	
3.			\$	
4.			\$	

CUSIP indicated on Exhibit A hereto

5.			\$	
----	--	--	----	--

Item 5. Certifications.

Upon execution of this Master Ballot, the undersigned certifies the following:

- (a) it has received a copy of (or information regarding where to obtain) the Disclosure Statement, the Plan, the Master Ballots, the Beneficial Holder Ballots, and the remainder of the Solicitation Package and has delivered the same to the Beneficial Holders of the Claims listed in Item 2 above; (ii) it has received a completed and signed Beneficial Holder Ballot (or vote submission in accordance with its customary procedures, including without limitation a meeting of Beneficial Holders) from each Beneficial Holder listed in Item 2 of this Master Ballot; (iii) it is the registered holder of all Claims listed in Item 2 above being voted; and (iv) it has been authorized by each Beneficial Holder of the Claims listed in Item 2 above to vote on the Plan;
- (b) no other Master Ballots with respect to the same Claims identified in Item 2 have been cast or, if any other Master Ballots have been cast with respect to such Claims, then any such earlier received Master Ballots are hereby revoked;
- (c) it has properly disclosed: (i) the number of Beneficial Holders of Claims who completed the Beneficial Holder Ballots or otherwise conveyed its or their vote or votes; (ii) the respective amounts of the Claims owned, as the case may be, by each Beneficial Holder of the Claims who completed a Beneficial Holder Ballot; (iii) each such Beneficial Holder of the Claims' respective vote concerning the Plan; (iv) each such Beneficial Holder of Claims' certification as to other Claims voted in the same Class; and (v) the customer account or other identification number for each such Beneficial Holder of Claims; and
- (d) it will maintain the Beneficial Holder Ballots and/or evidence of separate transactions returned by each Beneficial Holder of Claims (whether properly completed or defective) for at least one (1) year after the Effective Date of the Plan and disclose all such information to the Debtors or the Court, if so requested or ordered.

CUSIP indicated on Exhibit A hereto

Name of Nominee and/or DTC Participant:	_____
	(Print or Type)
Participant Number (if applicable):	_____
Name of Proxy Holder or Agent for Nominee and/or DTC Participant (if applicable):	_____
Signature:	_____
Name of Signatory:	_____
Title:	_____
Address:	_____

Telephone Number:	_____
Email:	_____
Date Completed:	_____

PLEASE COMPLETE, SIGN, AND DATE THIS MASTER BALLOT AND RETURN IT PROMPTLY TO THE VOTING AGENT AT THE STREET ADDRESS OR EMAIL ADDRESS LISTED BELOW:

Via first class mail, by overnight courier, or by hand delivery to:

Northwest Senior Housing Corporation Processing Center, c/o KCC 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245

OR

Via Email to: EdgemereBallots@kcellc.com with a reference to

**“EDGEMERE - Master Ballot”
in the subject line**

Please select only one method for the return of your Master Ballot.

CUSIP indicated on **Exhibit A** hereto

If the Voting Agent does not actually receive this Master Ballot on or before January 3, 2023 at 4:00 p.m. (prevailing Central Time), and if the Voting Deadline is not extended, the votes will not be counted.

CUSIP indicated on Exhibit A hereto

INSTRUCTIONS FOR COMPLETING THIS MASTER BALLOT

THESE INSTRUCTIONS EXPLAIN HOW TO COMPLETE THE ATTACHED MASTER BALLOT. PLEASE READ AND FOLLOW THESE INSTRUCTIONS CAREFULLY TO ENSURE THAT YOUR MASTER BALLOT WILL BE COUNTED.

1. The Debtors are soliciting the votes of holders of Claims with respect to the Plan attached as Exhibit 1 to the Disclosure Statement. Capitalized terms used in the Master Ballot or in these instructions (the “**Ballot Instructions**”) but not otherwise defined therein or herein shall have the meaning set forth in the Plan, a copy of which also accompanies the Master Ballot.

2. The Plan can be confirmed by the Court and thereby made binding upon the Beneficial Holders if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of Claims in at least one class of creditors that votes on the Plan and if the Plan otherwise satisfies the requirements for confirmation provided by Bankruptcy Code section 1129(a). Please review the Disclosure Statement for more information.

3. You should immediately distribute the Solicitation Package and the Beneficial Holder Ballots (or other customary material used to collect votes in lieu of the Beneficial Holder Ballot) to all Beneficial Holders of Claims listed on Exhibit A hereto and take any action required to enable each such Beneficial Holder to vote timely the Claims that it holds. You may distribute the Solicitation Packages to Beneficial Holders, as appropriate, in accordance with your customary practices. You are authorized to collect votes to accept or to reject the Plan from Beneficial Holders in accordance with your customary practices, including without limitation the use of a “voting instruction form” in lieu of (or in addition to) a Beneficial Holder Ballot or a meeting of the Beneficial Holders, and collecting votes from Beneficial Holders through online voting, by phone, facsimile, other electronic means or at a meeting of the Beneficial Holders. Any Beneficial Holder Ballot returned to you by a Beneficial Holder of a Claim shall not be counted for purposes of accepting or rejecting the Plan until you properly complete and deliver to the Voting Agent a Master Ballot that reflects the vote of such Beneficial Holders by **January 23, 2023 at 4:00 p.m. (prevailing Central Time)** or otherwise validate the Master Ballot in a manner acceptable to the Voting Agent.

4. If you are transmitting the votes of any Beneficial Holder of Claims other than yourself, you may either:

- (a) “Pre-validate” the individual Beneficial Holder Ballot contained in the Solicitation Package and then forward the Solicitation Package to the Beneficial Holder of the Claim for voting within five (5) Business Days after the receipt by such Nominee of the Solicitation Package, with the Beneficial Holder then returning the individual Beneficial Holder Ballot directly to the Voting Agent in the return envelope to be provided in the Solicitation Package. A Nominee “pre-validates” a Beneficial Holder’s Ballot by signing the Beneficial Holder Ballot and including their DTC participant number; indicating the account number of the Beneficial Holder and the principal amount of Claims held by the Nominee for such Beneficial Holder; and then forwarding the Beneficial Holder Ballot together with the Solicitation Package to the Beneficial Holder. The Beneficial Holder then completes the remaining information requested on the Beneficial Holder Ballot and returns the Beneficial

Plan Class and CUSIP indicated on Exhibit A hereto

Holder Ballot directly to the Voting Agent. A list of the Beneficial Holders to whom “pre-validated” Beneficial Holder Ballots were delivered should be maintained by Nominees for inspection for at least one (1) year from the Effective Date; or

- (b) Within five (5) Business Days after receipt by such Nominee of the Solicitation Package, forward the Solicitation Package to the Beneficial Holder of the Claim for voting along with a return envelope provided by and addressed to the Nominee, with the Beneficial Holder then returning the individual Beneficial Holder Ballot to the Nominee, unless voting takes place pursuant to a meeting of the Beneficial Holders. Nominees may also follow their customary procedures to distribute the Solicitation Package to the Beneficial Holder (including, but not limited to, electronic methods and the use of a “voting instruction form” in lieu of a Ballot). In either such case, the Nominee will tabulate the votes of its respective owners on this Master Ballot, in accordance with the instructions set forth herein, and then return the Master Ballot to the Voting Agent. The Nominee should advise the Beneficial Holders to return their individual Beneficial Holder Ballots (or otherwise transmit their vote) to the Nominee by a date calculated by the Nominee to allow it to prepare and return the Master Ballot to the Voting Agent so that the Master Ballot is actually received by the Voting Agent on or before the Voting Deadline.

5. With regard to any Beneficial Holder Ballots returned to you by a Beneficial Holder, you must: (a) compile and validate the votes and other relevant information of each such Beneficial Holder on the Master Ballot using the customer name or account number assigned by you to each such Beneficial Holder; (b) execute the Master Ballot; (c) transmit such Master Ballot to the Voting Agent by the Voting Deadline; and (d) retain such Beneficial Holder Ballots from Beneficial Holders, if utilized, or other evidence of the vote whether in hard copy or by electronic direction, in your files for a period of one (1) year after the Effective Date of the Plan. You may be requested or ordered to produce the Beneficial Holder Ballots (or evidence of the vote transmitted to you) by the Debtors or the Court.

6. The Master Ballot **must** be returned to the Voting Agent so as to be **actually received** by the Voting Agent on or before the Voting Deadline. **The Voting Deadline is January 3, 2023 at 4:00 p.m. (prevailing Central Time).**

7. If a Master Ballot is received **after** the Voting Deadline and if the Voting Deadline is not extended, it will not be counted. Additionally, **the following votes will not be counted:**

- (a) any Master Ballot to the extent it is illegible or contains insufficient information to permit the identification of the holder of the Claim;
- (b) any Master Ballot cast by a Party that does not hold a Claim in a Class that is entitled to vote on the Plan;
- (c) any Master Ballot sent by facsimile or any electronic means other than electronic mail;
- (d) any unsigned Master Ballot;

CUSIP indicated on **Exhibit A** hereto

- (e) any Master Ballot that does not contain an original signature provided however, that any Master Ballot submitted via electronic mail shall be deemed to contain an original signature;
- (f) votes contained on a Master Ballot not marked to accept or reject the Plan or marked both to accept and reject; and
- (g) any Master Ballot submitted by any party not entitled to cast a vote with respect to the Plan.

8. The method of delivery of Master Ballots to the Voting Agent is at the election and risk of each Nominee. Except as otherwise provided herein, such delivery will be considered made only when the Voting Agent **actually receives** the executed Master Ballot. In all cases, Beneficial Holders and Nominees should allow sufficient time to assure timely delivery.

9. If multiple Master Ballots are received from the same Nominee with respect to the same Claim(s) voted on a Beneficial Holder Ballot prior to the Voting Deadline, the latest, timely received, and properly completed Master Ballot will supersede and revoke any earlier received Master Ballots.

10. The Master Ballot does not constitute, and shall not be deemed to be, (a) a Proof of Claim or (b) an assertion or admission of a Claim.

11. **Please be sure to sign and date the Master Ballot.** You should indicate that you are signing the Master Ballot in your capacity as a trustee, common representative, executor, administrator, guardian, attorney in fact, officer of a corporation, or otherwise acting in a fiduciary or representative capacity and, if required or requested by the Voting Agent, the Debtors, or the Court, must submit proper evidence to the requesting party to so act on behalf of such Beneficial Holder.

12. If you are both the Nominee and the Beneficial Holder of any of the Claims indicated on Exhibit A of the Master Ballot or Beneficial Holder Ballot, as applicable, and you wish to vote such Claims, you may return a Beneficial Holder Ballot or Master Ballot for such Claims and you must vote your entire Claims in the same Class to either to accept or reject the Plan and may not split your vote. Accordingly, a Beneficial Holder Ballot, other than a Master Ballot with the votes of multiple Beneficial Holders that partially rejects and partially accepts the Plan will not be counted.

13. For purposes of the numerosity requirement of Bankruptcy Code section 1126(c), the Debtors and the Voting Agent shall use reasonable efforts to aggregate separate Claims held by a single creditor in a particular Class and treat such creditor as if such creditor held one Claim in such Class, and all votes related to such Claim will be treated as a single vote to accept or reject the Plan; *provided, however*, that if separate affiliated entities hold Claims in a particular Class, these Claims will not be aggregated and will not be treated as if such creditor held one Claim in such Class, and the vote of each affiliated entity may be counted separately as a vote to accept or reject the Plan.

14. The following additional rules shall apply to Master Ballots:

CUSIP indicated on Exhibit A hereto

- (a) Votes cast by Beneficial Holders through a Nominee will be applied against the positions held by such Nominee as of the Voting Record Date, as evidenced by the record and depository listings.
- (b) Votes submitted by a Nominee, whether pursuant to a Master Ballot or pre-validated Beneficial Holder Ballots, will not be counted in excess of the record amount of the Claims held by such Nominee;
- (c) To the extent that conflicting votes or “over-votes” are submitted by a Nominee, whether pursuant to a Master Ballot or pre-validated Beneficial Holder Ballots, the Voting Agent will attempt to reconcile discrepancies with the Nominee;
- (d) To the extent that over-votes on a Master Ballot or pre-validated Beneficial Holder Ballots are not reconcilable prior to the preparation of the vote certification, the Voting Agent will apply the votes to accept and reject the Plan in the same proportion as the votes to accept and reject the Plan submitted on the Master Ballot or pre-validated Beneficial Holder Ballots that contained the over-vote, but only to the extent of the Nominee’s position in the Claims; and
- (e) For purposes of tabulating votes, each holder holding through a particular account will be deemed to have voted the principal amount relating its holding in that particular account, although the Voting Agent may be asked to adjust such principal amount to reflect the claim amount.

Please return your Master Ballot promptly

If you have any questions regarding this Master Ballot, these Master Ballot Instructions or the procedures for voting, please contact the Voting Agent by: (a) calling (877) 499-4509 (toll free) or +1 (917) 281-4800 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line.

If the Voting Agent does not actually receive this Master Ballot on or before the Voting Deadline, which is on January 3, 2023 at 4:00 p.m. (prevailing Central Time), and if the Voting Deadline is not extended, the vote transmitted hereby will not be counted.

CUSIP indicated on Exhibit A hereto

Exhibit A

Please check one CUSIP to which this Master Ballot pertains (or clearly indicate such information directly on the Master Ballot or on a schedule thereto):

CLASS 4 –BOND DEFICIENCY CLAIMS		
<input type="checkbox"/>	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EJ2
<input type="checkbox"/>	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EK9
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EL7
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EM5
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015A (TX)	CUSIP 87638R EN3
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015B (TX)	CUSIP 87638R ET0
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015B (TX)	CUSIP 87638R EU7
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015B (TX)	CUSIP 87638R EV5
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2015B (TX)	CUSIP 87638R EW3
	Tarrant County Cultural Education Facilities Finance Corporation Retirement Facility Revenue Bonds (Northwest Senior Housing Corporation Edgemere Project) Series 2017 (TX)	CUSIP 87638R HV2

No person has been authorized to give any information or advice, or to make any representation, other than what is contained in the Disclosure Statement in Support of the Joint Plan of Reorganization Proposed by the Committee and the Debtors, dated November 2, 2022.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**BALLOT FOR VOTING TO ACCEPT OR REJECT THE
JOINT PLAN OF REORGANIZATION
PROPOSED BY THE COMMITTEE AND THE DEBTORS**

PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS BALLOT.

PLEASE REVIEW CAREFULLY THE ACCOMPANYING PLAN AND DISCLOSURE STATEMENT FOR A DESCRIPTION OF THE SAME AND THEIR EFFECTS ON HOLDERS OF CLAIMS AGAINST THE DEBTOR(S) TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.

IN ORDER FOR YOUR VOTE TO BE COUNTED, THIS BALLOT MUST BE COMPLETED, EXECUTED, AND RETURNED SO AS TO BE *ACTUALLY RECEIVED* BY THE VOTING AGENT BY JANUARY 3, 2023 AT 4:00 P.M., PREVAILING CENTRAL TIME (THE "VOTING DEADLINE") IN ACCORDANCE WITH THE FOLLOWING:

Kurtzman Carson Consultants LLC (the "**Voting Agent**") in its capacity as voting agent for and on behalf of the official committee of unsecured creditors (the "**Committee**") and Northwest Senior Housing Corporation and Senior Quality Lifestyles Corporation (collectively, the "**Debtors**") in the above-captioned bankruptcy cases (the "**Chapter 11 Cases**") and UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the "**Trustee**") and in its capacity as a lender under the DIP Credit Agreement (the "**DIP Lender**," and together with the Trustee, the "**Bondholder Plan Sponsors**") (together, the "**Plan**

¹The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

Proponents) is soliciting votes with respect to the *Joint Plan of Reorganization Proposed by the Committee and the Debtors*, November 2, 2022 [Docket No. 750] (together with all schedules and exhibits thereto, and as may be modified, amended, or supplemented from time to time, the **“Edgemere Plan”**)² from the holders of certain Impaired Claims against the Debtors. On [DATE], 2022, the Court entered its order [Docket No. [•]] (the **“Disclosure Statement Order”**) approving the *Disclosure Statement in Support of Joint Plan of Reorganization Proposed by the Committee and the Debtors* that was filed on November 2, 2022 [Docket No. 751] (the **“Edgemere Disclosure Statement”**).

This ballot (the **“Ballot”**) is being sent to you as a holder of a Class [•] Claim as of **November 28, 2022** (the **“Voting Record Date”**). Accordingly, you have a right to vote to accept or reject the Plan.

The rights and treatment for each Class are described in the Disclosure Statement. Each of the Disclosure Statement, Plan, and the Disclosure Statement Order are available on the case website at <http://www.kccllc.net/edgemere>. The Solicitation Package you are receiving with this Ballot provides instructions detailing how to access electronic versions and request hard copies of each of the (a) Disclosure Statement Order as entered by the Court (without any exhibits) and (b) the Disclosure Statement as approved by the Court. If you need to obtain additional solicitation materials, you may obtain such information from the Voting Agent by: (i) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (ii) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; (iii) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line; or (iv) visiting the case website at <http://www.kccllc.net/edgemere>. You may also obtain such information for a fee via PACER at <http://www.txnb.uscourts.gov>. PLEASE NOTE THAT THE VOTING AGENT IS NOT AUTHORIZED TO PROVIDE LEGAL ADVICE.

Pursuant to the Edgemere Disclosure Statement and the Disclosure Statement Order, the Court has approved the Edgemere Disclosure Statement as containing adequate information under Bankruptcy Code section 1125. Court approval of the Edgemere Disclosure Statement does not mean that the Plan has been confirmed by the Court. Rather, Ballots will be counted and the Court will use the tabulation of the Ballots as part of its determination as to whether or not to confirm (approve) the Edgemere Plan.

If your Ballot is not received by the Voting Agent on or before January 3, 2023 at 4:00 p.m. prevailing Central Time, your vote will not count as either an acceptance or rejection of the Plan.

PLEASE SUBMIT YOUR BALLOT BY ONE OF THE FOLLOWING TWO METHODS:

1. Paper Ballot; or
2. E-Ballot Portal.

² Capitalized terms used or not otherwise defined shall have the meanings ascribed to them in the Edgemere Plan.

To Submit Your Vote Via Paper Ballot. Complete, sign, and date this Ballot and return it (with an original signature) promptly via first class mail (or in the enclosed reply envelope provided), overnight courier, or hand delivery to:

Northwest Senior Housing Corporation Solicitation,
c/o Kurtzman Carson Consultants LLC,
222 N. Pacific Coast Highway, Suite 300,
El Segundo, CA 90245

To Submit Your Vote Via E-Ballot Portal. You may return your Ballot by electronic, online transmission *solely* by clicking on the “Submit E-Ballot” section on the Debtors’ bankruptcy case website, located at <http://www.kccllc.net/edgemere> (the “**E-Ballot Portal**”), and following the directions set forth on the website regarding submitting your E-Ballot as described more fully below.

- a. Visit the Debtors’ E-Ballot Portal.
- b. Use the following information to retrieve and submit your customized electronic ballot: Unique E-Ballot ID#: _____; PIN# _____
- c. Follow the directions provided on the case website for submitting your Ballot electronically.
- d. If you submit your Ballot through the E-Ballot Portal, do not return a hard copy of your Ballot.

Please choose only *one* method of returning your Ballot. If multiple Ballots are received from the same holder, with respect to the same Claim, prior to the Voting Deadline, the latest, timely received, and properly completed Ballot will supersede and revoke any earlier received Ballots. If you wish to change your vote on the Plan prior to the Voting Deadline, please contact the Voting Agent. If you elect to submit an E-Ballot, the E-Ballot Portal is the sole manner in which such E-Ballot will be accepted. Ballots submitted by facsimile, email, or any other means of electronic transmission will *not* be counted.

YOU SHOULD CAREFULLY READ AND FOLLOW THE VOTING INSTRUCTIONS SET FORTH HEREIN AND IN ARTICLE I OF THE DISCLOSURE STATEMENT BEFORE COMPLETING AND RETURNING THIS BALLOT.

Your claim has been placed in Class _ under the Plan.

Item 1. Amount of Claim. The undersigned is a holder of a Class _ Claim, in the unpaid principal amount of:

\$ _____

Item 2. Vote. The holder of the Claim set forth in Item 1 votes (please check one):

<input type="checkbox"/> <u>ACCEPT</u> (vote FOR) the Plan	<input type="checkbox"/> <u>REJECT</u> (vote AGAINST) the Plan
---	---

Item 3. Important information regarding Releases, Exculpation, and Injunctions and Creditors' Rights to Opt-Out.

The Plan contains the following provision(s):

Section 1.128 Defines "Releasing Party"

"Releasing Party" means each Claimant who has not chosen, by marking the appropriate box on the Ballot, to opt out of the "Releases by Holders of Claims" provided for in Section 8.3 of this Plan.

Section 8.3 Releases by Holders of Claims

AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE REORGANIZED DEBTOR, THE ESTATES, THE SPONSOR, AND OTHER RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, REPRESENTATION, OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THE DISCLOSURE STATEMENT, ANY PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY, OR THE REFINANCING TRANSACTION (COLLECTIVELY, "CREDITOR RELEASED CLAIMS"), OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY OR A FORMER OFFICER OR DIRECTOR OF THE DEBTORS THAT CONSTITUTES WILLFUL MISCONDUCT (INCLUDING FRAUD) OR GROSS NEGLIGENCE. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE CREDITOR RELEASED CLAIMS ON ACCOUNT OF THE LITIGATION TRUST AS SUCH CLAIMS ARE RELEASED PURSUANT TO THIS PLAN

AND, AS SUCH, DO NOT AND WILL NOT CONSTITUTE LITIGATION TRUST ASSETS.

Section 8.4 Exculpation

UPON THE EFFECTIVE DATE, THE DEBTORS, THE COMMITTEE AND THE SPONSOR, AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THE PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E). EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, THE DISTRIBUTION OF PROPERTY UNDER THE PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE ANY CLAIMS DESCRIBED IN THIS SECTION 8.4 OF THIS PLAN AGAINST ANY EXCULPATED PARTY.

Section 8.5 Injunction

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION

ORDER. FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THE PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS), ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH RIGHTS, CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, ENFORCEMENT PROCEEDING, OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN. THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS) FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND

SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g). ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTOR, TH SPONSOR, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS, AGENTS, ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

PLEASE READ THE FOLLOWING: If you do not wish to be a "Releasing Party" and grant the releases set forth above and in the Edgemere Plan, you **MUST** do all of the following: (i) check the following box, (ii) complete and sign this form, and (iii) ensure that the completed and signed Ballot is timely submitted to the Voting Agent before the Voting Deadline expires. **If you do not submit this completed and signed Ballot to the Voting Agent before the Voting Deadline and check the following opt-out box, you will be deemed to have consented to the foregoing provisions and to being deemed a Releasing Party.**

I elect to **OPT OUT** of and do not consent to the releases, exculpations, and injunctions in Section 8 of the Edgemere Plan.

ITEM 4. CERTIFICATION

By signing this Ballot, the undersigned certifies that:

- a. no other Ballots have been cast with respect to the Claim identified in Item 1, and that, to the extent such Ballots have been cast, such earlier Ballots are hereby revoked;
- b. it has been provided with a copy of the Edgemere Plan, the Edgemere Disclosure Statement, and Solicitation Procedures Order, and acknowledges that the vote set forth on this Ballot is subject to all terms and conditions set forth therein; and
- c. it is the holder of the Claim set forth in Item 1, and has full power and authority to vote to accept or reject the Edgemere Plan.

The undersigned also acknowledges that this solicitation is subject to all the terms and conditions set forth in the Plan and that all authority conferred or agreed to be conferred pursuant to this Ballot, and every obligation of the undersigned hereunder, shall be binding upon the transferees, successors, assigns, heirs, executors, administrators, trustees in bankruptcy, and legal representatives of the undersigned and shall not be affected by, and shall survive the death or incapacity, of the undersigned.

Name of Claimant: _____

Signature: _____

Name of Signatory:
(if different than Claimant) _____

If authorized by Agent, Title of Agent _____

Street Address: _____

Street Address:
(continued) _____

City, State, Zip Code: _____

Telephone Number: _____

Email Address: _____

Date Completed: _____

This Ballot is not, and shall not constitute or be deemed to be, (a) a Proof of Claim or Interest or an assertion of a Claim or Interest; or (b) an admission by the Debtors of the nature, validity, or amount of any Claim and does not signify that your Claim has been or will be Allowed.

Please return your Ballot promptly in the envelope provided or otherwise in accordance with the instructions provided. If the Voting Agent does not *actually receive* your completed Ballot on or before January 3, 2023 at 4:00 p.m. (prevailing Central Time), and if the Voting Deadline is not extended, your vote will not be counted.

INSTRUCTIONS FOR COMPLETING THIS BALLOT

1. The Debtors are soliciting the votes of holders of Class _ Claims with respect to the Edgemere Plan attached as Exhibit 1 to the Edgemere Disclosure Statement. Capitalized terms used in the Ballot or in these instructions but not otherwise defined therein or herein shall have the meaning set forth in the Edgemere Plan or the Edgemere Disclosure Statement, as applicable, copies of which also accompanies the Ballot. **PLEASE READ THE PLAN AND DISCLOSURE STATEMENT CAREFULLY BEFORE COMPLETING THIS BALLOT.**
2. To ensure that your Ballot is counted, you ***must either***: (a) complete and submit this hard copy Ballot or (b) vote through the E-Ballot Portal accessible through the Debtors' restructuring website at <http://www.kccllc.net/edgemere>. **Ballots will not be accepted by facsimile or electronic means (other than the E-Ballot Portal).**
3. **Use of Hard Copy Ballot.** To ensure that your Ballot is counted, you must: (a) complete your Ballot in accordance with these instructions; (b) clearly indicate your decision either to accept or reject the Edgemere Plan in the boxes provided in Item 2 of the Ballot; and (c) clearly sign and submit your Ballot as instructed herein.
4. **Use of E-Ballot Portal.** To ensure that your electronic Ballot is counted, please follow the instructions on the Debtors' bankruptcy case website at <http://www.kccllc.net/edgemere>. The E-Ballot Portal is the sole manner in which Ballots will be accepted via electronic, online transmission. **Ballots will not be accepted by facsimile, email, or electronic means other than the E-Ballot Portal.**

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic ballot:

Unique E-Ballot ID#: _____

PIN#: _____

5. Your Ballot ***must*** be returned to the Voting Agent so as to be ***actually received*** by the Voting Agent on or before the Voting Deadline. **The Voting Deadline is January 3, 2023 at 4:00 p.m., prevailing Central Time.**
6. If a Ballot is received *after* the Voting Deadline and if the Voting Deadline is not extended, it will not be counted. Additionally, **the following Ballots will not be counted:**
 - (a) any Ballot that partially rejects and partially accepts the Edgemere Plan;
 - (b) any Ballot that is not sent to the Voting Agent;
 - (c) any Ballot sent by facsimile, email, or any electronic means other than via the E-Ballot Portal;

- (d) any Ballot that is illegible or contains insufficient information to permit the identification of the holder of the Claim;
 - (e) any Ballot submitted by a holder not entitled to vote on the Edgemere Plan;
 - (f) any unsigned Ballot (for the avoidance of doubt, Ballots validly submitted through the E-Ballot Portal will be deemed signed);
 - (g) any non-original Ballot (for the avoidance of doubt, Ballots validly submitted through the E-Ballot Portal will be deemed original); and/or
 - (h) any Ballot not marked to accept or reject the Edgemere Plan or any Ballot marked both to accept and reject the Plan.
7. The method of delivery of Ballots to the Voting Agent is at the election and risk of each holder of a Class _ Claim. Except as otherwise provided herein, such delivery will be deemed made only when the Voting Agent **actually receives** the originally executed Ballot. In all cases, holders should allow sufficient time to assure timely delivery.
 8. If multiple Ballots are received from the same holder, with respect to the same Claim, prior to the Voting Deadline, the latest, timely received, and properly completed Ballot will supersede and revoke any earlier received Ballots. If you wish to change your vote on the Edgemere Plan prior to the Voting Deadline, please contact the Voting Agent.
 9. You must vote all of your Claim either to accept or reject the Edgemere Plan and may *not* split your vote. Further, if a holder has multiple Claims within a Voting Class, the Debtors may aggregate the Claims for the purpose of counting votes.
 10. This Ballot does **not** constitute, and shall not be deemed to be, (a) a Proof of Claim or (b) an assertion or admission of a Claim.
 11. **Please be sure to sign and date your Ballot.** If you are signing a Ballot in your capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation, or otherwise acting in a fiduciary or representative capacity, you must indicate such capacity when signing and, if required or requested by the Voting Agent, the Debtors, or the Court, must submit proper evidence to the requesting party to so act on behalf of such holder. In addition, please provide your name and mailing address if it is different from that set forth on the attached mailing label or if no such mailing label is attached to the Ballot.
 12. If you hold Claims in more than one Class under the Edgemere Plan you may receive more than one ballot for each different Class. Each ballot votes *only* your Claims indicated on that ballot, so please complete and return each ballot that you receive.

PLEASE SUBMIT YOUR BALLOT PROMPTLY

If you have any questions regarding this Ballot, these Ballot Instructions or the procedures for voting, please contact the Voting Agent by: (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o

Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line.

IF THE VOTING AGENT DOES NOT *ACTUALLY RECEIVE* THIS BALLOT ON OR BEFORE JANUARY 3, 2023 AT 4:00 P.M., PREVAILING CENTRAL TIME (AND IF THE VOTING DEADLINE IS NOT EXTENDED) YOUR VOTE TRANSMITTED BY THIS BALLOT WILL NOT BE COUNTED.

Exhibit 2-B
(Bondholders Plan Ballots)

HAYNES AND BOONE, LLP

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Thomas J. Zavala
State Bar No. 24116265
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**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY, AND POPEO, PC**

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Counsel to the Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)

(Jointly Administered)

Re: Docket No. 752

**BENEFICIAL OWNER BALLOT AND RELEASE
OPT OUT FORM FOR ACCEPTING OR REJECTING PLAN SPONSORS' CHAPTER 11 PLAN**

Bond Claims (Class 2); General Unsecured Claims (Class 4)

**PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS
CAREFULLY BEFORE COMPLETING THIS BALLOT**

UMB Bank, N.A., in its capacity as (i) successor bond trustee and master trustee for the Original Bonds (collectively, the “**Trustee**”) and (ii) lender under the DIP Credit Agreement (the “**DIP Lender**,” and collectively with the Trustee, the “**Plan Sponsors**”) are soliciting votes on the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as may be amended, supplemented, or otherwise modified from time to time, the “**Plan Sponsors’ Plan**”) [Docket No. 752].² This Beneficial Owner Ballot is for holders of Class 2 Bond Claims and Class 4 General Unsecured Claims. The accompanying *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2,*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan Sponsors’ Plan.

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

2022 (as amended, modified, and supplemented, the “**Plan Sponsors’ Disclosure Statement**”) [Docket No. 753] describes the Plan Sponsors’ Plan and contains information to assist you in deciding how to vote. The Plan Sponsors’ Disclosure Statement also contains a copy of the Plan Sponsors’ Plan as Exhibit 1. The Bankruptcy Court approved the solicitation of votes on the Plan Sponsors’ Plan pursuant to an order entered [_____], 2022 (the “**Solicitation Procedures Order**”)[Docket No. ____]. The Plan Sponsors are soliciting votes in accordance with the Plan Sponsors’ Solicitation, Voting, and Balloting Procedures (Exhibit [_____] to the Solicitation Procedures Order.)

Please review the Plan Sponsors’ Disclosure Statement, the Plan Sponsors’ Plan, the Solicitation Procedures Order, the Plan Sponsors’ Solicitation, Voting, and Balloting Procedures, and this Beneficial Owner Ballot carefully before you vote. You may wish to seek legal advice concerning the Plan Sponsors’ Plan and your Claim’s classification and treatment in it.

Questions. If you have any questions regarding this Beneficial Owner Ballot or the voting procedures, or if you do not have a copy of the Plan Sponsors’ Disclosure Statement or the Plan Sponsors’ Plan, please contact Kurtzman Carson Consultants LLC (“**KCC**” or the “**Voting Agent**”) (a) by calling (866) 967-0269 (toll-free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line. The materials may also be obtained free-of-charge from <https://www.kccllc.net/edgemere>.

THE VOTING AGENT IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.

This Beneficial Owner Ballot is to be used for voting of Claims held by the record or beneficial owners (the “**Beneficial Owners**”) of Class 2 Bond Claims and Class 4 General Unsecured Claims as of November 28, 2022 (the “**Voting Record Date**”) with the CUSIP indicated by your broker, bank, dealer, or other agent (each, a “**Nominee**”) on Annex A attached hereto.

In order for your vote to be counted, this Beneficial Owner Ballot must be properly completed, signed, and returned in the envelope provided (or otherwise in accordance with the instructions of your Nominee). **The deadline for the receipt by the Voting Agent of pre-validated Beneficial Owner Ballots and Master Ballots cast on behalf of Beneficial Owners is no later than 4:00 p.m. (prevailing Central Time) on January 3, 2023 (the “Voting Deadline”), unless such time is extended.**

The Beneficial Owner Ballot should not be sent to the Plan Sponsors, the Debtors, their financial or legal advisors, or the Bankruptcy Court.

This Beneficial Owner Ballot is solely for purposes of voting to accept or reject the Plan Sponsors’ Plan and not for the purpose of allowance or disallowance of or distribution on account of Class 2 Bond Claims and Class 4 General Unsecured Claims.

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

IMPORTANT NOTICE REGARDING TREATMENT FOR CLASS 2 AND CLASS 4

As described in more detail in the Plan Sponsors' Disclosure Statement, if the Plan Sponsors' Plan is confirmed and the Effective Date occurs:

Upon the terms and subject to the conditions set forth in the Plan Sponsors' Plan, on the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Bond Claim, Net Proceeds after payment of Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Diminution Claim and U.S. Trustee Fees, shall be paid to the Trustee, which funds shall be disbursed to holders of the Bond Claims in accordance with the Original Bond Documents. The Bond Deficiency Claim shall be treated on a Pro Rata basis with holders of Allowed General Unsecured Claims.

Allowed General Unsecured Claims shall be payable from a Pro Rata share of the Litigation Trust Proceeds.

PLEASE READ THE PLAN SPONSORS' DISCLOSURE STATEMENT AND PLAN SPONSORS' PLAN FOR MORE DETAILS.

[Remainder of the page intentionally left blank.]

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

**NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, AND
INJUNCTION PROVISIONS IN PLAN SPONSORS' PLAN**

EACH PERSON THAT DOES NOT (I) OBJECT SPECIFICALLY TO THE THIRD PARTY RELEASE OR (II) AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE ON A TIMELY SUBMITTED BALLOT OR OPT OUT FORM SHALL, AND SHALL BE DEEMED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, TO HAVE SPECIFICALLY CONSENTED TO THE RELEASES SET FORTH IN SECTION 8.3 OF THE PLAN SPONSORS' PLAN, AND REPRODUCED BELOW:

Section 8.3 of the Plan Sponsors' Plan - Releases.

Releases by Holders of Claims. AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE ESTATES, AND THE RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' OPERATIONS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THIS PLAN, THE DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, OR THE DIP FACILITY (COLLECTIVELY, "RELEASED CLAIMS"); FOR THE AVOIDANCE OF DOUBT, NO CLAIMS SHALL BE RELEASED AGAINST THE NON-RELEASED PARTIES.

"RELEASED PARTIES" MEANS (I) THE COMMITTEE, (II) THE PURCHASER, (III) THE ISSUER, (IV) THE PLAN SPONSORS, (V) THE HOLDERS OF THE ORIGINAL BONDS AND (VI) WITH RESPECT TO EACH OF THE FOREGOING ENTITIES IN CLAUSES (I) THROUGH (V), SUCH ENTITY AND ITS CURRENT AND FORMER PREDECESSORS, SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, MANAGED ACCOUNTS OR FUNDS, AND ALL OF THEIR RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, SHAREHOLDERS, MEMBERS, PARTNERS, MANAGERS, EMPLOYEES, ATTORNEYS, ADVISORS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS, AND OTHER PROFESSIONALS. FOR THE AVOIDANCE OF DOUBT, THE NON-RELEASED PARTIES ARE NOT AND SHALL NOT BE DEEMED A RELEASED PARTY UNDER THIS PLAN.

Section 8.4 of the Plan Sponsors' Plan - Exculpation.

UPON THE EFFECTIVE DATE, THE PLAN SPONSORS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THIS PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THIS PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THIS PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THIS PLAN, THE DISTRIBUTION OF PROPERTY UNDER THIS PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THIS PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT.

Section 8.5 of the Plan Sponsors' Plan - Discharge of Claims.

PURSUANT TO BANKRUPTCY CODE SECTION 1141(D), AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE BAR DATE ORDER, IN THIS PLAN, OR IN ANY CONTRACT, INSTRUMENT, OR OTHER AGREEMENT OR DOCUMENT CREATED PURSUANT TO THIS PLAN, THE DISTRIBUTIONS, RIGHTS, AND TREATMENT THAT ARE PROVIDED IN THIS PLAN SHALL BE IN FULL AND FINAL SATISFACTION, SETTLEMENT, RELEASE, AND DISCHARGE, EFFECTIVE AS OF THE EFFECTIVE DATE, OF ALL CLAIMS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, WHETHER KNOWN OR UNKNOWN, AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THIS PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE, ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THIS PLAN. EXCEPT AS OTHERWISE

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN.

Section 8.6 of the Plan Sponsors' Plan - Injunction.

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THIS PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, RELIEF OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THIS PLAN FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE LITIGATION TRUST, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN SPONSORS' PLAN, INCLUDING THE RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

[Remainder of the page intentionally left blank.]

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

INSTRUCTIONS FOR COMPLETING THE BALLOT

This Beneficial Owner Ballot is submitted to you to solicit your vote to accept or reject the Plan Sponsors' Plan. The terms of the Plan Sponsors' Plan are described in the Plan Sponsors' Disclosure Statement, including all exhibits thereto. **PLEASE READ THE PLAN SPONSORS' PLAN AND THE PLAN SPONSORS' DISCLOSURE STATEMENT CAREFULLY BEFORE COMPLETING THIS BENEFICIAL OWNER BALLOT.**

In order for your Class 2 Bond Claim and Class 4 General Unsecured Claim vote to be counted, the Beneficial Owner Ballot must be properly completed, signed, and returned in the envelope provided (or otherwise in accordance with the instructions of your Nominee) in sufficient time for such Nominee to timely cast votes to accept or reject the Plan Sponsors' Plan on behalf of the beneficial holders on the Master Ballot by the Voting Deadline.

Beneficial Owner Ballots will not be accepted by telecopy, facsimile, or other electronic means of transmission (except as instructed by your Nominee).

To properly complete the Beneficial Owner Ballot, you must follow the procedures described below:

- a. Make sure that the information contained in Item 1 is correct;
- b. If you have a Claim in Class 2 Bond Claim and Class 4 General Unsecured Claim, cast one vote to accept or reject the Plan by checking the appropriate box in Item 2;
- c. Provide the information required by Item 3, if applicable to you;
- d. Complete the information requested in Item 4;
- e. If you are completing this Beneficial Owner Ballot on behalf of another entity, indicate your relationship with such entity and the capacity in which you are signing on the appropriate line in Item 5. By submitting the Beneficial Owner Ballot you are certifying that you have authority to so act and agree to provide documents evidencing such authority upon request (*e.g.*, a power of attorney or a certified copy of board resolutions authorizing you to so act);
- f. If you hold other Class 2 Bond Claims and Class 4 General Unsecured Claims or Claims in other Classes you may receive more than one Ballot. Your vote will be counted in determining acceptance or rejection of the Plan by a particular Class of Claims only if you complete, sign, and return the Ballot labeled for such Class of Claims in accordance with the instructions on that Ballot. Each Ballot votes only your Claims indicated on that Ballot. Please complete and return each Ballot you receive;
- g. You must vote all your Claims under the Plan Sponsors' Plan either to accept or reject the Plan Sponsors' Plan;
- h. If more than one timely, properly completed Beneficial Owner Ballot is received, only the last, properly completed Beneficial Owner Ballot received will be counted, unless the holder of the Claim receives Bankruptcy Court approval otherwise;

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

- i. If you believe that you have received the wrong Ballot, please contact the Voting Agent immediately;
- j. Provide your name, mailing address, and any remaining information requested;
- k. Sign and date your Beneficial Owner Ballot; and
- l. Return your Beneficial Owner Ballot with an original signature using the enclosed pre-addressed return envelope (or otherwise in accordance with the instructions of your Nominee).
- m. No Beneficial Owner Ballot shall constitute or be deemed a proof of Claim or an assertion of a Claim.

IF YOU (I) HAVE ANY QUESTIONS REGARDING THIS BALLOT, (II) DID NOT RECEIVE A RETURN ENVELOPE WITH YOUR BALLOT, (III) DID NOT RECEIVE A COPY OF THE PLAN SPONSORS' DISCLOSURE STATEMENT OR PLAN SPONSORS' PLAN, OR (IV) NEED ADDITIONAL COPIES OF THE BALLOT OR OTHER ENCLOSED MATERIALS, PLEASE CONTACT THE VOTING AGENT AT (866) 967-0269 (TOLL-FREE) OR +1 (310) 751-2669 (INTERNATIONAL), AND REQUEST TO SPEAK WITH A MEMBER OF THE SOLICITATION TEAM OR BY E-MAILING EDGEMEREINFO@KCCLLC.COM WITH A REFERENCE TO "EDGEMERE" IN THE SUBJECT LINE. PLEASE DO NOT DIRECT ANY INQUIRIES TO THE BANKRUPTCY COURT. THE VOTING AGENT IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

PLEASE COMPLETE THE FOLLOWING:

Item 1. Amount of Class 2 Bond Claim and Class 4 General Unsecured Claim. The undersigned hereby certifies that as of the November 28, 2022 Voting Record Date, the undersigned was the beneficial owner (or authorized signatory for a beneficial owner) of a Class 2 Bond Claim and Class 4 General Unsecured Claim in the following principal amount (insert amount in box below). If you do not know the principal amount of Claim held, please contact your Nominee immediately.

Amount:	\$ _____
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Item 2. Vote on the Plan. The beneficial owner of the Class 2 Bond Claim and Class 4 General Unsecured Claim identified in Item 1 hereby votes to:

- Check one box:
- Accept the Plan Sponsors’ Plan
- Reject the Plan Sponsors’ Plan

Item 3. Certification as to Class 2 Bond Claims held in Additional Accounts. By completing and returning this Beneficial Owner Ballot, the beneficial owner certifies that either (i) it has not submitted any other Beneficial Owner Ballots for other Class 2 Bond Claims held in other accounts or other record names with respect to the Plan Sponsors’ Plan or (ii) it has provided the information specified in the following table for all other Class 2 Bond Claims for which it has submitted additional Beneficial Owner Ballots, each of which indicates the same vote to accept or reject the Plan Sponsors’ Plan (please use additional sheets of paper if necessary):

ONLY COMPLETE THIS SECTION IF YOU HAVE VOTED OTHER CLASS 2 BOND CLAIMS AND CLASS 4 GENERAL UNSECURED CLAIMS BENEFICIAL OWNER BALLOTS OTHER THAN THIS BENEFICIAL OWNER BALLOT WITH RESPECT TO THE PLAN SPONSORS’ PLAN.

Name of Record Holder or Nominee (if applicable)	Account Number with Other Nominee (if applicable)	Principal Amount of Other Class 2 Bond Claims / Class 4 General Unsecured Claims Voted	CUSIP of Other Other Class 2 Bond Claims / Class 4 General Unsecured Claims Voted

Item 4. Opt Out of Releases.

Check the box below if you elect not to grant the releases contained in Section 8.3 of the Plan Sponsors’ Plan. Election to withhold consent is at your option. If you abstain from submitting a Ballot and you do not check the box below, you will be deemed to consent to the releases contained in Section 8.3 of the Plan Sponsors’ Plan to the fullest extent permitted by applicable law. The undersigned elects to:

- OPT OUT** of the releases contained in Section 8.3 of the Plan Sponsors’ Plan.

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

Item 5. Acknowledgements and Certification. By returning this Beneficial Owner Ballot, the Beneficial Owner of the Class 2 Bond Claim and Class 4 General Unsecured Claim identified in Item 1 certifies that a copy of the Plan Sponsors' Disclosure Statement and the Plan Sponsors' Plan has been received and reviewed by the undersigned.

Print or Type Name of Claimant: _____

Signature: _____

Name of Signatory (if different than claimant): _____

If by Authorized Agent, Title of Agent: _____

Street Address: _____

City, State, Zip Code: _____

Telephone Number: _____

E-mail Address: _____

Date Completed: _____

PLEASE RETURN YOUR BALLOT IN ACCORDANCE WITH THE INSTRUCTIONS YOU RECEIVED WITH YOUR SOLICITATION PACKAGE.

IN ORDER TO COUNT, YOUR BALLOT OR A MASTER BALLOT CONTAINING YOUR VOTE MUST BE RECEIVED NO LATER THAN JANUARY 3, 2023 BY THE 4:00 P.M. (PREVAILING CENTRAL TIME) VOTING DEADLINE

[CUSIP AS INDICATED ON ATTACHED ANNEX A]

ANNEX A

Please check ONE box below to indicate the CUSIP to which this Beneficial Owner Ballot pertains. Your Nominee may have checked a box below to indicate the CUSIP to which this Beneficial Owner Ballot pertains, or otherwise provided that information to you on a label or schedule attached to this Beneficial Owner Ballot.

Class 2 Bond Claims; Class 4 General Unsecured Claims	
<input type="checkbox"/>	87638REJ2
<input type="checkbox"/>	87638REK9
<input type="checkbox"/>	87638REL7
<input type="checkbox"/>	87638REM5
<input type="checkbox"/>	87638REN3
<input type="checkbox"/>	87638RES2
<input type="checkbox"/>	87638RET0
<input type="checkbox"/>	87638REU7
<input type="checkbox"/>	87638REV5
<input type="checkbox"/>	87638REW3
<input type="checkbox"/>	87638RHV2

HAYNES AND BOONE, LLP

J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
2323 Victory Avenue, Suite 700
Dallas, TX 75219
Telephone: (214) 651-5000
frasher.murphy@haynesboone.com
tom.zavala@haynesboone.com

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY, AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
Kaitlin R. Walsh (Admitted *Pro Hac Vice*)
One Financial Center
Boston, MA 02111
Telephone: (617) 546-6000
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

Counsel to the Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)
(Jointly Administered)
Re: Docket No. 752

**MASTER BALLOT AND RELEASE OPT OUT FORM
FOR ACCEPTING OR REJECTING PLAN SPONSORS' CHAPTER 11 PLAN**

Bond Claims (Class 2); General Unsecured Claims (Class 4)

**PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS
CAREFULLY BEFORE COMPLETING THIS BALLOT**

**IN ORDER TO COUNT THIS MASTER BALLOT MUST BE RECEIVED
BY THE VOTING AGENT BY 4:00 P.M. (PREVAILING CENTRAL TIME) ON JANUARY 3,
2023 (THE "VOTING DEADLINE")**

UMB Bank, N.A., in its capacity as (i) successor bond trustee and master trustee for the Original Bonds (collectively, the "**Trustee**") and (ii) lender under the DIP Credit Agreement (the "**DIP Lender**," and collectively with the Trustee, the "**Plan Sponsors**") are soliciting votes on the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as may be amended, supplemented, or otherwise

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

modified from time to time, the “**Plan Sponsors’ Plan**”) [Docket No. 752].² The accompanying *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as amended, modified, and supplemented, the “**Plan Sponsors’ Disclosure Statement**”) [Docket No. 753] describes the Plan Sponsors’ Plan and contains information to assist you in deciding how to vote. The Plan Sponsors’ Disclosure Statement also contains a copy of the Plan as Exhibit 1. The Bankruptcy Court approved the solicitation of votes on the Plan Sponsors’ Plan pursuant to an order entered [_____], 2022 (the “**Solicitation Procedures Order**”) [Docket No. ____]. The Plan Sponsors are soliciting votes in accordance with the Plan Sponsors’ Solicitation, Voting, and Balloting Procedures (Exhibit [__] to the Solicitation Procedures Order.)

Please review the Plan Sponsors’ Disclosure Statement, the Plan Sponsors’ Plan, the Solicitation Procedures Order, the Plan Sponsors’ Solicitation, Voting, and Balloting Procedures, and this Master Ballot carefully before you submit this Master Ballot.

Questions. If you have any questions regarding this ballot or the voting procedures, or if you do not have a copy of the Plan Sponsors’ Disclosure Statement or the Plan Sponsors’ Plan, please contact Kurtzman Carson Consultants LLC (“**KCC**” or the “**Voting Agent**”) (a) by calling (877) 499-4509 (toll-free) or +1 (917) 281-4800 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line. The materials may also be obtained free-of-charge from <https://www.kccllc.net/edgemere>.

THE VOTING AGENT IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.

This Master Ballot is to be used by you as Nominee, or as the proxy holder of a Nominee for the beneficial owners (the “**Beneficial Owners**”) of Class 2 Bond Claims and Class 4 General Unsecured Claims, to transmit to the Voting Agent the votes of such Beneficial Owners in respect of their Class 2 Bond Claims and Class 4 General Unsecured Claims to accept or reject the Plan Sponsors’ Plan.

In order for the votes of such Beneficial Owners to be counted, this Master Ballot must be properly completed, signed, and returned. **The deadline for the receipt by the Voting Agent of Master Ballots is no later than 4:00 p.m. (prevailing Central Time) on January 3, 2023 (the “Voting Deadline”), unless such time is extended.**

The Master Ballot should not be sent to the Plan Sponsors, the Debtors, their financial or legal advisors, or the Bankruptcy Court.

This Master Ballot is solely for purposes of voting to accept or reject the Plan Sponsors’ Plan and not for the purpose of allowance or disallowance of or distribution on account of Class 2 Bond Claims and Class 4 General Unsecured Claims.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan Sponsors’ Plan.

IMPORTANT NOTICE REGARDING TREATMENT FOR CLASS 2 AND CLASS 4

As described in more detail in the Plan Sponsors' Disclosure Statement, if the Plan Sponsors' Plan is confirmed and the Effective Date occurs:

Upon the terms and subject to the conditions set forth in the Plan Sponsors' Plan, on the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed Bond Claim, Net Proceeds after payment of Allowed Administrative Claims, Priority Tax Claims, Professional Claims, DIP Facility Claims, the Diminution Claim and U.S. Trustee Fees, shall be paid to the Trustee, which funds shall be disbursed to holders of the Bond Claims in accordance with the Original Bond Documents. The Bond Deficiency Claim shall be treated on a Pro Rata basis with holders of Allowed General Unsecured Claims.

Allowed General Unsecured Claims shall be payable from a Pro Rata share of the Litigation Trust Proceeds.

PLEASE READ THE PLAN SPONSORS' DISCLOSURE STATEMENT AND PLAN SPONSORS' PLAN FOR MORE DETAILS.

[Remainder of the page intentionally left blank.]

**NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, AND
INJUNCTION PROVISIONS IN PLAN SPONSORS' PLAN**

EACH PERSON THAT DOES NOT (I) OBJECT SPECIFICALLY TO THE THIRD PARTY RELEASE OR (II) AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE ON A TIMELY SUBMITTED BALLOT OR OPT OUT FORM SHALL, AND SHALL BE DEEMED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, TO HAVE SPECIFICALLY CONSENTED TO THE RELEASES SET FORTH IN SECTION 8.3 OF THE PLAN SPONSORS' PLAN, AND REPRODUCED BELOW:

Section 8.3 of the Plan Sponsors' Plan - Releases.

Releases by Holders of Claims. AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE ESTATES, AND THE RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' OPERATIONS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THIS PLAN, THE DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, OR THE DIP FACILITY (COLLECTIVELY, "RELEASED CLAIMS"); FOR THE AVOIDANCE OF DOUBT, NO CLAIMS SHALL BE RELEASED AGAINST THE NON-RELEASED PARTIES.

"RELEASED PARTIES" MEANS (I) THE COMMITTEE, (II) THE PURCHASER, (III) THE ISSUER, (IV) THE PLAN SPONSORS, (V) THE HOLDERS OF THE ORIGINAL BONDS AND (VI) WITH RESPECT TO EACH OF THE FOREGOING ENTITIES IN CLAUSES (I) THROUGH (V), SUCH ENTITY AND ITS CURRENT AND FORMER PREDECESSORS, SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, MANAGED ACCOUNTS OR FUNDS, AND ALL OF THEIR RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, SHAREHOLDERS, MEMBERS, PARTNERS, MANAGERS, EMPLOYEES, ATTORNEYS, ADVISORS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS, AND OTHER PROFESSIONALS. FOR THE AVOIDANCE OF DOUBT, THE NON-RELEASED PARTIES ARE NOT AND SHALL NOT BE DEEMED A RELEASED PARTY UNDER THIS PLAN.

Section 8.4 of the Plan Sponsors' Plan - Exculpation.

UPON THE EFFECTIVE DATE, THE PLAN SPONSORS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THIS PLAN IN GOOD FAITH AND IN COMPLIANCE

WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THIS PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THIS PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THIS PLAN, THE DISTRIBUTION OF PROPERTY UNDER THIS PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THIS PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT.

Section 8.5 of the Plan Sponsors' Plan - Discharge of Claims.

PURSUANT TO BANKRUPTCY CODE SECTION 1141(D), AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE BAR DATE ORDER, IN THIS PLAN, OR IN ANY CONTRACT, INSTRUMENT, OR OTHER AGREEMENT OR DOCUMENT CREATED PURSUANT TO THIS PLAN, THE DISTRIBUTIONS, RIGHTS, AND TREATMENT THAT ARE PROVIDED IN THIS PLAN SHALL BE IN FULL AND FINAL SATISFACTION, SETTLEMENT, RELEASE, AND DISCHARGE, EFFECTIVE AS OF THE EFFECTIVE DATE, OF ALL CLAIMS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, WHETHER KNOWN OR UNKNOWN, AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THIS PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE, ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THIS PLAN. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER

SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN.

Section 8.6 of the Plan Sponsors' Plan - Injunction.

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THIS PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, RELIEF OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR IN

OBLIGATIONS ISSUED PURSUANT TO THIS PLAN FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE LITIGATION TRUST, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN SPONSORS' PLAN, INCLUDING THE RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

[Remainder of the page intentionally left blank.]

INSTRUCTIONS FOR COMPLETING THE BALLOT

VOTING DEADLINE AND MASTER BALLOT SUBMISSION

To have the votes reflected on this Master Ballot counted, this Master Ballot must be completed, signed, and returned to the Voting Agent so that it is actually received no later than 4:00 p.m. (prevailing Central Time) on January 3, 2023 (the “Voting Deadline”), unless such time is extended by the Plan Sponsors. Master Ballots must be delivered to the Voting Agent at the appropriate address listed below:

<p>If by standard or overnight mail or hand delivery:</p> <p>Northwest Senior Housing Corporation Solicitation c/o Kurtzman Carson Consultants LLC 222 N. Pacific Coast Highway, Suite 300 El Segundo, CA 90245</p>	<p>If by email:</p> <p>EdgemereBallots@kccllc.com with a reference to “Edgemere Plan Sponsor Master Ballot” in the subject line</p>
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Master Ballots will not be accepted by telecopy, facsimile, or other electronic means of transmission (other than by e-mail to EdgemereBallots@kccllc.com with a reference to “Edgemere Plan Sponsor Master Ballot” in the subject line).

The Master Ballot should not be sent to the Plan Sponsors, the Debtors, their financial or legal advisors, or the Bankruptcy Court.

HOW TO VOTE:

If you are both the record owner and the Beneficial Owner of any principal amount of the Class 2 Bond Claims and Class 4 General Unsecured Claims and you wish to vote on account thereof, you may complete, sign, and return to the Voting Agent either an individual Beneficial Owner Ballot or a Master Ballot.

If you are transmitting the votes of any Beneficial Owners of Class 2 Bond Claims other than yourself, you may either:

- a. “Pre-validate” the individual Beneficial Owner Ballot contained in the solicitation package and then forward the “Plan Sponsors’ Solicitation Package,” including the Plan Sponsors’ Disclosure Statement, the Plan Sponsors’ Plan and all other exhibits thereto, a Confirmation Hearing Notice, a copy of the Solicitation Procedures Order, without attachments, other than Exhibit [__], and a Beneficial Owner Ballot to Beneficial Owners holding Class 2 Bond Claims for voting within three (3) business days after your receipt of the solicitation materials, along with clear instructions stating that Beneficial Owners must return their pre-validated Beneficial Owner Ballots directly to the Voting Agent so that they are actually received by the Voting Agent on or before the Voting Deadline. The Beneficial Owner should then return the individual Beneficial Owner Ballot directly to the Voting Agent in the return envelope provided in the solicitation materials.

You “pre-validate” a Beneficial Owner Ballot by indicating thereon the name, address, and DTC participant number of the record holder of the Class 2 Bond Claims, the amount of the Class 2 Bond Claims held by the Beneficial Owner as of the Voting Record Date,

the appropriate account numbers through which the Beneficial Owner's holdings are derived, and the applicable CUSIP number, and executing the Beneficial Owner Ballot. The Beneficial Owner should complete and return the pre-validated Beneficial Owner Ballot directly to the Voting Agent;

OR

- b. Within three (3) business days after the receipt of the solicitation materials, forward the solicitation materials to the Beneficial Owner of the Class 2 Bond Claims for voting along with a return envelope provided by and addressed to you, as the Nominee. The Beneficial Owner should return the individual Beneficial Owner Ballot to you. In such case, you will tabulate the votes of the respective Beneficial Owners on this Master Ballot, in accordance with these instructions, and then return the Master Ballot to the Voting Agent. You should advise the Beneficial Owners to return their individual Beneficial Owner Ballots to you by a date calculated by you to allow you to prepare and return the Master Ballot to the Voting Agent so that the Master Ballot is actually received by the Voting Agent by the Voting Deadline.
- c. In addition, you are authorized to collect votes to accept or to reject the Plan Sponsors' Plan from Beneficial Owners in accordance with their customary practices, including the use of a "voting instruction form" in lieu of (or in addition to) a Beneficial Owner Ballot, and collecting votes from Beneficial Owners through online voting, by phone, facsimile, or other electronic means.

WITH RESPECT TO ALL BENEFICIAL OWNER BALLOTS RETURNED TO YOU, YOU MUST PROPERLY COMPLETE THE MASTER BALLOT, AS FOLLOWS:

- a. Check the appropriate box in Item 1 on the Master Ballot;
- b. Provide the information requested in Item 2 of the Master Ballot, as transmitted to you by the Beneficial Owners of the Class 2 Bond Claims and Class 4 General Unsecured Claims. To identify such Beneficial Owners without disclosing their names, please use the customer account number assigned by you to each such Beneficial Owner, or if no such customer account number exists, please assign a number to each account (making sure to retain a separate list of each Beneficial Owner and the assigned number). **IMPORTANT: EACH BENEFICIAL OWNER MUST VOTE ALL OF ITS CLASS 2 BOND CLAIMS EITHER TO ACCEPT OR REJECT THE PLAN SPONSORS' PLAN AND MAY NOT SPLIT SUCH VOTE.** Any Beneficial Owner Ballot that is signed, dated, and timely received, but does not indicate acceptance or rejection of the Plan Sponsors' Plan, or indicates both an acceptance and rejection of the Plan Sponsors' Plan, by order of the Bankruptcy Court, will not be counted;
- c. Please note that Item 3 of the Master Ballot requests that you transcribe the information provided by each Beneficial Owner in Item 3 of each completed Beneficial Owner Ballot relating to other Class 2 Bond Claims voted;
- d. Review the certification in Item 4 of the Master Ballot;
- e. Sign and date the Master Ballot, and provide the remaining information requested;

- f. If additional space is required to respond to any item on the Master Ballot, please use additional sheets of paper clearly marked to indicate the applicable Item of the Master Ballot to which you are responding;
- g. Contact the Voting Agent if you need any additional information; and
- h. Deliver the completed, executed Master Ballot so as to be received by the Voting Agent before the Voting Deadline. For each completed, executed Beneficial Owner Ballot returned to you by a Beneficial Owner, you must retain such Beneficial Owner Ballot in your files for one year from the Voting Deadline and produce the same upon the written request of the Plan Sponsors, the Debtors, the Reorganized Debtors, or their respective counsel. You must also retain a list of the Beneficial Owners to whom pre-validated Ballots were delivered for inspection for at least one year from the Voting Deadline.
- i. The Master Ballot is *not* a letter of transmittal and may not be used for any purpose other than to cast votes to accept or reject the Plan. At this time, Beneficial Owners should not surrender certificates representing their securities. Neither the Plan Sponsors, the Debtors nor the Voting Agent will accept delivery of any such certificates surrendered together with the Master Ballot.
- j. No Beneficial Owner Ballot or Master Ballot shall constitute or be deemed a proof of Claim or an assertion of a Claim.
- k. No fees, commissions, or other remuneration will be payable to any Nominee for soliciting votes on the Plan Sponsors' Plan. Upon written request, however, the Plan Sponsors will reimburse you for reasonable, actual, and necessary out-of-pocket expenses incurred by you in forwarding the Beneficial Owner Ballots and other enclosed materials to the Beneficial Owners of Class 2 Bond Claims held by you as a Nominee or in a fiduciary capacity and in tabulating the Beneficial Owner Ballots.
- l. In the event that (i) the Plan Sponsors revoke or withdraw the Plan Sponsors' Plan or (ii) the Confirmation Order is not entered or consummation of the Plan Sponsors' Plan does not occur, this Master Ballot shall automatically be null and void and deemed withdrawn without any requirement of affirmative action by or notice to you.
- m. The following Ballots will not be counted in determining the acceptance or rejection of the Plan Sponsors' Plan: (i) any Ballot that is illegible or contains insufficient information to permit the identification of the Beneficial Holder, (ii) any Ballot that does not hold a Claim in a Class entitled to vote on the Plan Sponsors' Plan, (iii) any unsigned Ballot, (iv) any Ballot that does not contain an original signature; and (v) any Ballot transmitted to the Voting Agent by facsimile, or electronic transmission, or other electronic means (other than Master Ballots which are entitled to vote via electronic mail). An otherwise properly completed, executed, and timely returned Ballot failing to indicate either acceptance or rejection of the Plan Sponsors' Plan or indicating both acceptance and rejection of the Plan Sponsors' Plan will not be counted.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER PERSON THE AGENT OF THE PLAN SPONSORS, THE DEBTORS, OR THE VOTING AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY

DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF THE PLAN SPONSORS, THE DEBTORS, OR THE VOTING AGENT WITH RESPECT TO THE PLAN SPONSORS' PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE ENCLOSED DOCUMENTS.

[Remainder of the page intentionally left blank.]

PLEASE COMPLETE THE FOLLOWING:

Item 1. Certification of Authority to Vote. The undersigned certifies that as of November 28, 2022 (the “Record Date”), the undersigned (please check appropriate box):

- Is a broker, bank, or other agent or nominee for the Beneficial Owners of the aggregate principal amount of the Class 2 Bond Claims listed in Item 2 below, and is the record holder of such securities; or
- Is acting under a power of attorney and/or agency (a copy of which will be provided upon request) granted by a broker, bank, or other agent or nominee, or a Beneficial Owner that is the record holder of the aggregate principal amount of Class 2 Bond Claims listed in Item 2 below; or
- Has been granted a proxy (an original of which is attached hereto) from a broker, bank, or other agent or nominee, or a Beneficial Owner, that is the record holder of the aggregate principal amount of Class 2 Bond Claims listed in Item 2 below;

and accordingly, has full power and authority to vote to accept or reject the Plan Sponsors’ Plan on behalf of the Class 2 Bond Claims held by the Beneficial Owners of the Class 2 Bond Claims described in Item 2.

Item 2. Vote. The undersigned transmits the following votes of Beneficial Owners in respect of the Class 2 Bond Claims and certifies that the following Class 2 Bond Claims, as identified by their respective customer account numbers set forth below, are the Beneficial Owners of such securities as of the Record Date, and have delivered to the undersigned, as Nominee, Beneficial Owner Ballots casting such votes. Indicate in the appropriate column the aggregate principal amount voted for each account, or attach such information to this Master Ballot in the form of the following table. Please note each Beneficial Owner must vote all of its Class 2 Bond Claims to accept or to reject the Plan Sponsors’ Plan and may not split such vote or vote to both accept and reject the Plan Sponsors’ Plan.

ONLY ONE MASTER BALLOT SHOULD BE USED PER CUSIP. PLEASE CHECK THE APPLICABLE BOX BELOW TO INDICATE WHICH CUSIP IS VOTED WITH THIS MASTER BALLOT:

Class 2 Bond Claims			
<input type="checkbox"/>	87638REJ2	<input type="checkbox"/>	87638RET0
<input type="checkbox"/>	87638REK9	<input type="checkbox"/>	87638REU7
<input type="checkbox"/>	87638REL7	<input type="checkbox"/>	87638REV5
<input type="checkbox"/>	87638REM5	<input type="checkbox"/>	87638REW3
<input type="checkbox"/>	87638REN3	<input type="checkbox"/>	87638RHV2
<input type="checkbox"/>	87638RES2		

Your Customer Account Number for Each Beneficial Owner of Class 2 Bond Claims Voted	Principal Amount of Class 2 Bond Claims Held by Beneficial Owner as of Voting Record Date	Item 2			Item 4 Releases - Please check the box below if the Beneficial Owner checked the box in Item 4.
		Indicate the vote cast on the Beneficial Owner Ballot by checking the appropriate box below.	Accept the Plan Sponsor' Plan	or	
1	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
2	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
3	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
4	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
5	\$	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
TOTALS	\$				

To vote on the Plan Sponsors' Plan, the Beneficial Owner must have checked a box in Item 2 to ACCEPT or REJECT the Plan Sponsors' Plan on its individual Beneficial Owner Ballot. If the Beneficial Owner did not check a box in Item 2 on its individual Beneficial Owner Ballot, by order of the Bankruptcy Court its vote will not be counted.

Item 3. Certification as to Transcription of Information from Item 3 as to Class 2 Bond Claims and Class 4 General Unsecured Claims Voted Through Other Beneficial Owner Ballots. The undersigned certifies that the undersigned has transcribed in the following table the information, if any, provided by Beneficial Owners in Item 3 of each Beneficial Owner's original Beneficial Owner Ballot, identifying any Class 2 Bond Claims and Class 4 General Unsecured Claims for which such Beneficial Owners have submitted other Beneficial Owner Ballots to other than the undersigned (use additional sheets of paper if necessary):

Your Customer Account Number for Each Beneficial Owner of Class 2 Bonds Claims and Class 4 General Unsecured Claims Who Completed Item 3 of the Beneficial Owner Ballots	TRANSCRIBE FROM ITEM 3 OF THE BENEFICIAL OWNER BALLOTS:			
	Name of Record Holder or Other Nominee (if applicable)	Account Number with other Nominee (if applicable)	Principal Amount of Other Class 2 Bond Claims and Class 4 General Unsecured Claims Voted	CUSIP of Other Class 2 Bond Claims Voted
1.				

2.				
3.				

Item 4. Certification. By signing this Master Ballot, the undersigned certifies that:

- a. each Beneficial Owner of Class 2 Bond Claims and Class 4 General Unsecured Claims listed in Item 2 above has been provided with a Plan Sponsors’ Solicitation Package with a Beneficial Owner Ballot (or other customary communication used to solicit or collect votes in lieu of a Beneficial Owner Ballot) to Beneficial Owner holding Class 2 Bond Claims through the undersigned with a return envelope;
- b. the undersigned is the record holder of the securities being voted or agent thereof;
- c. the undersigned has been authorized by each such Beneficial Owner to vote on the Plan Sponsors’ Plan and to make applicable elections;
- d. the undersigned has properly disclosed: (i) the number of Beneficial Owners voting Class 2 Bond Claims and Class 4 General Unsecured Claims through the undersigned; (ii) the respective amounts of Class 2 Bond Claims and Class 4 General Unsecured Claims owned by each such Beneficial Owner; (iii) each such Beneficial Owner’s respective vote concerning the Plan Sponsors’ Plan; and (iv) the customer account or other identification number for each such Beneficial Owners;
- e. the undersigned will maintain Beneficial Owner Ballots and evidence of separate transactions returned by Beneficial Owners (whether properly completed or defective) for at least one (1) year after the Voting Deadline, and disclose all such information to the Bankruptcy Court, the Plan Sponsors or the Debtors, as the case may be, if so ordered; and
- f. The undersigned further acknowledges that the Plan Sponsors’ solicitation of votes is subject to all terms and conditions set forth in the Plan Sponsors’ Disclosure Statement, the Solicitation Procedures Order, and the procedures for the solicitation of votes to accept or reject the Plan Sponsors’ Plan contained therein.

Print or Type Name of Nominee: _____

DTC Participant Number: _____

Name of Proxy Holder or Agent (if applicable): _____

Signature: _____

Name of Signatory (if different than Nominee): _____

Title: _____

Street Address: _____

City, State, Zip Code: _____

Telephone Number: _____

E-mail Address: _____

Date Completed: _____

HAYNES AND BOONE, LLP

J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
2323 Victory Avenue, Suite 700
Dallas, TX 75219
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GLOVSKY, AND POPEO, PC**

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Counsel to the Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)
(Jointly Administered)
Re: Docket No. 752

**BALLOT AND RELEASE OPT OUT FORM
FOR ACCEPTING OR REJECTING PLAN SPONSORS' CHAPTER 11 PLAN**

General Unsecured Claims (Class 4)

**PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS
CAREFULLY BEFORE COMPLETING THIS BALLOT**

VOTING DEADLINE

THE VOTING DEADLINE IS JANUARY 3, 2023 AT 4:00 P.M. (PREVAILING CENTRAL TIME). IF THE VOTING AGENT DOES NOT TIMELY RECEIVE YOUR BALLOT, IT WILL NOT BE COUNTED. DO NOT FAX OR EMAIL THIS BALLOT; BALLOTS SENT BY FAX OR EMAIL WILL NOT BE COUNTED.

¹ The Debtors in the Chapter 11 Cases (the “**Chapter 11 Cases**”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

UMB Bank, N.A., in its capacity as (i) successor bond trustee and master trustee for the Original Bonds (collectively, the “**Trustee**”) and (ii) lender under the DIP Credit Agreement (the “**DIP Lender**,” and collectively with the Trustee, the “**Plan Sponsors**”) are soliciting votes on the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as may be amended, supplemented, or otherwise modified from time to time, the “**Plan Sponsors’ Plan**”) [Docket No. 752].² This ballot is for holders of Class 4 General Unsecured Claims. The accompanying *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as amended, modified, and supplemented, the “**Plan Sponsors’ Disclosure Statement**”) [Docket No. 753] describes the Plan Sponsors’ Plan and contains information to assist you in deciding how to vote. The Plan Sponsors’ Disclosure Statement also contains a copy of the Plan as Exhibit 1. The Bankruptcy Court approved the solicitation of votes on the Plan Sponsors’ Plan pursuant to the *Order (I) Establishing Voting Record Date and Other Deadlines; (II) Authorizing Kurtzman Carson Consultants LLC to Act as the Singular Voting Agent with Respect to the Competing Plans; (III) Approving Solicitation and Notice Procedures with Respect to Competing Plans; (IV) Approving Manner and Form of Ballots, Notices and Related Documents; and (V) Granting Related Relief* (the “**Solicitation Procedures Order**”) [Docket No. ____]. The Plan Sponsors are soliciting votes in accordance with the Plan Sponsors’ Solicitation, Voting, and Balloting Procedures (Exhibit [__] to the Solicitation Procedures Order.)

Please review the Plan Sponsors’ Disclosure Statement, the Plan Sponsors’ Plan, the Solicitation Procedures Order, the Plan Sponsors’ Solicitation, Voting, and Balloting Procedures, and this Ballot carefully before you vote. You may wish to seek legal advice concerning the Plan Sponsors’ Plan and your Claim’s classification and treatment in it.

Questions. If you have any questions regarding this ballot or the voting procedures, or if you do not have a copy of the Plan Sponsors’ Disclosure Statement or the Plan Sponsors’ Plan, please contact Kurtzman Carson Consultants LLC (“**KCC**” or the “**Voting Agent**”) (a) by calling (866) 967-0269 (toll-free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line. The materials may also be obtained free-of-charge from <https://www.kccllc.net/edgemere>.

THE VOTING AGENT IS NOT AUTHORIZED TO, AND WILL NOT, PROVIDE LEGAL ADVICE.

This General Unsecured Claims Ballot is to be used for voting of Claims held by holders of Class 4 General Unsecured Claims.

If your Ballot is not received by the Voting Agent on or before January 3, 2023 at 4:00 p.m. (prevailing Central Time) (the “Voting Deadline”), your vote will not count as either an acceptance or rejection of the Plan Sponsors’ Plan.

PLEASE SUBMIT YOUR BALLOT BY ONE OF THE FOLLOWING TWO METHODS:

1. Paper Ballot; or
2. E-Ballot Portal.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan Sponsors’ Plan.

To Submit Your Vote Via Paper Ballot. Complete, sign, and date this Ballot and return it (with an original signature) promptly via first class mail (or in the enclosed reply envelope provided), overnight courier, or hand delivery to:

Northwest Senior Housing Corporation Solicitation,
c/o Kurtzman Carson Consultants LLC,
222 N. Pacific Coast Highway, Suite 300,
El Segundo, CA 90245

To Submit Your Vote Via E-Ballot Portal. You may return your Ballot by electronic, online transmission *solely* by clicking on the “Submit E-Ballot” section on the Debtors’ bankruptcy case website, located at <http://www.kccllc.net/edgemere> (the “**E-Ballot Portal**”), and following the directions set forth on the website regarding submitting your E-Ballot as described more fully below.

- a. Visit the Debtors’ E-Ballot Portal.
- b. Use the following information to retrieve and submit your customized electronic ballot: Unique E-Ballot ID#: _____; PIN# _____
- c. Follow the directions provided on the case website for submitting your Ballot electronically.
- d. If you submit your Ballot through the E-Ballot Portal, do not return a hard copy of your Ballot.

Please choose only *one* method of returning your Ballot. If multiple Ballots are received from the same holder, with respect to the same Claim, prior to the Voting Deadline, the latest, timely received, and properly completed Ballot will supersede and revoke any earlier received Ballots. If you wish to change your vote on the Plan prior to the Voting Deadline, please contact the Voting Agent. If you elect to submit an E-Ballot, the E-Ballot Portal is the sole manner in which such E-Ballot will be accepted. Ballots submitted by facsimile, email, or any other means of electronic transmission will *not* be counted.

The General Unsecured Claims Ballot should not be sent to the Plan Sponsors, the Debtors, their financial or legal advisors, or the Bankruptcy Court.

This General Unsecured Claims Ballot is solely for purposes of voting to accept or reject the Plan Sponsors’ Plan and not for the purpose of allowance or disallowance of or distribution on account of Class 4 General Unsecured Claims.

IMPORTANT NOTICE REGARDING TREATMENT FOR CLASS 4

As described in more detail in the Plan Sponsors’ Disclosure Statement, if the Plan Sponsors’ Plan is confirmed and the Effective Date occurs:

Upon the terms and subject to the conditions set forth in the Plan Sponsors’ Plan, on the Effective Date, in full and final satisfaction and discharge of and in exchange for each Allowed General Unsecured Claim, Allowed General Unsecured Claims shall be payable from a Pro Rata share of the Litigation Trust Proceeds.

PLEASE READ THE PLAN SPONSORS' DISCLOSURE STATEMENT AND PLAN SPONSORS' PLAN FOR MORE DETAILS.

[Remainder of the page intentionally left blank.]

**NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, AND
INJUNCTION PROVISIONS IN PLAN SPONSORS' PLAN**

EACH PERSON THAT DOES NOT (I) OBJECT SPECIFICALLY TO THE THIRD PARTY RELEASE OR (II) AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE ON A TIMELY SUBMITTED BALLOT OR OPT OUT FORM SHALL, AND SHALL BE DEEMED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, TO HAVE SPECIFICALLY CONSENTED TO THE RELEASES SET FORTH IN SECTION 8.3 OF THE PLAN SPONSORS' PLAN, AND REPRODUCED BELOW:

Section 8.3 of the Plan Sponsors' Plan - Releases.

1. Releases by Holders of Claims. AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE ESTATES, AND THE RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' OPERATIONS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THIS PLAN, THE DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, OR THE DIP FACILITY (COLLECTIVELY, "RELEASED CLAIMS"); FOR THE AVOIDANCE OF DOUBT, NO CLAIMS SHALL BE RELEASED AGAINST THE NON-RELEASED PARTIES.

"RELEASED PARTIES" MEANS (I) THE COMMITTEE, (II) THE PURCHASER, (III) THE ISSUER, (IV) THE PLAN SPONSORS, (V) THE HOLDERS OF THE ORIGINAL BONDS AND (VI) WITH RESPECT TO EACH OF THE FOREGOING ENTITIES IN CLAUSES (I) THROUGH (V), SUCH ENTITY AND ITS CURRENT AND FORMER PREDECESSORS, SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, MANAGED ACCOUNTS OR FUNDS, AND ALL OF THEIR RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, SHAREHOLDERS, MEMBERS, PARTNERS, MANAGERS, EMPLOYEES, ATTORNEYS, ADVISORS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS, AND OTHER PROFESSIONALS. FOR THE AVOIDANCE OF DOUBT, THE NON-RELEASED PARTIES ARE NOT AND SHALL NOT BE DEEMED A RELEASED PARTY UNDER THIS PLAN.

Section 8.4 of the Plan Sponsors' Plan - Exculpation.

UPON THE EFFECTIVE DATE, THE PLAN SPONSORS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO

HAVE SOLICITED ACCEPTANCES OF THIS PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THIS PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THIS PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THIS PLAN, THE DISTRIBUTION OF PROPERTY UNDER THIS PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THIS PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT.

Section 8.5 of the Plan Sponsors' Plan - Discharge of Claims.

PURSUANT TO BANKRUPTCY CODE SECTION 1141(D), AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE BAR DATE ORDER, IN THIS PLAN, OR IN ANY CONTRACT, INSTRUMENT, OR OTHER AGREEMENT OR DOCUMENT CREATED PURSUANT TO THIS PLAN, THE DISTRIBUTIONS, RIGHTS, AND TREATMENT THAT ARE PROVIDED IN THIS PLAN SHALL BE IN FULL AND FINAL SATISFACTION, SETTLEMENT, RELEASE, AND DISCHARGE, EFFECTIVE AS OF THE EFFECTIVE DATE, OF ALL CLAIMS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, WHETHER KNOWN OR UNKNOWN, AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THIS PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE, ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THIS PLAN. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES

SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN.

Section 8.6 of the Plan Sponsors' Plan - Injunction.

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THIS PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, RELIEF OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THIS PLAN FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE LITIGATION TRUST, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN SPONSORS' PLAN, INCLUDING THE RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

[Remainder of the page intentionally left blank.]

HOW TO VOTE

1. Complete Item 1, Item 2, Item 3, and Item 4.
2. Review the certifications contained in Item 4.
3. **Sign and date the Ballot.**
4. Return the original Ballot in the enclosed pre-addressed envelope so it is received by the Voting Deadline.

Item 1. Amount of Class 4 General Unsecured Claim Voted. The creditor who executes this Ballot or on whose behalf this Ballot is executed holds a Class 4 General Unsecured Claim against the Debtors in the following aggregate amount:³

\$

Item 2. Vote on Plan Sponsors' Plan (check only one box).

- ACCEPT (vote FOR) the Plan Sponsors' Plan.
- REJECT (vote AGAINST) the Plan Sponsors' Plan.

Any Ballot that is executed by the holder of a Claim but is not marked to accept or reject the Sponsors' Plan or is marked both to accept and reject the Plan Sponsors' Plan will not be counted.

Item 3. Optional Opt Out Release Election. Check the box below if you elect not to grant the releases contained in Section 8.3 of the Plan Sponsors' Plan. Election to withhold consent is at your option. If you abstain from submitting a Ballot and you do not check the box below, you will be deemed to consent to the releases contained in Section 8.3 of the Plan Sponsors' Plan to the fullest extent permitted by applicable law. The undersigned elects to:

- OPT OUT** of the releases contained in Section 8.3 of the Plan Sponsors' Plan.

Item 4. By signing this Ballot, the undersigned certifies to the Bankruptcy Court and the Debtors:

- a. that either: (i) the undersigned is the holder of the Claims being voted, or (ii) the undersigned is an authorized signatory for a holder of the Claims being voted;
- b. that the undersigned has received a copy of the Plan Sponsors' Disclosure Statement and the Plan Sponsors' Plan; and
- c. that no other Ballots with respect to the amount of the Claim identified in Item 1 have been cast or with respect to the Plan Sponsors' Plan, if any other Ballots have been cast with respect to such Claim, then any such earlier received Ballots are hereby revoked.

³ For voting purposes only, subject to tabulation rules.

Name of Creditor: _____

Signature: _____

Name of Signatory (If other than Creditor): _____

Title (if corporation, partnership, or LLC): _____

Street Address: _____

City, State, Zip Code: _____

Telephone Number: _____

Date Completed: _____

PLEASE COMPLETE, SIGN, AND DATE THE BALLOT AND RETURN IT PROMPTLY IN THE RETURN ENVELOPE PROVIDED OR AS FOLLOWS SO THAT IT IS RECEIVED NO LATER THAN JANUARY 3, 2023 AT 4:00 P.M. (PREVAILING CENTRAL TIME), THE VOTING DEADLINE

If by First Class Mail, Hand Delivery, or Overnight Mail:

Northwest Senior Housing Corporation Solicitation
c/o Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245

If by E-Ballot Portal:

Please follow the instructions on the Debtors' bankruptcy case website at <http://www.kccllc.net/edgemere>. The E-Ballot Portal is the sole manner in which Ballots will be accepted via electronic, online transmission. Ballots will not be accepted by facsimile, email, or electronic means other than the E-Ballot Portal.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic ballot:

Unique E-Ballot ID#: _____

PIN#: _____

Exhibit 3
(Disclosure Statement Hearing Notice)

Trinitee G. Green (SBN 24081320)
Polsinelli PC
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
Telephone: (214) 397-0030
Facsimile: (214) 397-0033
tggreen@polsinelli.com

J. Frasher Murphy (SBN 24013214)
Thomas J. Zavala (SBN 24116265)
Haynes and Boone, LLP
2323 Victory Avenue, Suite 700
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Telephone: (214) 651-5000
frasher.murphy@haynesboone.com
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Jeremy R. Johnson (Admitted *Pro Hac Vice*)
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Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
Kaitlin R. Walsh (Admitted *Pro Hac Vice*)
Mintz, Levin, Cohn, Ferris, Glovsky, and
Popeo, PC
One Financial Center
Boston, MA 02111
Telephone: (617) 546-6000
dsbleck@mintz.com
erblythe@mintz.com
krwalsh@mintz.com

Counsel to Debtors and Debtors in Possession

Counsel to Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**NOTICE OF HEARING TO CONSIDER APPROVAL OF
(I) DISCLOSURE STATEMENT IN SUPPORT OF JOINT PLAN
OF REORGANIZATION PROPOSED BY THE COMMITTEE AND THE
DEBTORS AND RELATED SOLICITATION MATERIALS AND NOTICES,
(II) DISCLOSURE STATEMENT IN SUPPORT OF PLAN OF REORGANIZATION
PROPOSED BY TRUSTEE AND DIP LENDER AND RELATED SOLICITATION
MATERIALS AND NOTICES, AND (III) BIDDING PROCEDURES, STALKING**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

HORSE ASSET PURCHASE AGREEMENT AND RELATED NOTICES IN CONNECTION WITH THE PLAN PROPOSED BY TRUSTEE AND DIP LENDER

PLEASE TAKE NOTICE THAT Northwest Senior Housing Corporation and its affiliated debtor (collectively, the “**Debtors**”) and the official committee of unsecured creditors (the “**Committee**”) in the above-captioned chapter 11 cases have filed: (i) the *Joint Plan of Reorganization Proposed by the Committee and the Debtors*, dated November 2, 2022 [Docket No. 750] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Committee and Debtor Plan**”)² and (ii) the *Disclosure Statement in Support of the Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 751] (together with all the schedules and exhibits thereto, and each as may be amended, modified, or supplemented from time to time, the “**Committee and Debtor Disclosure Statement**”).

PLEASE TAKE FURTHER NOTICE THAT UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**,” and together with the Trustee, the “**Plan Sponsors**”) have filed (i) the *Plan of Reorganization of the Trustee and the DIP Lender Dated November 2, 2022* [Docket No. 752] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Plan Sponsors’ Plan**”); (ii) the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* [Docket No. 753] (together with all the schedules and exhibits thereto, and each as may be amended, modified, or supplemented from time to time, the “**Plan Sponsors’ Disclosure Statement**”); (iii) the *Motion of the Trustee and DIP Lender for Entry of an Order Approving Disclosure Statement and Granting Related Relief*, dated November 2, 2022 [Docket No. 754] (the “**Plan Sponsors’ Disclosure Statement Motion**”) and (iv) the *Motion of Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation and Sale Hearing; and (V) Granting Related Relief*, dated November 2, 2022 [Docket No. 755] (the “**Bidding Procedures Motion**”).

Each of the Debtors and the Committee on the one hand and the Plan Sponsors on the other have proposed their own plan of reorganization. As explained in the respective disclosure statements, Section 8 of each plan contains releases and related injunction and exculpation provisions, which will become effective if the applicable Plan is confirmed. You should carefully review each plan and the applicable releases, exculpation, injunction, and related provisions. If you do not agree to such provisions, you MUST take action to opt-out by filling out and timely submitting an “OPT-OUT FORM” for each plan that will be provided to all parties prior to the hearing to consider approval and confirmation of the Committee and Debtor Plan and the Plan Sponsors’ Plan which hearing is scheduled to be conducted on January 10, 2023 at 9:30 a.m. (prevailing Central Time).

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the respective Disclosure Statement or the Plan, as applicable, or as the context otherwise requires.

PLEASE TAKE FURTHER NOTICE THAT:

1. A hearing (the “**Disclosure Statement Hearing**”) will be held before Judge Michelle V. Larson **November 30, 2022, at 1:30 p.m. (prevailing Central Time)**, to consider entry of an order, determining, among other things, that the Committee and Debtor Disclosure Statement and the Plan Sponsors’ Disclosure Statement each contain “adequate information” within the meaning ascribed to such term in Bankruptcy Code section 1125 and approving the Committee and Debtor Disclosure Statement and Plan Sponsors’ Disclosure Statement. Please be advised that the Disclosure Statement Hearing may be adjourned or continued from time to time by the Bankruptcy Court, the Debtors and the Committee or the Plan Sponsors without further notice other than as indicated in any notice or agenda of matters scheduled that is filed with the Bankruptcy Court or by being announced in open court. If the Disclosure Statement Hearing is continued with respect to either the Committee and Debtor Disclosure Statement or the Plan Sponsors’ Disclosure Statement, the applicable plan proponent will cause to be posted the new date and time of the Disclosure Statement Hearing at <https://kccllc.net/edgemere>. Each disclosure statement and plan may be modified, if necessary, in accordance with the Bankruptcy Code, the Bankruptcy Rules, and other applicable law, before, during, or as a result of the Disclosure Statement Hearing, without further notice to creditors or other parties in interest.

2. The Plan Sponsors’ Plan contemplates the sale of the Debtors’ assets subject to a marketing and sale process. Accordingly, at the Disclosure Statement Hearing, the Plan Sponsors will present their Bidding Procedures Motion, pursuant to which the Plan Sponsors will request Court approval for the sale process described therein.

3. You may participate in this hearing in-person or via Webex. (by video or telephone via the Court’s WebEx platform). **For WebEx Video Participation/Attendance:** Link: <https://us-courts.webex.com/meet/larson>. **For WebEx Telephonic Only Participation/Attendance:** Dial-In: 1.650.479.3207, Access code: 160 135 6015. A copy of the WebEx Hearing Instructions are attached hereto as Exhibit A.

4. Any party in interest wishing to obtain a copy of the (i) Committee and Debtor Disclosure Statement and Committee and Debtor Plan; (ii) Plan Sponsors’ Disclosure Statement and Plan Sponsors’ Plan; (iii) the Plan Sponsors’ Disclosure Statement Motion and/or (iv) the Plan Sponsors’ Bidding Procedures Motion (collectively, the “**Documents**”) should contact Kurtzman Carson Consultants LLC, (“**KCC**” or the “**Voting Agent**”), by (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line. Interested parties may also review these Documents free of charge at <http://www.kccllc.net/edgemere>.

5. In addition, the Documents are on file with the Bankruptcy Court and may be reviewed by accessing the Bankruptcy Court’s website: <http://www.txnb.uscourts.gov>. Note that a PACER password and login are needed to access documents on the Bankruptcy Court’s website. A PACER password can be obtained at: www.pacer.psc.uscourts.gov.

6. As required by the Bankruptcy Court's Order (I) Shortening Notice Periods with Respect to Disclosure Statements and Scheduled Disclosure Statement Hearing; (II) Establishing Objection Deadline; and (III) Granting Related Relief entered on November 2, 2022 [Docket No. 749], objections, if any, to approval of the (i) Committee and Debtor Disclosure Statement; (ii) Plan Sponsors' Disclosure Statement; and/or (iii) the Bidding Procedures must: (i) be in writing; (ii) conform to the Bankruptcy Rules and the Local Rules; (iii) set forth the name of the objecting party and the nature and amount of Claims or Interests held or asserted by such party against the Debtors' estates or property; (iv) provide the basis for objection and specific grounds thereof, and provide proposed language that, if accepted and incorporated by the respective plan proponents, would obviate such objection; and (v) be filed, together with proof of service, with the Bankruptcy Court, and served so that they are **actually received** by the following parties no later than **November 28, 2022 at 11:59 p.m. (prevailing Central Time)**: (i) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green and Polsinelli PC, 600 3rd Avenue, 42nd Floor, New York, NY 10016, Attn: Jeremy R. Johnson; (ii) counsel for Lifespace Communities, Inc., Cooley LLP, 110 North Upper Wacker Drive, Suite 4200, Chicago, Illinois 60606, Attn: Eric. E. Walker; (iii) counsel for Plan Sponsors, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck and Eric Blythe; (iv) counsel for the Committee, Foley & Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn. Stephen A. McCartin, Thomas C. Scannell, and Mark C. Moore; (v) the Office of the United States Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert; and (vi) such other parties as the Bankruptcy Court may order.

7. IF AN OBJECTION TO THE DISCLOSURE STATEMENT(S) OR THE BIDDING PROCEDURE MOTION IS NOT FILED AND SERVED STRICTLY AS PRESCRIBED HEREIN, THE OBJECTING PARTY MAY BE BARRED FROM OBJECTING TO THE COMMITTEE AND DEBTOR DISCLOSURE STATEMENT AND THE PLAN SPONSORS' DISCLOSURE STATEMENT OR THE ADEQUACY THEREOF AND THE BIDDING PROCEDURES MOTION AND MAY NOT BE HEARD AT THE DISCLOSURE STATEMENT HEARING.

8. THIS NOTICE IS NOT A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. VOTES ON EITHER LAN MAY NOT BE SOLICITED UNLESS AND UNTIL THE RESPECTIVE DISCLOSURE STATEMENT IS APPROVED BY AN ORDER OF THE BANKRUPTCY COURT.

[Signatures on Following Page]

Dated: November 2, 2022
Dallas, Texas

HAYES AND BOONE, LLP

/s/ J. Frasher Murphy

J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
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frasher.murphy@haynesboone.com
tom.zavala@haynesboone.com

– and –

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY, AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
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Counsel to Plan Sponsors

POLSINELLI PC

/s/ Trinitee G. Green

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– and –

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*Counsel to the Debtors and Debtors in
Possession*

Exhibit 4-A
(Non-Voting Status Notice – Edgemere Plan)

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2950 N. Harwood, Suite 2100
Dallas, Texas 75201
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Facsimile: (212) 684-0197
jeremy.johnson@polsinelli.com

COUNSEL TO THE DEBTORS AND
DEBTORS IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

<p>In re:</p> <p>Northwest Senior Housing Corporation, <i>et al.</i>,¹</p> <p>Debtors.</p>	<p>Chapter 11</p> <p>Case No. 22-30659 (MVL)</p> <p>(Jointly Administered)</p>
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**NOTICE OF (I) NON-VOTING STATUS WITH RESPECT TO
THE JOINT PLAN OF REORGANIZATION
PROPOSED BY THE COMMITTEE AND THE DEBTORS**

PLEASE TAKE NOTICE THAT:

On April 14, 2022 (the “**Petition Date**”), the debtors and debtors in possession (each a “**Debtor**” and collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). Additional information regarding the Debtors and these Chapter 11 Cases, including the Debtors’ business operations, capital structure, financial condition, and the reasons for and objectives of these Chapter 11 Cases, is set forth in the *Declaration of Nick Harshfield in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* [Docket No. 7] (the “**First Day Declaration**”).

THE EDGEMERE PLAN AND EDGEMERE DISCLOSURE STATEMENT

On November 2, 2022, the Debtors and the official committee of unsecured creditors appointed in the Chapter 11 Cases (the “**Committee**”) filed: (i) the *Joint Plan of Reorganization Proposed by the Committee and the Debtors*, dated November 2, 2022 [Docket No. 750] (together

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Edgemere Plan**”) and (ii) the *Disclosure Statement in Support of the Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 751] (together with all the schedules and exhibits thereto, and each as may be amended, modified, or supplemented from time to time, the “**Edgemere Disclosure Statement**”).

APPROVAL OF EDGEMERE DISCLOSURE STATEMENT

On [DATE], 2022 the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”) entered its order [Docket No. [•]] (the “**Disclosure Statement Order**”) approving the Edgemere Disclosure Statement.

PLAN CONFIRMATION HEARING

On January 10, 2023 at 9:30 a.m., prevailing Central Time, a hearing (the “**Confirmation Hearing**”) will be held to consider confirmation of the Edgemere Plan before the Honorable Michelle V. Larson, in the United States Bankruptcy Court for the Northern District of Texas, 1100 Commerce St., 14th Flr. Courtroom #2 Dallas, TX 75242. The Confirmation Hearing will be conducted in a hybrid format. Thus, you may participate in-person or remotely. If you wish to participate remotely, you may do so by video or telephone via the Court’s WebEx platform). **For WebEx Video Participation/Attendance:** Link: <https://us-courts.webex.com/meet/larson>. **For WebEx Telephonic Only Participation/Attendance:** Dial-In: 1.650.479.3207, Access code: 160 135 6015.

The Confirmation Hearing may be adjourned from time to time, without further notice. The Edgemere Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Edgemere Plan, and other applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

NON-VOTING STATUS

You are receiving this Non-Voting Status Notice because under the terms of the Edgemere Plan (i) you are a holder of Claim(s) or Interest(s) in a Class that (a) has been conclusively presumed to accept the Edgemere Plan (Class 1 - Other Priority Claims, Class 2 – Secured Bond Claims, Class 3 – Other Secured Claims, and Class 9 – Interests in Debtors) and (b) is not entitled to vote on the Edgemere Plan. Accordingly, this Non-Voting Status Notice is being mailed to you for your information only.

If, notwithstanding this notice of your non-voting status, you believe that you may have a Claim or Interest against the Debtors that entitles you to vote on the Edgemere Plan, you should immediately request the appropriate Ballot by contacting Kurtzman Carson Consultants LLC, (the “**Voting Agent**”), using the contact information provided below.

COPIES OF THE EDGEMERE PLAN AND EDGEMERE DISCLOSURE STATEMENT

The Debtors and the Committee will not provide you with copies of the Edgemere Plan and/or Edgemere Disclosure Statement. If you wish to receive copies of the Edgemere Plan and/or Edgemere Disclosure Statement, they will be provided, as quickly as practicable, upon request to

the Voting Agent, either by (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line. Copies of the Edgemere Plan and Edgemere Disclosure Statement may be accessed for free by visiting the Debtors’ bankruptcy website at: <http://www.kccllc.net/edgemere>. Copies of the Edgemere Plan and Edgemere Disclosure Statement are also on file with the Clerk of the Bankruptcy Court for the Northern District of Texas and may be reviewed during the regular hours of the Bankruptcy Court or online through the Bankruptcy Court’s website at <http://www.txnb.uscourts.gov>.

PROPOSED TREATMENT OF CLAIMS AND INTERESTS

The Edgemere Plan provides for nine (9) Classes of Claims and Interests. Under the Edgemere Plan, Claims and Interests in Class 4 – Bond Deficiency Claims, Class 5 – Former Resident Claims, Class 6 – Current Resident Claims, and Class 8 – General Unsecured Claims are Impaired by the Edgemere Plan, and entitled to vote to accept or reject the Edgemere Plan. Claims in Class 1 - Other Priority Claims, Class 2 – Secured Bond Claims, Class 3 – Other Secured Claims, and Class 9 – Interests in Debtors (together, the “**Unimpaired Classes**”) are unimpaired by the Edgemere Plan, and such holders are conclusively presumed to have accepted the Edgemere Plan pursuant to Bankruptcy Code section 1126(f) and are, therefore, not entitled to vote. Holders of Claims in Class 7 – Intercompany Claims are affiliated with the Debtors and are, thus, not entitled to vote on the Edgemere Plan. Class 7 – Intercompany Claims, together with the Unimpaired Classes, are the “**Non-Voting Classes**” with respect to the Edgemere Plan.

OBJECTIONS TO CONFIRMATION OF THE EDGEMERE PLAN

Objections to confirmation of the Edgemere Plan, if any, must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtors, the basis for the objection, the specific grounds of the objection, and must be filed and served upon: (i) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green and 600 3rd Avenue, 42nd Floor, New York, NY 10016, Attn: Jeremy R. Johnson; (ii) counsel for Lifespace Communities, Inc., Cooley LLP, 110 North Upper Wacker Drive, Suite 4200, Chicago, Illinois 60606, Attn: Eric. E. Walker; (iii) counsel for UMB Bank, N.A., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck, Kaitlin Walsh, and Eric Blythe; (iv) counsel for the Committee, Foley & Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn. Stephen A. McCartin, Thomas C. Scannell, and Mark C. Moore; (v) the Office of the United States Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert; and (vi) such other parties as the Bankruptcy Court may order by no later than **January 3, 2023 at 4:00 p.m., Prevailing Central Time.**

SECTION 8 OF THE EDGEMERE PLAN CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS THAT WILL BECOME EFFECTIVE IF THE EDGEMERE PLAN IS CONFIRMED. THUS, YOU ARE ADVISED TO REVIEW AND CONSIDER THE EDGEMERE PLAN CAREFULLY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED THEREUNDER.

IF YOU DO NOT AGREE TO SUCH PROVISIONS AND DO NOT WISH TO BE A RELEASING PARTY, AS DEFINED BY THE EDMERE PLAN, YOU MUST TAKE ACTION BY FILLING OUT AND TIMELY SUBMITTING AN “OPT-OUT FORM”.

THIS NOTICE IS BEING SENT TO YOU FOR INFORMATIONAL PURPOSES ONLY. IF YOU HAVE QUESTIONS WITH RESPECT TO YOUR RIGHTS UNDER THE EDMERE PLAN OR ABOUT ANYTHING STATED HEREIN OR IF YOU WOULD LIKE TO OBTAIN ADDITIONAL INFORMATION, CONTACT THE VOTING AGENT.

PLAN “RELEASES, EXCULPATION, AND INJUNCTION” PROVISIONS

The Edgemere Plan contains the following provision(s), which you may elect to opt-out of by timely submitting a completed Opt-Out Form (which is being provided to you, separately, in conjunction with this notice)²:

Section 1.128 Defines “Releasing Party”

“*Releasing Party*” means each Claimant who has not chosen, by marking the appropriate box on the Ballot, to opt out of the “Releases by Holders of Claims” provided for in Section 8.3 of this Plan.

Section 8.3 Releases by Holders of Claims

AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE REORGANIZED DEBTOR, THE ESTATES, THE SPONSOR, AND OTHER RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, REPRESENTATION,

² Any description, summary, or statement made in this notice concerning the Edgemere Plan or the terms thereof is qualified in all respects by reference to the Edgemere Plan. In the event of any inconsistency between this notice and the Edgemere Plan, the provisions of the Edgemere Plan shall govern and control.

OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THE DISCLOSURE STATEMENT, ANY PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY, OR THE REFINANCING TRANSACTION (COLLECTIVELY, "CREDITOR RELEASED CLAIMS"), OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY OR A FORMER OFFICER OR DIRECTOR OF THE DEBTORS THAT CONSTITUTES WILLFUL MISCONDUCT (INCLUDING FRAUD) OR GROSS NEGLIGENCE. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE CREDITOR RELEASED CLAIMS ON ACCOUNT OF THE LITIGATION TRUST AS SUCH CLAIMS ARE RELEASED PURSUANT TO THIS PLAN AND, AS SUCH, DO NOT AND WILL NOT CONSTITUTE LITIGATION TRUST ASSETS.

Section 8.4 Exculpation

UPON THE EFFECTIVE DATE, THE DEBTORS, THE COMMITTEE AND THE SPONSOR, AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THE PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E). EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, THE DISTRIBUTION OF PROPERTY UNDER THE PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH

EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE ANY CLAIMS DESCRIBED IN THIS SECTION 8.4 OF THIS PLAN AGAINST ANY EXCULPATED PARTY.

Section 8.5 Injunction

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER. FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THE PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS), ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH RIGHTS, CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, ENFORCEMENT PROCEEDING, OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN. THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS

AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS) FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g). ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTOR, TH SPONSOR, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS, AGENTS, ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

Dated: [DATE], 2022
Dallas, Texas

POLSINELLI PC

/s/ DRAFT

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– and –

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COUNSEL TO THE DEBTORS
AND DEBTORS IN POSSESSION

Exhibit 4-B
(Non-Voting Status Notice – Bondholders Plan)

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Counsel to the Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)

(Jointly Administered)

Re: Docket No. 752

NOTICE TO HOLDERS OR POTENTIAL HOLDERS OF UNIMPAIRED CLAIMS NOT ENTITLED TO VOTE ON THE PLAN SPONSORS’ PLAN OF (I) NON-VOTING STATUS; (II) CONFIRMATION HEARING; (III) CONFIRMATION OBJECTION DEADLINE; AND (IV) OPPORTUNITY TO OPT OUT OF THIRD-PARTY RELEASES

On [_____], 2022, the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the “**Bankruptcy Court**”) entered its *Order Approving Disclosure Statement and Granting Related Relief* (the “**Plan Sponsors’ Disclosure Statement Order**”).² Among other things, the Plan Sponsors’ Disclosure Statement Order approved the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as modified, amended, and supplemented, the “**Plan Sponsors’ Disclosure Statement**”)³ filed by UMB Bank, N.A., in its capacity as (i) successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and (ii) lender under the DIP Credit Agreement (the “**DIP Lender**,” and collectively with the Trustee, the “**Plan Sponsors**”). In the Plan Sponsors’

¹ The Debtors in the Chapter 11 Cases (the “**Chapter 11 Cases**”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Docket No. [__].

³ Docket No. 753.

Disclosure Statement Order, the Court found that the Plan Sponsors’ Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code. You are being provided this notice with respect to the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as modified, amended, and supplemented, the “**Plan Sponsors’ Plan**”).⁴

Under the Plan Sponsors’ Plan, your Claim has been classified in one of the following Unimpaired Classes:

Class	Impairment	Entitled to Vote
Class 1 – Other Priority Claims	Unimpaired	No (Deemed to accept)
Class 3 – Other Secured Claims	Unimpaired	No (Deemed to accept)

You hold an Unimpaired Claim that will be paid in full to the extent such Claim is Allowed. **Holders of Unimpaired Claims, such as you, are not entitled to vote on the Plan Sponsors’ Plan.** Pursuant to the *Order (I) Establishing Voting Record Date and Other Deadlines; (II) Authorizing Kurtzman Carson Consultants LLC to Act as the Singular Voting Agent with Respect to the Competing Plans; (III) Approving Solicitation and Notice Procedures with Respect to Competing Plans; (IV) Approving Manner and Forms of Ballots, Notices and Related Documents; and (V) Granting Related Relief* (the “**Solicitation Procedures Order**”),⁵ the Plan Sponsors’ Disclosure Statement, the Plan Sponsors’ Plan, and other materials included in the Plan Sponsors’ Solicitation Package will not be served upon you. The materials may be obtained free-of-charge from <https://www.kccllc.net/Edgemere> or by written request to Kurtzman Carson Consultants LLC (the “**Voting Agent**”) requesting that a paper copy of the Plan Sponsors’ Disclosure Statement, the Plan Sponsors’ Plan, and other materials included in the Plan Sponsors’ Solicitation Package be sent to the address specified in the request at the following address:

Northwest Senior Housing Corporation Solicitation
 c/o Kurtzman Carson Consultants LLC
 222 N. Pacific Coast Highway, Suite 300
 El Segundo, CA 90245

The Court has scheduled **January 10, 2023, at 9:30 a.m.** (prevailing Central Time), which is at least 21 days from the date of service hereof, as the date and time for the hearing on confirmation of the Plan Sponsors’ Plan and the sale of substantially all of the Debtors’ assets as contemplated therein (the “**Confirmation Hearing**”) and to consider any objections to the Plan Sponsors’ Plan. The Confirmation Hearing will be held at the United States Bankruptcy Court, before the Honorable Judge Michelle V. Larson, United States Bankruptcy Judge, at United States Courthouse, Earle Cabell Federal Building, 1100 Commerce St., 14th Floor, Courtroom No. 2, Dallas, TX 75242. You may participate in the Confirmation Hearing in-person or via WebEx (by

⁴ Docket No. 752. All capitalized terms not herein defined shall have the meaning ascribed to them in the Plan Sponsors’ Plan.

⁵ Docket No. [__].

video or telephone via the Court's WebEx platform). For WebEx Video Participation/Attendance: <https://uscourts.webex.com/meet/larson>. For WebEx Telephonic Only Participation/Attendance: Dial-In: **1.650.479.3207**, Access code: **160 135 6015**.⁶

The Confirmation Hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date(s) at the hearing, and thereafter, at any adjourned hearing(s). Additionally, the Plan Sponsors' Plan may be modified without further notice before or as a result of the Confirmation Hearing, and thereafter, as otherwise provided in the Bankruptcy Code.

Objections, if any, to the confirmation of the Plan Sponsors' Plan and the sale of substantially all of the Debtors' assets as contemplated therein must be filed with the Bankruptcy Court so as to be received on or before **January 3, 2023, at 4:00 p.m.** (prevailing Central Time) (the "**Objection Deadline**") and served so as to be actually received by the following parties no later than the Objection Deadline: (i) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green, tggreen@polsinelli.com, and Polsinelli PC, 600 3rd Avenue, 42nd Floor, New York, NY 10015, Attn: Jeremy R. Johnson, jeremy.johnson@polsinelli.com; (ii) counsel for UMB Bank, N.A., Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (iii) counsel for the Committee, Foley & Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn. Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark C. Moore, mmoore@foley.com; (iv) the Office of the United States Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert, lisa.l.lambert@usdoj.gov; (v) counsel for Lifespace Communities, Inc., Perkins Coie LLP, 110 North Wacker Drive, 34th Floor, Chicago, Illinois 60606, Attn: Eric E. Walker, EWalker@perkinscoie.com; and (vi) such other parties as the Bankruptcy Court may order.

Any objection to the Plan Sponsors' Plan must be in writing, filed by the Objection Deadline, and (a) must state the name and address of the objecting party and the amount of its Claim or the nature of its interest, and (b) must state with particularity the nature of its objection. **Any objection not timely filed shall be deemed waived and shall not be considered by the Bankruptcy Court.**

[Remainder of the page intentionally left blank.]

⁶ Judge Larson's WebEx hearing instructions can be found at: https://www.txnb.uscourts.gov/sites/txnb/files/hearings/WebEx%20Hearing%20Instructions%20for%20Judge%20Larson_4.pdf.

**NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, AND
INJUNCTION PROVISIONS IN PLAN SPONSORS' PLAN**

EACH PERSON THAT DOES NOT (I) OBJECT SPECIFICALLY TO THE THIRD PARTY RELEASE OR (II) AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE ON A TIMELY SUBMITTED BALLOT OR OPT OUT FORM SHALL, AND SHALL BE DEEMED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, TO HAVE SPECIFICALLY CONSENTED TO THE RELEASES SET FORTH IN SECTION 8.3 OF THE PLAN SPONSORS' PLAN, AND REPRODUCED BELOW:

Section 8.3 of the Plan Sponsors' Plan - Releases.

Releases by Holders of Claims. AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE ESTATES, AND THE RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' OPERATIONS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THIS PLAN, THE DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, OR THE DIP FACILITY (COLLECTIVELY, "RELEASED CLAIMS"); FOR THE AVOIDANCE OF DOUBT, NO CLAIMS SHALL BE RELEASED AGAINST THE NON-RELEASED PARTIES.

"RELEASED PARTIES" MEANS (I) THE COMMITTEE, (II) THE PURCHASER, (III) THE ISSUER, (IV) THE PLAN SPONSORS, (V) THE HOLDERS OF THE ORIGINAL BONDS AND (VI) WITH RESPECT TO EACH OF THE FOREGOING ENTITIES IN CLAUSES (I) THROUGH (V), SUCH ENTITY AND ITS CURRENT AND FORMER PREDECESSORS, SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, MANAGED ACCOUNTS OR FUNDS, AND ALL OF THEIR RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, SHAREHOLDERS, MEMBERS, PARTNERS, MANAGERS, EMPLOYEES, ATTORNEYS, ADVISORS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS, AND OTHER PROFESSIONALS. FOR THE AVOIDANCE OF DOUBT,

THE NON-RELEASED PARTIES ARE NOT AND SHALL NOT BE DEEMED A RELEASED PARTY UNDER THIS PLAN.

Section 8.4 of the Plan Sponsors' Plan - Exculpation.

UPON THE EFFECTIVE DATE, THE PLAN SPONSORS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THIS PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THIS PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THIS PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THIS PLAN, THE DISTRIBUTION OF PROPERTY UNDER THIS PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THIS PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT.

Section 8.5 of the Plan Sponsors' Plan - Discharge of Claims.

PURSUANT TO BANKRUPTCY CODE SECTION 1141(D), AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE BAR DATE ORDER, IN THIS PLAN, OR IN ANY CONTRACT, INSTRUMENT, OR OTHER AGREEMENT OR DOCUMENT CREATED PURSUANT TO THIS PLAN, THE DISTRIBUTIONS, RIGHTS, AND TREATMENT THAT ARE PROVIDED IN THIS PLAN SHALL BE IN FULL AND FINAL SATISFACTION, SETTLEMENT, RELEASE, AND DISCHARGE, EFFECTIVE AS OF THE EFFECTIVE DATE, OF ALL CLAIMS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, WHETHER KNOWN OR

UNKNOWN, AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THIS PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE, ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THIS PLAN. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN.

Section 8.6 of the Plan Sponsors' Plan - Injunction.

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THIS PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND

AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, RELIEF OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THIS PLAN FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE LITIGATION TRUST, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN SPONSORS' PLAN, INCLUDING THE RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

THIS NOTICE IS BEING SENT TO YOU FOR INFORMATIONAL PURPOSES AND TO PROVIDE YOU WITH THE ACCOMPANYING OPT OUT FORM WITH RESPECT TO THE THIRD-PARTY RELEASES INCLUDED IN THE PLAN SPONSORS' PLAN. IF YOU HAVE QUESTIONS REGARDING YOUR RIGHTS UNDER THE PLAN SPONSORS' PLAN OR ANYTHING STATED HEREIN OR THEREIN, YOU MAY CONTACT THE VOTING AGENT OR THE PLAN SPONSORS' COUNSEL AT THE ADDRESSES PROVIDED BELOW.

IF YOU WISH TO OPT OUT OF THE THIRD-PARTY RELEASES, PLEASE COMPLETE, SIGN, AND DATE THE ACCOMPANYING OPT OUT FORM AND RETURN IT NO LATER THAN JANUARY 3, 2023 AT 4:00 P.M. (PREVAILING CENTRAL TIME).

[Remainder of the page intentionally left blank.]

DATED: _____, 2022
Dallas, Texas

HAYNES AND BOONE, LLP

By: /s/ Draft
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Counsel to the Plan Sponsors

Exhibit 5-A
(Disputed Claims Non-Voting Status Notice – Edgemere Plan)

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COUNSEL TO THE DEBTORS AND
DEBTORS IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

NOTICE OF NON-VOTING STATUS WITH RESPECT TO DISPUTED CLAIMS

PLEASE TAKE NOTICE THAT on April 14, 2022 (the “**Petition Date**”), the debtors and debtors in possession (each a “**Debtor**” and collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). Additional information regarding the Debtors and these Chapter 11 Cases, including the Debtors’ business operations, capital structure, financial condition, and the reasons for and objectives of these Chapter 11 Cases, is set forth in the *Declaration of Nick Harshfield in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* [Docket No. 7] (the “**First Day Declaration**”).

PLEASE TAKE FURTHER NOTICE THAT on November 2, 2022, the Debtors and the official committee of unsecured creditors (the “**Committee**”) in the Chapter 11 Cases filed: (i) the *Joint Plan of Reorganization Proposed by the Committee and the Debtors*, dated November 2, 2022 [Docket No. 750] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Edgemere Plan**”) and (ii) the *Disclosure Statement in Support of the Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 751] (together with all the schedules and exhibits thereto, and each as may be amended, modified, or supplemented from time to time, the “**Edgemere Disclosure Statement**”).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

PLEASE TAKE FURTHER NOTICE THAT on [DATE], 2022, the United States Bankruptcy Court for the Northern District of Texas (the “**Court**”) entered its order [Docket No. [•]] (the “**Disclosure Statement Order**”) approving the Edgemere Disclosure Statement.

PLAN CONFIRMATION HEARING

On January 10, 2023 at 9:30 a.m., prevailing Central Time, a hearing (the “**Confirmation Hearing**”) will be held to consider confirmation of the Edgemere Plan before the Honorable Michelle V. Larson, in the United States Bankruptcy Court for the Northern District of Texas, 1100 Commerce St., 14th Flr. Courtroom #2 Dallas, TX 75242. The Confirmation Hearing will be conducted in a hybrid format. Thus, you may participate in-person or remotely. If you wish to participate remotely, you may do so by video or telephone via the Court’s WebEx platform). **For WebEx Video Participation/Attendance:** Link: <https://us-courts.webex.com/meet/larson>. **For WebEx Telephonic Only Participation/Attendance:** Dial-In: 1.650.479.3207, Access code: 160 135 6015.

The Confirmation Hearing may be adjourned from time to time, without further notice. The Edgemere Plan may be modified in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Edgemere Plan, and other applicable law, without further notice, prior to or as a result of the Confirmation Hearing.

COPIES OF THE EDGEMERE PLAN AND EDGEMERE DISCLOSURE STATEMENT

The Debtors and the Committee will not provide you with copies of the Edgemere Plan and/or Edgemere Disclosure Statement. If you wish to receive copies of the Edgemere Plan and/or Edgemere Disclosure Statement, they will be provided, as quickly as practicable, upon request to the Voting Agent, either by (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line. Copies of the Edgemere Plan and Edgemere Disclosure Statement may be accessed for free by visiting the Debtors’ bankruptcy website at: <http://www.kccllc.net/edgemere>. Copies of the Edgemere Plan and Edgemere Disclosure Statement are also on file with the Clerk of the Bankruptcy Court for the Northern District of Texas and may be reviewed during the regular hours of the Bankruptcy Court or online through the Bankruptcy Court’s website at <http://www.txnb.uscourts.gov>.

DISPUTED CLAIMS AND NON-VOTING STATUS

You are receiving this notice because you are the holder of a Claim that is subject to a pending objection by the Debtors. **You are not entitled to vote any disputed portion of your Claim on the Edgemere Plan unless one or more of the following events have taken place before [•], 2022 (the date that is two (2) business days before the Voting Deadline)** (each, a “**Resolution Event**”):

1. an order of the Court is entered allowing such Claim pursuant to Bankruptcy Code section 502(b), after notice and a hearing;

2. an order of the Court is entered temporarily allowing such Claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), after notice and a hearing;
3. a stipulation or other agreement is executed between the holder of such Claim and the Debtors temporarily allowing the holder of such Claim to vote its Claim in an agreed upon amount; or
4. the pending objection to such Claim is voluntarily withdrawn by the objecting party.

Accordingly, this notice is being sent to you for informational purposes only.

PLEASE TAKE FURTHER NOTICE THAT if a Resolution Event occurs, then no later than one (1) business day thereafter, the Voting Agent shall distribute a ballot, and a pre-addressed envelope to you, which must be returned to the Voting Agent no later than the Voting Deadline, which is **January 3, 2023 at 4:00 p.m. (prevailing Central Time)**.

PLEASE TAKE FURTHER NOTICE THAT if you have any questions about the status of your Claim(s), you should contact the Voting Agent in accordance with the instructions provided above.

SECTION 8 OF THE EDGEMERE PLAN CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS THAT WILL BECOME EFFECTIVE IF THE EDGEMERE PLAN IS CONFIRMED. SECTION 8.3 **CONTAINS RELEASES BY HOLDERS OF CLAIMS**. THUS, YOU ARE ADVISED TO REVIEW AND CONSIDER THE EDGEMERE PLAN CAREFULLY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED THEREUNDER.

IF YOU DO NOT AGREE TO SUCH PROVISIONS AND DO NOT WISH TO BE A RELEASING PARTY, AS DEFINED BY THE EDGEMERE PLAN, YOU MUST TAKE ACTION BY FILLING OUT AND TIMELY SUBMITTING AN “OPT-OUT FORM”.

THIS NOTICE IS BEING SENT TO YOU FOR INFORMATIONAL PURPOSES ONLY. IF YOU HAVE QUESTIONS WITH RESPECT TO YOUR RIGHTS UNDER THE EDGEMERE PLAN OR ABOUT ANYTHING STATED HEREIN OR IF YOU WOULD LIKE TO OBTAIN ADDITIONAL INFORMATION, CONTACT THE VOTING AGENT.

PLAN “RELEASES, EXCULPATION, AND INJUNCTION” PROVISIONS

The Edgemere Plan contains the following provision(s), which you may elect to opt-out of by timely submitting a completed Opt-Out Form (which is being provided to you, separately, in conjunction with this notice)²:

² Any description, summary, or statement made in this notice concerning the Edgemere Plan or the terms thereof is qualified in all respects by reference to the Edgemere Plan. In the event of any inconsistency between this notice and the Edgemere Plan, the provisions of the Edgemere Plan shall govern and control.

Section 1.128 Defines “Releasing Party”

“Releasing Party” means each Claimant who has not chosen, by marking the appropriate box on the Ballot, to opt out of the “Releases by Holders of Claims” provided for in Section 8.3 of this Plan.

Section 8.3 Releases by Holders of Claims

AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE REORGANIZED DEBTOR, THE ESTATES, THE SPONSOR, AND OTHER RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, REPRESENTATION, OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THE DISCLOSURE STATEMENT, ANY PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY, OR THE REFINANCING TRANSACTION (COLLECTIVELY, “CREDITOR RELEASED CLAIMS”), OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY OR A FORMER OFFICER OR DIRECTOR OF THE DEBTORS THAT CONSTITUTES WILLFUL MISCONDUCT (INCLUDING FRAUD) OR GROSS NEGLIGENCE. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE CREDITOR RELEASED CLAIMS ON ACCOUNT OF THE LITIGATION TRUST AS SUCH CLAIMS ARE RELEASED PURSUANT TO THIS PLAN AND, AS SUCH, DO NOT AND WILL NOT CONSTITUTE LITIGATION TRUST ASSETS.

Section 8.4 Exculpation

UPON THE EFFECTIVE DATE, THE DEBTORS, THE COMMITTEE AND THE SPONSOR, AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS,

EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THE PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E). EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, THE DISTRIBUTION OF PROPERTY UNDER THE PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE ANY CLAIMS DESCRIBED IN THIS SECTION 8.4 OF THIS PLAN AGAINST ANY EXCULPATED PARTY.

Section 8.5 Injunction

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER. FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THE PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT,

RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS), ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH RIGHTS, CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, ENFORCEMENT PROCEEDING, OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN. THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS) FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g). ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTOR, TH SPONSOR, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS, AGENTS, ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR

ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

Dated: [DATE], 2022
Dallas, Texas

POLSINELLI PC

/s/ DRAFT

Trinitee G. Green (SBN 24081320)
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
Telephone: (214) 397-0030
Facsimile: (214) 397-0033
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– and –

Jeremy R. Johnson (Admitted *Pro Hac Vice*)
600 3rd Avenue, 42nd Floor
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jeremy.johnson@polsinelli.com

COUNSEL TO THE DEBTORS
AND DEBTORS IN POSSESSION

Exhibit 5-B
(Disputed Claims Non-Voting Status Notice – Edgemere Plan)

HAYNES AND BOONE, LLP

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Counsel to the Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)

(Jointly Administered)

Re: Docket No. 752

NOTICE TO HOLDERS OR POTENTIAL HOLDERS OF DISPUTED CLAIMS NOT ENTITLED TO VOTE ON THE PLAN SPONSORS' PLAN OF (I) NON-VOTING STATUS; (II) CONFIRMATION HEARING; (III) CONFIRMATION OBJECTION DEADLINE; AND (IV) OPPORTUNITY TO OPT OUT OF THIRD-PARTY RELEASES

On [_____], 2022, the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**Bankruptcy Court**") entered its *Order Approving Disclosure Statement and Granting Related Relief* (the "**Plan Sponsors' Disclosure Statement Order**").² Among other things, the Plan Sponsors' Disclosure Statement Order approved the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as modified, amended, and supplemented, the "**Plan Sponsors' Disclosure Statement**")³ filed by UMB Bank, N.A., in its capacity as (i) successor bond trustee and master trustee for the Original Bonds (together, the "**Trustee**") and (ii) lender under the DIP Credit Agreement (the "**DIP Lender**," and collectively with the Trustee, the "**Plan Sponsors**"). In the Plan Sponsors'

¹ The Debtors in the Chapter 11 Cases (the "**Chapter 11 Cases**"), along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Docket No. [__].

³ Docket No. 753.

Disclosure Statement Order, the Court found that the Plan Sponsors' Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code. You are being provided this notice with respect to the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as modified, amended, and supplemented, the "**Plan Sponsors' Plan**").⁴

You hold a Disputed Claim. Holders of Disputed Claims, such as you, are not entitled to vote on the Plan Sponsors' Plan. Under the Bankruptcy Code, only holders of allowed claims or interests may vote to accept or reject a plan of reorganization. Your Claim has been objected by the Debtors and/or the Plan Sponsors. You do, however, have the right to contest your non-voting status and/or object to the confirmation of the Plan Sponsors' Plan in accordance with Bankruptcy Rule 3018.

Pursuant to the *Order (I) Establishing Voting Record Date and Other Deadlines; (II) Authorizing Kurtzman Carson Consultants LLC to Act as the Singular Voting Agent with Respect to the Competing Plans; (III) Approving Solicitation and Notice Procedures with Respect to Competing Plans; (IV) Approving Manner and Forms of Ballots, Notices and Related Documents; and (V) Granting Related Relief* (the "**Solicitation Procedures Order**"),⁵ the Plan Sponsors' Disclosure Statement, the Plan Sponsors' Plan, and other materials included in the Plan Sponsors' Solicitation Package will not be served upon you. The materials may be obtained free-of-charge from <https://www.kccllc.net/Edgemere> or by written request to Kurtzman Carson Consultants LLC (the "**Voting Agent**") requesting that a paper copy of the Plan Sponsors' Disclosure Statement, the Plan Sponsors' Plan, and other materials included in the Plan Sponsors' Solicitation Package be sent to the address specified in the request at the following address:

Northwest Senior Housing Corporation Solicitation
c/o Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245

The Court has scheduled **January 10, 2023, at 9:30 a.m.** (prevailing Central Time), which is at least 21 days from the date of service hereof, as the date and time for the hearing on confirmation of the Plan Sponsors' Plan and the sale of substantially all of the Debtors' assets as contemplated therein (the "**Confirmation Hearing**") and to consider any objections to the Plan Sponsors' Plan. The Confirmation Hearing will be held at the United States Bankruptcy Court, before the Honorable Judge Michelle V. Larson, United States Bankruptcy Judge, at United States Courthouse, Earle Cabell Federal Building, 1100 Commerce St., 14th Floor, Courtroom No. 2, Dallas, TX 75242. You may participate in the Confirmation Hearing in-person or via WebEx (by video or telephone via the Court's WebEx platform). For WebEx Video Participation/Attendance:

⁴ Docket No. 752. All capitalized terms not herein defined shall have the meaning ascribed to them in the Plan Sponsors' Plan.

⁵ Docket No. [___].

<https://uscourts.webex.com/meet/larson>. For WebEx Telephonic Only Participation/Attendance: Dial-In: **1.650.479.3207**, Access code: **160 135 6015**.⁶

The Confirmation Hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date(s) at the hearing, and thereafter, at any adjourned hearing(s). Additionally, the Plan Sponsors' Plan may be modified without further notice before or as a result of the Confirmation Hearing, and thereafter, as otherwise provided in the Bankruptcy Code.

Objections, if any, to the confirmation of the Plan Sponsors' Plan and the sale of substantially all of the Debtors' assets as contemplated therein must be filed with the Bankruptcy Court so as to be received on or before **January 3, 2023, at 4:00 p.m.** (prevailing Central Time) (the "**Objection Deadline**") and served so as to be actually received by the following parties no later than the Objection Deadline: (i) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green, tggreen@polsinelli.com, and Polsinelli PC, 600 3rd Avenue, 42nd Floor, New York, NY 10015, Attn: Jeremy R. Johnson, jeremy.johnson@polsinelli.com; (ii) counsel for UMB Bank, N.A., Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (iii) counsel for the Committee, Foley & Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn. Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark C. Moore, mmoore@foley.com; (iv) the Office of the United States Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert, lisa.l.lambert@usdoj.gov; (v) counsel for Lifespace Communities, Inc., Perkins Coie LLP, 110 North Wacker Drive, 34th Floor, Chicago, Illinois 60606, Attn: Eric. E. Walker, EWalker@perkinscoie.com; and (vi) such other parties as the Bankruptcy Court may order.

Any objection to the Plan Sponsors' Plan must be in writing, filed by the Objection Deadline, and (a) must state the name and address of the objecting party and the amount of its Claim or the nature of its interest, and (b) must state with particularity the nature of its objection. **Any objection not timely filed shall be deemed waived and shall not be considered by the Bankruptcy Court.**

[Remainder of the page intentionally left blank.]

⁶ Judge Larson's WebEx hearing instructions can be found at: https://www.txnb.uscourts.gov/sites/txnb/files/hearings/WebEx%20Hearing%20Instructions%20for%20Judge%20Larson_4.pdf.

**NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, AND
INJUNCTION PROVISIONS IN PLAN SPONSORS' PLAN**

EACH PERSON THAT DOES NOT (I) OBJECT SPECIFICALLY TO THE THIRD PARTY RELEASE OR (II) AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE ON A TIMELY SUBMITTED BALLOT OR OPT OUT FORM SHALL, AND SHALL BE DEEMED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, TO HAVE SPECIFICALLY CONSENTED TO THE RELEASES SET FORTH IN SECTION 8.3 OF THE PLAN SPONSORS' PLAN, AND REPRODUCED BELOW:

Section 8.3 of the Plan Sponsors' Plan - Releases.

Releases by Holders of Claims. AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE ESTATES, AND THE RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' OPERATIONS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THIS PLAN, THE DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, OR THE DIP FACILITY (COLLECTIVELY, "RELEASED CLAIMS"); FOR THE AVOIDANCE OF DOUBT, NO CLAIMS SHALL BE RELEASED AGAINST THE NON-RELEASED PARTIES.

"RELEASED PARTIES" MEANS (I) THE COMMITTEE, (II) THE PURCHASER, (III) THE ISSUER, (IV) THE PLAN SPONSORS, (V) THE HOLDERS OF THE ORIGINAL BONDS AND (VI) WITH RESPECT TO EACH OF THE FOREGOING ENTITIES IN CLAUSES (I) THROUGH (V), SUCH ENTITY AND ITS CURRENT AND FORMER PREDECESSORS, SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, MANAGED ACCOUNTS OR FUNDS, AND ALL OF THEIR RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, SHAREHOLDERS, MEMBERS, PARTNERS, MANAGERS, EMPLOYEES, ATTORNEYS, ADVISORS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS, AND OTHER PROFESSIONALS. FOR THE AVOIDANCE OF DOUBT,

THE NON-RELEASED PARTIES ARE NOT AND SHALL NOT BE DEEMED A RELEASED PARTY UNDER THIS PLAN.

Section 8.4 of the Plan Sponsors' Plan - Exculpation.

UPON THE EFFECTIVE DATE, THE PLAN SPONSORS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THIS PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THIS PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THIS PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THIS PLAN, THE DISTRIBUTION OF PROPERTY UNDER THIS PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THIS PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT.

Section 8.5 of the Plan Sponsors' Plan - Discharge of Claims.

PURSUANT TO BANKRUPTCY CODE SECTION 1141(D), AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE BAR DATE ORDER, IN THIS PLAN, OR IN ANY CONTRACT, INSTRUMENT, OR OTHER AGREEMENT OR DOCUMENT CREATED PURSUANT TO THIS PLAN, THE DISTRIBUTIONS, RIGHTS, AND TREATMENT THAT ARE PROVIDED IN THIS PLAN SHALL BE IN FULL AND FINAL SATISFACTION, SETTLEMENT, RELEASE, AND DISCHARGE, EFFECTIVE AS OF THE EFFECTIVE DATE, OF ALL CLAIMS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, WHETHER KNOWN OR

UNKNOWN, AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THIS PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE, ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THIS PLAN. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN.

Section 8.6 of the Plan Sponsors' Plan - Injunction.

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THIS PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND

AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, RELIEF OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THIS PLAN FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE LITIGATION TRUST, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

YOU ARE ADVISED AND ENCOURAGED TO CAREFULLY REVIEW AND CONSIDER THE PLAN SPONSORS' PLAN, INCLUDING THE RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

THIS NOTICE IS BEING SENT TO YOU FOR INFORMATIONAL PURPOSES AND TO PROVIDE YOU WITH THE ACCOMPANYING OPT OUT FORM WITH RESPECT TO THE THIRD-PARTY RELEASES INCLUDED IN THE PLAN SPONSORS' PLAN. IF YOU HAVE QUESTIONS REGARDING YOUR RIGHTS UNDER THE PLAN SPONSORS' PLAN OR ANYTHING STATED HEREIN OR THEREIN, YOU MAY CONTACT THE VOTING AGENT OR THE PLAN SPONSORS' COUNSEL AT THE ADDRESSES PROVIDED BELOW.

IF YOU WISH TO OPT OUT OF THE THIRD-PARTY RELEASES, PLEASE COMPLETE, SIGN, AND DATE THE ACCOMPANYING OPT OUT FORM AND RETURN IT NO LATER THAN JANUARY 3, 2023 AT 4:00 P.M. (PREVAILING CENTRAL TIME).

[Remainder of the page intentionally left blank.]

DATED: _____, 2022
Dallas, Texas

HAYNES AND BOONE, LLP

By: /s/ Draft
J. Frasher Murphy
State Bar No. 24013214
Thomas J. Zavala
State Bar No. 24116265
2323 Victory Avenue, Suite 700
Dallas, TX 75219
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– and –

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY, AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
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Counsel to the Plan Sponsors

Exhibit 6-A
(Edgemere Plan Opt Out Form)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	Chapter 11
Northwest Senior Housing Corporation, <i>et al.</i> , ¹	Case No. 22-30659 (MVL)
Debtors.	(Jointly Administered)

OPT OUT FORM FOR NON-VOTING CLAIMS

You have received this opt out election form (the “**Opt Out Form**”) because you are or may be a holder of a Claim or Interest that is not entitled to vote on the *Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 750] (together with all schedules and exhibits thereto, and as may be modified, amended, or supplemented from time to time, the “**Edgemere Plan**”) ². Holders of Claims are deemed to grant the third-party releases set forth in Section 8 of the Edgemere Plan, which are included herein for ease of reference. If the Edgemere Plan is confirmed these provisions will become effective against such holders of Claims. If you do not agree to such provisions and do not wish to be a releasing party as defined by the Edgemere Plan, you **MUST** affirmatively elect to opt out by filling out and submitting this form on or before **January 3, 2023 at 4:00 p.m. (prevailing Central Time)** (the “**Opt Out Deadline**”).

PLEASE READ the following important information regarding **Releases, Exculpation, and Injunctions and Creditors’ Rights to Opt Out.**

The Edgemere Plan contains the following provision(s):

Section 1.128 Defines “Releasing Party”

“*Releasing Party*” means each Claimant who has not chosen, by marking the appropriate box on the Ballot, to opt out of the “Releases by Holders of Claims” provided for in Section 8.3 of this Plan.

Section 8.3 Releases by Holders of Claims

AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Capitalized terms used or not otherwise defined shall have the meanings ascribed to them in the Edgemere Plan.

AND DISCHARGED THE DEBTORS, THE REORGANIZED DEBTOR, THE ESTATES, THE SPONSOR, AND OTHER RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, ANY ACT, REPRESENTATION, OMISSION, TRANSACTION, AFFILIATION, EVENT OR OTHER CIRCUMSTANCE TAKING PLACE OR EXISTING ON OR BEFORE THE EFFECTIVE DATE (INCLUDING BEFORE THE PETITION DATE) IN CONNECTION WITH OR RELATED TO THE DEBTORS, OR THEIR RESPECTIVE ASSETS, OPERATIONS, FINANCES, PROPERTY AND ESTATES, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THE DISCLOSURE STATEMENT, ANY PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, THE DIP FACILITY, OR THE REFINANCING TRANSACTION (COLLECTIVELY, "CREDITOR RELEASED CLAIMS"), OTHER THAN CLAIMS OR LIABILITIES ARISING OUT OF OR RELATING TO ANY ACT OR OMISSION OF A RELEASED PARTY OR A FORMER OFFICER OR DIRECTOR OF THE DEBTORS THAT CONSTITUTES WILLFUL MISCONDUCT (INCLUDING FRAUD) OR GROSS NEGLIGENCE. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE CREDITOR RELEASED CLAIMS ON ACCOUNT OF THE LITIGATION TRUST AS SUCH CLAIMS ARE RELEASED PURSUANT TO THIS PLAN AND, AS SUCH, DO NOT AND WILL NOT CONSTITUTE LITIGATION TRUST ASSETS.

Section 8.4 Exculpation

UPON THE EFFECTIVE DATE, THE DEBTORS, THE COMMITTEE AND THE SPONSOR, AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THE PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E). EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR

DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, THE DISTRIBUTION OF PROPERTY UNDER THE PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING “EXCULPATION” SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT. FOR THE AVOIDANCE OF DOUBT, THE LITIGATION TRUSTEE SHALL NOT HAVE AUTHORITY TO PURSUE ANY CLAIMS DESCRIBED IN THIS SECTION 8.4 OF THIS PLAN AGAINST ANY EXCULPATED PARTY.

Section 8.5 Injunction

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER. FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THE PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, ENFORCEMENT RIGHT, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS), ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH RIGHTS, CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING,

COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, ENFORCEMENT PROCEEDING, OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN. THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN). EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN (INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS RELATING TO THE 2023 BONDS) FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g). ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTOR, TH SPONSOR, AND EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS, AGENTS, ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

PLEASE READ THE FOLLOWING: If you do not wish to be a "Releasing Party" and grant the releases set forth above and in the Edgemere Plan, you **MUST** do all of the following: (i) check the following box, (ii) complete and sign this form, and (iii) ensure that this completed and signed form is timely submitted to the Voting Agent before the Opt Out Deadline expires. **If you do not submit this completed and signed "Opt-Out Form" to the Voting Agent before the Voting Deadline and check the following opt-out box, you will be deemed to have consented to the foregoing provisions and to being deemed a Releasing Party.**

I elect to **OPT OUT** of and do not consent to the releases, exculpations, and injunctions in Section 8 of the Edgemere Plan.

Name of Claimant: _____

Signature: _____

Name of Signatory: _____
(if different than Claimant)

If authorized by Agent, Title of Agent _____

Street Address: _____

Street Address: _____
(continued)

City, State, Zip Code: _____

Telephone Number: _____

Email Address: _____

Date Completed: _____

If you wish to opt-out of being a “Releasing Party”, please complete this form and return it so as to be **actually received** by January 3, 2023 at 4:00 p.m., prevailing Central Time through one of the following ways:

VIA REGULAR MAIL, OVERNIGHT, OR HAND DELIVERY:	VIA ELECTRONIC BALLOT BY VISITING THE WEBSITE BELOW:
Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245	http://www.kccllc.net/edgemere

E-Ballot Voting Instructions

To properly submit your Opt Out Form electronically, you must electronically complete, sign, and return this customized electronic Opt Out Form by utilizing the “E-Ballot” portal on the website maintained by Kurtzman Carson Consultants, LLC (the “Voting Agent”) website by visiting <http://www.kccllc.net/edgmerge>, clicking on the “Submit E-Ballot” link and following the instructions set forth on the website. Opt Out Forms will not be accepted by facsimile, email or electronic means other than E-Ballot portal.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic Opt Out Form:

Unique E-Ballot ID#: _____

PIN#: _____

If you are unable to use the E-Ballot portal or need assistance in completing and submitting your Opt Out Form, please contact the Voting Agent via telephone at (866) 967-0269 (U.S./Canada) or (310) 751-2669 (International) or by e-mail at EdgemereInfo@kccllc.com. Holders who cast an Opt Out Form using the Voting Agent’s E-Ballot portal should NOT also submit a paper Opt Out Form.

Exhibit 6-B
(Bondholders Plan Opt Out Form)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

<p>In re:</p> <p>Northwest Senior Housing Corporation, <i>et al.</i>,¹</p> <p style="text-align: center;">Debtors.</p>	<p>Chapter 11</p> <p>Case No. 22-30659 (MVL)</p> <p>(Jointly Administered)</p>
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OPT OUT ELECTION FORM FOR NON-VOTING CLAIMS

You have received this opt out election form (the “**Opt Out Form**”) because you are or may be a holder of a Claim or Interest that is not entitled to vote on the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as modified, amended, and supplemented, the “**Plan Sponsors’ Plan**”).² Holders of Claims are deemed to grant the third-party releases set forth in Section 8 of the Plan Sponsors’ Plan, which are included herein for ease of reference. If the Plan Sponsors’ Plan is confirmed these provisions will become effective against such holders of Claims. If you do not agree to such provisions and do not wish to be a Releasing Party as defined by the Plan Sponsors’ Plan, you **MUST** affirmatively elect to opt out by filling out and submitting this form on or before **January 3, 2023 at 4:00 p.m. (prevailing Central Time)** (the “**Opt Out Deadline**”).

[Remainder of the page intentionally left blank.]

¹ The Debtors in the Chapter 11 Cases (the “**Chapter 11 Cases**”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Docket No. 752. All capitalized terms not herein defined shall have the meaning ascribed to them in the Plan Sponsors’ Plan.

**NOTICE REGARDING CERTAIN RELEASE, EXCULPATION, AND
INJUNCTION PROVISIONS IN PLAN SPONSORS' PLAN**

EACH PERSON THAT DOES NOT (I) OBJECT SPECIFICALLY TO THE THIRD PARTY RELEASE OR (II) AFFIRMATIVELY OPT OUT OF THE THIRD PARTY RELEASE ON A TIMELY SUBMITTED BALLOT OR OPT OUT FORM SHALL, AND SHALL BE DEEMED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, TO HAVE SPECIFICALLY CONSENTED TO THE RELEASES SET FORTH IN SECTION 8.3 OF THE PLAN SPONSORS' PLAN, AND REPRODUCED BELOW:

Section 8.3 of the Plan Sponsors' Plan - Releases.

Releases by Holders of Claims. AS OF THE EFFECTIVE DATE AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR THE CONFIRMATION ORDER, FOR GOOD AND VALUABLE CONSIDERATION, EACH RELEASING PARTY SHALL BE DEEMED TO HAVE CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASED AND DISCHARGED THE DEBTORS, THE ESTATES, AND THE RELEASED PARTIES FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, SETOFFS, RECOUPMENTS, REMEDIES, AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH PERSON WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF ANY OTHER PERSON, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' OPERATIONS, THE DEBTORS' RESTRUCTURING, THE CHAPTER 11 CASES OR THE NEGOTIATION, FORMULATION, OR PREPARATION OF THIS PLAN, THE DISCLOSURE STATEMENT, THE PLAN SUPPLEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS, OR THE DIP FACILITY (COLLECTIVELY, "RELEASED CLAIMS"); FOR THE AVOIDANCE OF DOUBT, NO CLAIMS SHALL BE RELEASED AGAINST THE NON-RELEASED PARTIES.

"RELEASED PARTIES" MEANS (I) THE COMMITTEE, (II) THE PURCHASER, (III) THE ISSUER, (IV) THE PLAN SPONSORS, (V) THE HOLDERS OF THE ORIGINAL BONDS AND (VI) WITH RESPECT TO EACH OF THE FOREGOING ENTITIES IN CLAUSES (I) THROUGH (V), SUCH ENTITY AND ITS CURRENT AND FORMER PREDECESSORS, SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, MANAGED ACCOUNTS OR FUNDS, AND ALL OF THEIR RESPECTIVE CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, SHAREHOLDERS, MEMBERS, PARTNERS, MANAGERS, EMPLOYEES, ATTORNEYS, ADVISORS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS, AND OTHER PROFESSIONALS. FOR THE AVOIDANCE OF DOUBT, THE NON-RELEASED PARTIES ARE NOT AND SHALL NOT BE DEEMED A RELEASED PARTY UNDER THIS PLAN.

Section 8.4 of the Plan Sponsors' Plan - Exculpation.

UPON THE EFFECTIVE DATE, THE PLAN SPONSORS AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS, AND OTHER PROFESSIONAL ADVISORS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THIS PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR OMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THIS PLAN, THE PLAN SUPPLEMENT, OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH, OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THIS PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THIS PLAN, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE ADMINISTRATION AND IMPLEMENTATION OF THIS PLAN, THE DISTRIBUTION OF PROPERTY UNDER THIS PLAN, OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR IN CONTEMPLATION OF THE RESTRUCTURING OF THE DEBTORS; PROVIDED, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); PROVIDED FURTHER, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL CONCERNING HIS, HER, OR ITS DUTIES PURSUANT TO, OR IN CONNECTION WITH, THIS PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT.

Section 8.5 of the Plan Sponsors' Plan - Discharge of Claims.

PURSUANT TO BANKRUPTCY CODE SECTION 1141(D), AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE BAR DATE ORDER, IN THIS PLAN, OR IN ANY CONTRACT, INSTRUMENT, OR OTHER AGREEMENT OR DOCUMENT CREATED PURSUANT TO THIS PLAN, THE DISTRIBUTIONS, RIGHTS, AND TREATMENT THAT ARE PROVIDED IN THIS PLAN SHALL BE IN FULL AND FINAL SATISFACTION, SETTLEMENT, RELEASE, AND DISCHARGE, EFFECTIVE AS OF THE EFFECTIVE DATE, OF ALL CLAIMS AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, WHETHER KNOWN OR UNKNOWN, AGAINST, LIABILITIES OF, LIENS ON, OBLIGATIONS OF, AND RIGHTS AGAINST THE DEBTORS OR ANY OF THEIR ASSETS OR PROPERTIES, REGARDLESS OF WHETHER ANY PROPERTY SHALL HAVE BEEN DISTRIBUTED OR RETAINED PURSUANT TO THIS PLAN ON ACCOUNT OF SUCH CLAIMS, INCLUDING DEMANDS, LIABILITIES, AND CAUSES OF ACTION THAT AROSE BEFORE THE EFFECTIVE DATE,

ANY CONTINGENT OR NON-CONTINGENT LIABILITY ON ACCOUNT OF REPRESENTATIONS OR WARRANTIES ISSUED ON OR BEFORE THE EFFECTIVE DATE, AND ALL DEBTS OF THE KIND SPECIFIED IN BANKRUPTCY CODE SECTIONS 502(G), 502(H), OR 502(I), IN EACH CASE WHETHER OR NOT: (I) A PROOF OF CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS FILED OR DEEMED FILED PURSUANT TO BANKRUPTCY CODE SECTION 501; (II) A CLAIM BASED UPON SUCH CLAIM, DEBT, OR RIGHT IS ALLOWED PURSUANT TO BANKRUPTCY CODE SECTION 502; OR (III) THE HOLDER OF SUCH A CLAIM HAS ACCEPTED THIS PLAN. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY DEFAULT BY THE DEBTORS WITH RESPECT TO ANY CLAIM THAT EXISTED BEFORE OR ON ACCOUNT OF THE FILING OF THE CHAPTER 11 CASES SHALL BE DEEMED CURED ON THE EFFECTIVE DATE. THE CONFIRMATION ORDER SHALL BE A JUDICIAL DETERMINATION OF THE DISCHARGE OF ALL CLAIMS SUBJECT TO THE EFFECTIVE DATE OCCURRING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN.

Section 8.6 of the Plan Sponsors' Plan - Injunction.

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY SUIT, ACTION, OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED AGAINST ANY RELEASED PARTY PURSUANT TO THIS PLAN OR THE CONFIRMATION ORDER.

FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN THIS PLAN, ALL RELEASING PARTIES SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION, OR OTHER PROCEEDING ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST, OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO THIS PLAN.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN, THE PLAN SUPPLEMENT, OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THIS PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED, DISCHARGED, OR ARE SUBJECT TO EXCULPATION, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (II) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, RELIEF OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (III) CREATING, PERFECTING, OR

ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATE OF SUCH PERSONS ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (IV) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF, IN CONNECTION WITH, OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THIS PLAN.

THE RIGHTS AFFORDED IN THIS PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THE DEBTORS' ASSETS, PROPERTY, OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED (EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS PLAN).

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THIS PLAN FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER BANKRUPTCY CODE SECTION 502(g).

ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE LITIGATION TRUST, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

PLEASE READ THE FOLLOWING: If you do not wish to be a "Releasing Party" and grant the releases set forth above and in the Plan Sponsors' Plan, you **MUST** do all of the following: (i) check the following box, (ii) complete and sign this form, and (iii) ensure that this completed and signed form is timely submitted to the Voting Agent before the Opt Out Deadline expires. **If you do not submit this completed and signed "Opt Out Form" to the Voting Agent before the Voting Deadline and check the following opt-out box, you will be deemed to have consented to the foregoing provisions and to being deemed a Releasing Party.**

Item 1. Optional Opt Out Release Election. Check the box below if you elect not to grant the releases contained in Section 8.3 of the Plan Sponsors' Plan. Election to withhold consent is at your option. If you do not check the box below, you will be deemed to consent to the releases contained in Section 8.3 of the Plan Sponsors' Plan to the fullest extent permitted by applicable law. The undersigned elects to:

OPT OUT of the releases contained in Section 8.3 of the Plan Sponsors' Plan.

Item 2. Certifications.

By signing this Opt-Out Form, the undersigned certifies:

- (a) that, as of the Record Date, either: (i) the Entity is the holder of the Claims set forth below; or (ii) the Entity is an authorized signatory for an Entity that is a holder of the Claims set forth below;
- (b) that the holder has received a copy of the *Notice to Holders or Potential Holders of Disputed Claims Not Entitled to Vote on the Plan Sponsors' Plan of (i) Non-Voting Status; (ii) Confirmation Hearing; (iii) Confirmation Objection Deadline; and (iv) Opportunity to Opt Out of Third-Party Releases* and that this Opt-Out Form is submitted pursuant to the terms and conditions set forth therein;
- (c) that the Entity has submitted the same respective election concerning the releases with respect to all Claims in a single Class set forth above; and
- (d) that no other Opt-Out Form with respect to the amount(s) of Claims identified below have been submitted with respect to the Plan Sponsors' Plan or, if any other Opt-Out Forms have been submitted with respect to such Claims, then any such earlier Opt-Out Forms are hereby revoked.

Name of Holder:	(Print or Type)
Signature:	
Name of Signatory:	(If other than holder)
Title:	
Address:	
Telephone Number:	
Email:	
Date Completed:	

IF YOU WISH TO OPT OUT, PLEASE COMPLETE, SIGN, AND DATE THIS OPT-OUT FORM AND RETURN NO LATER THAN JANUARY 3, 2023 AT 4:00 P.M. (PREVAILING CENTRAL TIME):

VIA REGULAR MAIL, OVERNIGHT, OR HAND DELIVERY:	VIA ELECTRONIC BALLOT BY VISITING THE WEBSITE BELOW:
Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245	http://www.kccllc.net/edgemere

E-Ballot Voting Instructions

To properly submit your Opt Out Form electronically, you must electronically complete, sign, and return this customized electronic Opt Out Form by utilizing the “E-Ballot” portal on the website maintained by Kurtzman Carson Consultants, LLC (the “**Voting Agent**”) by visiting <http://www.kccllc.net/edgemere>, clicking on the “Submit E-Ballot” link, and following the instructions set forth on the website. Opt Out Forms will not be accepted by facsimile, email or electronic means other than E-Ballot portal.

IMPORTANT NOTE: You will need the following information to retrieve and submit your customized electronic Opt Out Form:

Unique E-Ballot ID#: _____

PIN#: _____

If you are unable to use the E-Ballot portal or need assistance in completing and submitting your Opt Out Form, please contact the Voting Agent via telephone at (866) 967-0269 (U.S./Canada) or (310) 751-2669 (International) or by e-mail at EdgemereInfo@kccllc.com. Holders who cast an Opt Out Form using the Voting Agent's E-Ballot portal should NOT also submit a paper Opt Out Form.

Exhibit 7
(Confirmation and Sale Hearing Notice)

Trinitee G. Green (SBN 24081320)
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Dallas, Texas 75201
Telephone: (214) 397-0030
Facsimile: (214) 397-0033
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Thomas J. Zavala (SBN 24116265)
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Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
Kaitlin R. Walsh (Admitted *Pro Hac Vice*)
Mintz, Levin, Cohn, Ferris, Glovsky, and
Popeo, PC
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krwalsh@mintz.com

Counsel to Debtors and Debtors in Possession

Counsel to UMB Bank, N.A. as Trustee and DIP Lender

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

**NOTICE OF HEARING REGARDING (I) CONFIRMATION OF THE
THE JOINT PLAN OF REORGANIZATION PROPOSED BY THE
COMMITTEE AND THE DEBTORS; (II) CONFIRMATION OF THE
PLAN OF REORGANIZATION OF THE TRUSTEE AND DIP LENDER
DATED NOVEMBER 2, 2022; (III) APPROVAL OF THE SALE
TRANSACTION; AND (IV) RELATED VOTING AND OBJECTION DEADLINES**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors' mailing address is 8523 Thackery Street, Dallas, Texas 75225.

PLEASE TAKE NOTICE THAT on November 2, 2022, Northwest Senior Housing Corporation and its affiliated debtor (collectively, the “**Debtors**”) and the official committee of unsecured creditors (the “**Committee**”) in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”) filed: (i) the *Joint Plan of Reorganization Proposed by the Committee and the Debtors*, dated November 2, 2022 [Docket No. 750] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Edgemere Plan**”) and (ii) the *Disclosure Statement in Support of the Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 751] (together with all the schedules and exhibits thereto, and each as may be amended, modified, or supplemented from time to time, the “**Edgemere Disclosure Statement**”).

PLEASE TAKE FURTHER NOTICE THAT on November 2, 2022, UMB Bank, N.A., in its capacity as successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and in its capacity as a lender under the DIP Credit Agreement (the “**DIP Lender**,” and together with the Trustee, the “**Bondholder Plan Sponsors**”) filed (i) the *Plan of Reorganization of the Trustee and the DIP Lender Dated November 2, 2022* [Docket No. 752] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Bondholder Plan**”); (ii) the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* [Docket No. 753] (together with all the schedules and exhibits thereto, and each as may be amended, modified, or supplemented from time to time, the “**Bondholder Disclosure Statement**”); and (iii) the *Motion of Trustee and DIP Lender for Entry of an Order (I) Authorizing and Approving the Bidding Procedures; (II) Authorizing and Approving the Stalking Horse Asset Purchase Agreement; (III) Approving Procedures Related to the Assumption of Certain Executory Contracts and Unexpired Leases; (IV) Scheduling Combined Confirmation and Sale Hearing; and (V) Granting Related Relief* [Docket No. 755] (the “**Sale Motion**”);

PLEASE TAKE FURTHER NOTICE THAT on [DATE], 2022 the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”) entered its order [Docket No. [•]] (the “**Edgemere Disclosure Statement Order**”) approving the Edgemere Disclosure Statement, and on [DATE], 2022 the Bankruptcy Court entered its order [Docket No. [•]] (the “**Bondholder Disclosure Statement Order**”) approving the Bondholder Disclosure Statement and its order [Docket No. [•]] (the “**Bidding Procedures Order**”) approving the bidding procedures set forth in the Sale Motion;²

PLEASE TAKE FURTHER NOTICE THAT the hearing at which the Court will consider Confirmation of the Edgemere Plan and the Bondholder Plan, and approval of the sale of substantially all of the Debtors’ assets pursuant to the Proposed Order under the terms of the Bondholder Plan (the “**Confirmation and Sale Hearing**”) will commence on **January 10, 2023 at 9:30 a.m. prevailing Central Time** before the Honorable Michelle V. Larson, in the Bankruptcy Court located at 1100 Commerce St., 14th Flr. Courtroom #2 Dallas, TX 75242. The Confirmation and Sale Hearing will be conducted in a hybrid format. Thus, you may participate in-person or via Webex. If you wish to participate remotely, you may do so by video or telephone via the Court’s WebEx platform). **For WebEx Video Participation/Attendance:** Link: [---

² Important information and deadlines related to the proposed marketing and sale of the Debtors’ assets pursuant to the Bondholder Plan are set forth in the Sale Motion, which should be reviewed together with the Bondholder Plan by all parties in interest.](https://us-</p></div><div data-bbox=)

courts.webex.com/meet/larson. **For WebEx Telephonic Only Participation/Attendance:** Dial-In: 1.650.479.3207, Access code: 160 135 6015.

PLEASE BE ADVISED: THE CONFIRMATION AND SALE HEARING MAY BE CONTINUED FROM TIME TO TIME BY THE COURT OR THE DEBTORS **WITHOUT FURTHER NOTICE** OTHER THAN BY SUCH ADJOURNMENT BEING ANNOUNCED IN OPEN COURT OR BY A NOTICE OF ADJOURNMENT FILED WITH THE COURT AND SERVED ON ALL PARTIES ENTITLED TO NOTICE.

CRITICAL INFORMATION REGARDING VOTING ON THE PLANS

Voting Record Date. The voting record date is **November 28, 2022** (the “**Voting Record Date**”), which is the date for determining which holders of Claims and Interests are entitled to vote on the Edgemere Plan and the Bondholder Plan.

Voting Deadline. The deadline for voting on the Edgemere Plan and the Bondholder Plan is **January 3, 2023, at 4:00 p.m. prevailing Central Time** (the “**Voting Deadline**”). If you received a Solicitation Package including a Ballot and intend to vote on the Edgemere Plan and/or the Bondholder Plan, you *must*: (a) follow the instructions carefully; (b) complete *all* of the required information on the Ballot; and (c) execute and return your completed Ballot according to and as set forth in detail in the voting instructions so that it is *actually received* by Kurtzman Carson Consultants LLC (the “**Voting Agent**”) on or before the Voting Deadline. *A failure to follow such instructions may disqualify your vote.*

CRITICAL INFORMATION REGARDING OBJECTING TO THE PLANS

SECTION 8 OF EACH PLAN (THE EDGEMERE PLAN AND THE BONDHOLDER PLAN) CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS THAT WILL BECOME EFFECTIVE IF THE APPLICABLE PLAN(S) IS CONFIRMED. THUS, YOU ARE ADVISED TO REVIEW AND CONSIDER SUCH PROVISIONS UNDER THE PLANS CAREFULLY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED THEREUNDER.

IF YOU DO NOT AGREE TO SUCH PROVISIONS AND DO NOT WISH TO BE A RELEASING PARTY, AS DEFINED BY THE PLANS, YOU MUST TAKE ACTION BY FILLING OUT AND TIMELY SUBMITTING A FORM TO “OPT-OUT” OF SUCH RELEASES AND RELATED PLAN PROVISIONS.

THIS NOTICE IS BEING SENT TO YOU FOR INFORMATIONAL PURPOSES ONLY. IF YOU HAVE QUESTIONS WITH RESPECT TO YOUR RIGHTS UNDER THE EDGEMERE PLAN AND/OR THE BONDHOLDER PLAN OR ABOUT ANYTHING STATED HEREIN OR IF YOU WOULD LIKE TO OBTAIN ADDITIONAL INFORMATION, CONTACT THE VOTING AGENT.

Plan Objection Deadline. The deadline for filing objections to the Edgemere Plan and the Bondholder Plan is **January 3, 2023 at 4:00 p.m. prevailing Central Time** (the “**Plan Objection Deadline**”). All objections to the relief sought at the Confirmation and Sale Hearing *must*: (a) be

in writing; (b) comply with the Bankruptcy Rules, the Local Rules, and any applicable orders of the Court; (c) set forth the name of the objector and the nature and amount of any Claim or Interest asserted by the objector against or in the Debtors' Estates; (d) state, with particularity, the legal and factual bases for the objection and, if practicable, a proposed modification to the Edgemere Plan and/or the Bondholder Plan that would resolve such objection; and (e) be filed with the Court (contemporaneously with a proof of service) and served upon the following parties so as to be **actually received** on or before the Plan Objection Deadline: (i) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green and 600 3rd Avenue, 42nd Floor, New York, NY 10016, Attn: Jeremy R. Johnson; (ii) counsel for Lifespace Communities, Inc., Cooley LLP, 110 North Upper Wacker Drive, Suite 4200, Chicago, Illinois 60606, Attn: Eric. E. Walker; (iii) counsel for UMB Bank, N.A., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck, Eric Blythe and Kaitlin Walsh; (iv) counsel for the Committee, Foley & Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn. Stephen A. McCartin, Thomas C. Scannell, and Mark C. Moore; (v) the Office of the United States Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert; and (vi) such other parties as the Court may order.

ADDITIONAL INFORMATION

Obtaining Solicitation Materials. The materials in the Solicitation Package(s) with respect to the Edgemere Plan and the Bondholder Plan are intended to be self-explanatory. If you should have any questions or if you would like to obtain additional solicitation materials (or paper copies of solicitation materials if you received an electronic version), please feel free to contact the Voting Agent by: (a) calling (866) 967-0269 (toll free) or +1 (310) 751-2669 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; or (c) emailing at EdgemereInfo@kccllc.com with a reference to "Edgemere" in the subject line. You may also obtain such information for free by visiting the case website at <http://www.kccllc.net/edgemere> or for a fee via PACER at <http://www.txnb.uscourts.gov>. Please be advised that the Voting Agent is authorized to answer questions about, and provide additional copies of, solicitation materials, but may not advise you as to whether you should vote to accept or reject the Edgemere Plan and/or the Bondholder Plan.

The Plan Supplement. The Committee and the Debtors and the Bondholder Plan Sponsors will file their Plan Supplements (as defined in the respective Plans) on or before **December 27, 2022** and will serve notice on all holders of Claims and Interests entitled to vote on the Plans, which will: (a) inform parties of the filing of the Plan Supplements; (b) list the information contained in the Plan Supplements; and (c) explain how parties may obtain copies of the Plan Supplements.

BINDING NATURE OF THE PLANS:

IF CONFIRMED, THE APPLICABLE PLAN SHALL BIND ALL HOLDERS OF CLAIMS AND INTERESTS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WHETHER OR NOT SUCH HOLDER WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE

**CONFIRMED PLAN, HAS FILED A PROOF OF CLAIM IN THE CHAPTER 11
CASES, FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN, OR VOTED TO
REJECT THE PLAN.**

Dated: _____, 2022
Dallas, Texas

POLSINELLI PC

/s/ Draft

Trinitee G. Green (SBN 24081320)
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
Telephone: (214) 397-0030
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– and –

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*Counsel to the Debtors and Debtors in
Possession*

HAYNES AND BOONE, LLP

/s/ Draft

J. Frasher Murphy
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Thomas J. Zavala
State Bar No. 24116265
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– and –

**MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY, AND POPEO, PC**

Daniel S. Bleck (Admitted *Pro Hac Vice*)
Eric Blythe (Admitted *Pro Hac Vice*)
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erblythe@mintz.com
krwalsh@mintz.com

*Counsel to UMB Bank, N.A. as Trustee and
DIP Lender*

Exhibit 8-A
(Edgemere Plan Supplement Notice)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

Northwest Senior Housing Corporation, *et al.*,¹
Debtors.

Chapter 11

Case No. 22-30659 (MVL)

(Jointly Administered)

NOTICE OF FILING OF PLAN SUPPLEMENT

PLEASE TAKE NOTICE THAT on November 2, 2022, Northwest Senior Housing Corporation and its affiliated debtor (collectively, the “**Debtors**”) and the official committee of unsecured creditors (the “**Committee**”) in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”) filed: (i) the *Joint Plan of Reorganization Proposed by the Committee and the Debtors*, dated November 2, 2022 [Docket No. 750] (together with all the schedules and exhibits thereto, and each as amended, modified or supplemented from time to time, the “**Edgemere Plan**”) and (ii) the *Disclosure Statement in Support of the Joint Plan of Reorganization Proposed by the Committee and the Debtors* [Docket No. 751] (together with all the schedules and exhibits thereto, and each as may be amended, modified, or supplemented from time to time, the “**Edgemere Disclosure Statement**”).

PLEASE TAKE FURTHER NOTICE THAT on [DATE], 2022, the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Court**”) entered its order [Docket No. [•]] (the “**Disclosure Statement Order**”) approving the Edgemere Disclosure Statement.

PLEASE TAKE FURTHER NOTICE THAT, as contemplated by the Edgemere Plan, the Debtors filed the Plan Supplement with the Court on [Date], 2022 [Docket No. [•]]. The Plan Supplement contains the following documents (as defined in the Edgemere Plan, where applicable): (a) a copy of the LSA, (b) a copy of the DSSA, (c) the 2023 Bond Documents, and (d) the Litigation Trust Agreement. The Debtors and the Committee shall have the right to amend the documents contained in, and exhibits to, the Plan Supplement, subject to the terms of the Edgemere Plan.

PLEASE TAKE FURTHER NOTICE THAT the hearing at which the Court will consider Confirmation of the Edgemere Plan (the “**Confirmation Hearing**”) will commence on **January 10, 2023 at 9:30 a.m. prevailing Central Time** before the Honorable Michelle V. Larson, in the Bankruptcy Court located at 1100 Commerce St., 14th Flr. Courtroom #2 Dallas, TX 75242. The Confirmation and Sale Hearing will be conducted in a hybrid format. Thus, you may participate in-person or via Webex. If you wish to participate remotely, you may do so by

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

video or telephone via the Court's WebEx platform). **For WebEx Video Participation/Attendance:** Link: <https://us-courts.webex.com/meet/larson>. **For WebEx Telephonic Only Participation/Attendance:** Dial-In: 1.650.479.3207, Access code: 160 135 6015.

PLEASE BE ADVISED: THE CONFIRMATION HEARING MAY BE CONTINUED FROM TIME TO TIME BY THE COURT OR THE DEBTORS **WITHOUT FURTHER NOTICE** OTHER THAN BY SUCH ADJOURNMENT BEING ANNOUNCED IN OPEN COURT OR BY A NOTICE OF ADJOURNMENT FILED WITH THE COURT AND SERVED ON ALL PARTIES ENTITLED TO NOTICE.

CRITICAL INFORMATION REGARDING OBJECTING TO THE EDGEMERE PLAN

SECTION 8 OF THE EDGEMERE PLAN CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS THAT WILL BECOME EFFECTIVE IF THE EDGEMERE PLAN IS CONFIRMED. SECTION 8.3 **CONTAINS RELEASES BY THIRD PARTY HOLDERS OF CLAIMS**. THUS, YOU ARE ADVISED TO REVIEW AND CONSIDER THE EDGEMERE PLAN CAREFULLY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED THEREUNDER.

IF YOU DO NOT AGREE TO SUCH PROVISIONS AND DO NOT WISH TO BE A RELEASING PARTY, AS DEFINED BY THE EDGEMERE PLAN, YOU MUST TAKE ACTION BY FILLING OUT AND TIMELY SUBMITTING AN "OPT-OUT FORM."

THIS NOTICE IS BEING SENT TO YOU FOR INFORMATIONAL PURPOSES ONLY. IF YOU HAVE QUESTIONS WITH RESPECT TO YOUR RIGHTS UNDER THE EDGEMERE PLAN OR ABOUT ANYTHING STATED HEREIN OR IF YOU WOULD LIKE TO OBTAIN ADDITIONAL INFORMATION, CONTACT THE VOTING AGENT.

Plan Objection Deadline. The deadline for filing objections to the Edgemere Plan is **January 3, 2023 at 4:00 p.m. prevailing Central Time** (the "**Plan Objection Deadline**"). All objections to the relief sought at the Confirmation Hearing **must**: (a) be in writing; (b) comply with the Bankruptcy Rules, the Local Rules, and any applicable orders of the Court; (c) set forth the name of the objector and the nature and amount of any Claim or Interest asserted by the objector against or in the Debtors' Estates; (d) state, with particularity, the legal and factual bases for the objection and, if practicable, a proposed modification to the Edgemere Plan that would resolve such objection; and (e) be filed with the Court (contemporaneously with a proof of service) and served upon the following parties so as to be **actually received** on or before the Plan Objection Deadline: (i) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green and 600 3rd Avenue, 42nd Floor, New York, NY 10016, Attn: Jeremy R. Johnson; (ii) counsel for Lifespace Communities, Inc., Cooley LLP, 110 North Upper Wacker Drive, Suite 4200, Chicago, Illinois 60606, Attn: Eric. E. Walker; (iii) counsel for UMB Bank, N.A., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck, Eric Blythe, and Kaitlin Walsh; (iv) counsel for the

Committee, Foley & Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn. Stephen A. McCartin, Thomas C. Scannell, and Mark C. Moore; (v) the Office of the United States Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert; and (vi) such other parties as the Court may order.

ADDITIONAL INFORMATION

Obtaining Solicitation Materials. The materials in the Solicitation Package are intended to be self-explanatory. If you should have any questions or if you would like to obtain additional solicitation materials (or paper copies of solicitation materials if you received a an electronic version) or a copy of the Plan Supplement, please feel free to contact the voting by: (a) calling (866) 967-0269 (toll free) or +1 (917) 281-4800 (international); (b) writing to Northwest Senior Housing Corporation Solicitation, c/o Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; (c) emailing at EdgemereInfo@kccllc.com with a reference to “Edgemere” in the subject line; or (d) visiting the case website at <http://www.kccllc.net/edgemere>. You may also obtain such information for a fee via PACER at <http://www.txnb.uscourts.gov>. Please be advised that the Voting Agent is authorized to answer questions about, and provide additional copies of, solicitation materials, but may not advise you as to whether you should vote to accept or reject the Edgemere Plan.

BINDING NATURE OF THE EDGEMERE PLAN:

IF CONFIRMED, THE EDGEMERE PLAN SHALL BIND ALL HOLDERS OF CLAIMS AND INTERESTS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, WHETHER OR NOT SUCH HOLDER WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE EDGEMERE PLAN, HAS FILED A PROOF OF CLAIM IN THE CHAPTER 11 CASES, FAILED TO VOTE TO ACCEPT OR REJECT THE EDGEMERE PLAN, OR VOTED TO REJECT THE EDGEMERE PLAN.

Dated: [Date], 2022
Dallas, Texas

POLSINELLI PC

DRAFT

Trinitee G. Green (SBN 24081320)
2950 N. Harwood, Suite 2100
Dallas, Texas 75201
Telephone: (214) 397-0030
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– and –

Jeremy R. Johnson (Admitted *Pro Hac Vice*)
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Telephone: (212) 684-0199
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jeremy.johnson@polsinelli.com

COUNSEL TO THE DEBTORS
AND DEBTORS IN POSSESSION

Exhibit 8-B
(Bondholders Plan Supplement Notice)

HAYNES AND BOONE, LLP

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Counsel to the Plan Sponsors

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:
Northwest Senior Housing Corporation, *et al.*,¹

Debtors.

Chapter 11
Case No. 22-30659 (MVL)

(Jointly Administered)

NOTICE OF FILING OF PLAN SPONSORS’ PLAN SUPPLEMENT

PLEASE TAKE NOTICE THAT on November 2, 2022, UMB Bank, N.A., in its capacity as (i) successor bond trustee and master trustee for the Original Bonds (together, the “**Trustee**”) and (ii) lender under the DIP Credit Agreement (the “**DIP Lender**,” and collectively with the Trustee, the “**Plan Sponsors**”), filed: (i) the *Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as modified, amended, and supplemented, the “**Plan Sponsors’ Plan**”)² and (ii) the *Disclosure Statement for the Plan of Reorganization of the Trustee and DIP Lender Dated November 2, 2022* (as modified, amended, and supplemented, the “**Plan Sponsors’ Disclosure Statement**”).³

PLEASE TAKE FURTHER NOTICE THAT on [_____], 2022, the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the

¹ The Debtors in the Chapter 11 Cases (the “**Chapter 11 Cases**”), along with the last four digits of each Debtor’s federal tax identification number, are Northwest Senior Housing Corporation (1278) and Senior Quality Lifestyles Corporation (2669). The Debtors’ mailing address is 8523 Thackery Street, Dallas, Texas 75225.

² Docket No. 752. All capitalized terms not herein defined shall have the meaning ascribed to them in the Plan Sponsors’ Plan.

³ Docket No. 753.

“**Bankruptcy Court**”) entered its *Order Approving Disclosure Statement and Granting Related Relief* (the “**Plan Sponsors’ Disclosure Statement Order**”).⁴

PLEASE TAKE FURTHER NOTICE THAT as contemplated by the Plan Sponsors’ Plan and the Plan Sponsors’ Disclosure Statement, the Plan Sponsors filed the Plan Supplement with the Court on [_____], 2022. The Plan Supplement contains the following documents: [(i) the Litigation Trust Agreement; (ii) a list of Executory Contracts and Unexpired Leases, and (iii) a form of monthly rental agreement]. The Plan Sponsors shall have the right to amend the documents contained in, and exhibits to, the Plan Supplement, subject to the terms of the Plan Sponsors’ Plan.

Pursuant to the *Order (I) Establishing Voting Record Date and Other Deadlines; (II) Authorizing Kurtzman Carson Consultants LLC to Act as the Singular Voting Agent with Respect to the Competing Plans; (III) Approving Solicitation and Notice Procedures with Respect to Competing Plans; (IV) Approving Manner and Forms of Ballots, Notices and Related Documents; and (V) Granting Related Relief* (the “**Solicitation Procedures Order**”),⁵ the Plan Sponsors’ Disclosure Statement, the Plan Sponsors’ Plan, and other materials included in the Plan Sponsors’ Solicitation Package may be obtained free-of-charge from <https://www.kccllc.net/Edgemere> or by written request to Kurtzman Carson Consultants LLC (the “**Voting Agent**”) requesting that a paper copy of the Plan Sponsors’ Disclosure Statement, the Plan Sponsors’ Plan, and other materials included in the Plan Sponsors’ Solicitation Package be sent to the address specified in the request at the following address:

Northwest Senior Housing Corporation Solicitation
c/o Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, Suite 300
El Segundo, CA 90245

The Court has scheduled **January 10, 2023, at 9:30 a.m.** (prevailing Central Time), which is at least 21 days from the date of service hereof, as the date and time for the hearing on confirmation of the Plan Sponsors’ Plan and the sale of substantially all of the Debtors’ assets as contemplated therein (the “**Confirmation Hearing**”) and to consider any objections to the Plan Sponsors’ Plan. The Confirmation Hearing will be held at the United States Bankruptcy Court, before the Honorable Judge Michelle V. Larson, United States Bankruptcy Judge, at United States Courthouse, Earle Cabell Federal Building, 1100 Commerce St., 14th Floor, Courtroom No. 2, Dallas, TX 75242. You may participate in the Confirmation Hearing in-person or via WebEx (by video or telephone via the Court’s WebEx platform). For WebEx Video Participation/Attendance: <https://uscourts.webex.com/meet/larson>. For WebEx Telephonic Only Participation/Attendance: Dial-In: **1.650.479.3207**, Access code: **160 135 6015**.⁶

⁴ Docket No. [__].

⁵ Docket No. [__].

⁶ Judge Larson’s WebEx hearing instructions can be found at: https://www.txnb.uscourts.gov/sites/txnb/files/hearings/WebEx%20Hearing%20Instructions%20for%20Judge%20Larson_4.pdf.

The Confirmation Hearing may be adjourned from time to time without further notice other than an announcement of the adjourned date(s) at the hearing, and thereafter, at any adjourned hearing(s). Additionally, the Plan Sponsors' Plan may be modified without further notice before or as a result of the Confirmation Hearing, and thereafter, as otherwise provided in the Bankruptcy Code.

**CRITICAL INFORMATION REGARDING
OBJECTING TO THE PLAN SPONSORS' PLAN**

SECTION 8 OF THE PLAN SPONSORS' PLAN CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS THAT WILL BECOME EFFECTIVE IF THE PLAN SPONSORS' PLAN IS CONFIRMED. SECTION 8.3 **CONTAINS RELEASES BY THIRD PARTY HOLDERS OF CLAIMS**. THUS, YOU ARE ADVISED TO REVIEW AND CONSIDER THE PLAN SPONSORS' PLAN CAREFULLY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED THEREUNDER.

IF YOU DO NOT AGREE TO SUCH PROVISIONS AND DO NOT WISH TO BE A RELEASING PARTY AS DEFINED BY THE PLAN SPONSORS' PLAN, YOU MUST TAKE ACTION BY FILLING OUT AND TIMELY SUBMITTING AN OPT OUT FORM.

THIS NOTICE IS BEING SENT TO YOU FOR INFORMATIONAL PURPOSES ONLY. IF YOU HAVE QUESTIONS WITH RESPECT TO YOUR RIGHTS UNDER THE PLAN SPONSORS' PLAN OR ABOUT ANYTHING STATED HEREIN OR IF YOU WOULD LIKE TO OBTAIN ADDITIONAL INFORMATION, CONTACT THE VOTING AGENT.

Objections, if any, to the confirmation of the Plan Sponsors' Plan and the sale of the Debtors' assets as contemplated therein must be filed with the Bankruptcy Court so as to be received on or before **January 3, 2023, at 4:00 p.m.** (prevailing Central Time) (the "**Objection Deadline**") and served so as to be actually received by the following parties no later than the Objection Deadline: (i) counsel for the Debtors, Polsinelli PC, 2950 N. Harwood, Suite 2100, Dallas, TX 75201, Attn: Trinitee G. Green, tggreen@polsinelli.com, and Polsinelli PC, 600 3rd Avenue, 42nd Floor, New York, NY 10015, Attn: Jeremy R. Johnson, jeremy.johnson@polsinelli.com; (ii) counsel for UMB Bank, N.A., Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, P.C., One Financial Center, Boston, Massachusetts 02111, Attn: Daniel Bleck, dsbleck@mintz.com, Eric Blythe, erblythe@mintz.com, and Kaitlin Walsh, krwalsh@mintz.com; (iii) counsel for the Committee, Foley & Lardner, 2021 McKinney Avenue, Ste. 1600, Dallas, Texas 75201, Attn. Stephen A. McCartin, smccartin@foley.com, Thomas C. Scannell, tscannell@foley.com, and Mark C. Moore, mmoore@foley.com; (iv) the Office of the United States Trustee, 1100 Commerce St, Room 976, Dallas, Texas 75242-1699, Attn: Lisa Lambert, lisa.l.lambert@usdoj.gov; (v) counsel for Lifespace Communities, Inc., Perkins Coie LLP, 110 North Wacker Drive, 34th Floor, Chicago, Illinois 60606, Attn: Eric. E. Walker, EWalker@perkinscoie.com; and (vi) such other parties as the Bankruptcy Court may order.

Any objection to the Plan Sponsors' Plan must be in writing, filed by the Objection Deadline, and (a) must state the name and address of the objecting party and the amount of its Claim or the nature of its interest, and (b) must state with particularity the nature of its objection.

Any objection not timely filed shall be deemed waived and shall not be considered by the Bankruptcy Court.

[Remainder of the page intentionally left blank.]

DATED: _____, 2022
Dallas, Texas

HAYNES AND BOONE, LLP

By: /s/ Draft

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