

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re : Chapter 11  
: :  
HBL SNF, LLC, d/b/a EPIC REHABILITATION : Case No. 21-22623 (SHL)  
AND NURSING AT WHITE PLAINS, :  
: :  
Debtor. :  
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**DEBTOR'S CHAPTER 11 SUBCHAPTER V PLAN OF REORGANIZATION**

**THE DEBTOR IN THIS CASE IS A SMALL BUSINESS. THE BANKRUPTCY COURT HAS CONDITIONALLY FOUND THAT THIS PLAN PROVIDES ADEQUATE INFORMATION AS REQUIRED UNDER 11 U.S.C. § 1125(a)(1). AS A RESULT, THE DEBTOR MAY DISTRIBUTE THIS PLAN WITHOUT FILING A DISCLOSURE STATEMENT. IF A PARTY IN INTEREST FILES AN OBJECTION TO THIS PLAN BASED ON LACK OF ADEQUATE INFORMATION, THE BANKRUPTCY COURT SHALL MAKE A FINDING REGARDING COMPLIANCE WITH 11 U.S.C. § 1125(a)(1) AT OR BEFORE THE HEARING ON CONFIRMATION OF THIS PLAN.**

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August 29, 2022

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HBL SNF, LLC, d/b/a Epic Rehabilitation and Nursing at White Plains (the “Debtor”) hereby proposes the following Plan of Reorganization pursuant to the provisions of Subchapter V of Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”).

## **BACKGROUND**

### **I. Nature of the Debtor’s Business and Corporate Structure**

The Debtor is a 160-bedroom skilled nursing and rehabilitation facility located at 120 Church Street, White Plains, New York, which opened in late 2019. The Debtor is approximately 89% occupied and maintains a staff of over 250 employees, including registered nurses, therapists and other healthcare professionals. The Debtor offers both short-term and long-term care to its patients and residents and provides an array of healthcare services, including neurological, respiratory, orthopedic, occupational, psychiatric, and many other medical and rehabilitative services. The annual gross revenue of the Debtor for fiscal year 2020 was over \$10 million.

The Debtor is a New York registered limited liability company formed on or about August 14, 2012. The Debtor’s members are Westchester Health Care Properties I, LLC (51%), HHH Liquidation Trust (successor to Hebrew Hospital Home of Westchester, Inc.) (39%),<sup>1</sup> and Bethel Nursing Home Company, Inc (10%). Lizer Jozefovic, the Debtor’s Chief Executive Officer, Mark Neuman, the Debtor’s Chief Financial Officer, and Danielle Feminella, the Debtor’s Vice President, are the officers of the Debtor. The Debtor is one of a family of rehabilitation and long-term care facilities operated through Epic Healthcare Management, LLC along the east coast of the United States, from New York to Florida, and one of six such facilities owned, directly or indirectly, by Mr. Jozefovic and Mr. Neuman throughout New York’s Westchester County, Hudson County and Orange County.

### **II. Circumstances Leadings to Filing the Chapter 11 Case**

Although the Debtor is generally financially and operationally sound, it was forced to file the Chapter 11 Case as a result of litigation commenced by its landlord, White Plains Healthcare Properties I, LLC (“WPHP” or the “Landlord”), captioned *White Plains Healthcare Properties I, LLC v. HBL SNF, LLC, et al.*, Index No. 60278-20 (N.Y. Sup. Ct. 2020) (the “Landlord Litigation”), which threatened to terminate the Debtor’s real estate lease for its operating premises.

On November 1, 2021, the Debtor filed a voluntarily petition for relief before the Bankruptcy Court for the Southern District of New York under Subchapter V of Chapter 11 of the Bankruptcy Code. On November 2, 2021, Heidi J. Sorvino, Esq. was appointed as Subchapter V Trustee in the Chapter 11 Case [Dkt. No. 15]. On November 5, 2021, the Bankruptcy Court directed appointment of a patient care ombudsman pursuant to Section 333(a)

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<sup>1</sup> Hebrew Hospital Home of Westchester, Inc. (“HHHW”) is a debtor in jointly administered chapter 11 cases pending before the Bankruptcy Court entitled *HHH Choices Health Plan, LLC, et al.*, Case No. 15-11158 (MEW) (Bankr. S.D.N.Y.). HHHW’s plan of reorganization was confirmed on November 2, 2017.

of the Bankruptcy Code [Dkt. No. 25]. On November 21, 2021, Joseph J. Tomaino was appointed as the patient care ombudsman in the Chapter 11 Case [Dkt. No. 46].

On November 8, 2021, the Debtor removed and transferred the Landlord Litigation to the Bankruptcy Court [Adv. Pro. No. 21-07096, Dkt. No. 1].

### **III. The Debtor's Real Property Lease and the Landlord Litigation**

Prior to the Petition Date, the Debtor entered into that certain Amended and Restated Operating Lease, dated November 19, 2015 (as amended from time to time, together with all schedules and exhibits thereto, the "Lease"), by and between the Debtor, as tenant, and WPHP, as landlord, with respect to the real property on which the Debtor's business is operated, located at 116-120 Church Street, White Plains, New York (the "Premises"). A copy of the Lease was filed with the Bankruptcy Court as Exhibit F to the Debtor's Notice of Filing of Exhibits dated December 6, 2021 [Dkt. No. 58].

The Debtor entered into certain related agreements, including (i) that certain Development Agreement, dated as of November 19, 2015, between the Debtor, as operator/tenant, and the Landlord, as developer, for the construction and finance of the Debtor's facility on the Premises, and (ii) that certain Security Agreement, Assignment of Leases and Rents and Fixture Filing (Operating Lease), dated as of August 18, 2017, by and among the Debtor, as operator, Security Benefit Corporation, as agent for Security Benefit Life Insurance Company, as lender, and the Landlord, as borrower.

On May 20, 2022, the Bankruptcy Court issued its Memorandum of Decision [Adv. Pro. No. 21-07096, Dkt. No. 51] (the "Lease Decision") holding, among other things, that the Lease was terminated prior to the Petition Date. The Bankruptcy Court's Order effectuating the Lease Decision was entered on June 29, 2022 [Adv. Pro. No. 21-07096, Dkt. No. 61].

On June 8, 2022, in the context of a pending state court foreclosure proceeding with respect to the Premises commenced against the Landlord by its lender, captioned *Garfield Park, LLC v. White Plains Healthcare Properties I, LLC et al.*, Index No. 5701/2022, the New York State Supreme Court Westchester County (the "State Court") entered an order appointing Ms. Theresa A. Driscoll as temporary receiver of the Premises (the "Receiver").

Following issuance of the Lease Decision and appointment of the Receiver, the parties entered into mediation in an effort to achieve a global settlement of all issues concerning the Premises. The Debtor has remained current on monthly payment of rent in the amount of \$506,096.50 pursuant to the Lease and consistent with applicable orders of the Bankruptcy Court and State Court.

### **IV. The Purchase and Sale Agreement<sup>2</sup> and Settlement of the Landlord Litigation**

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<sup>2</sup> The summary of the Purchase and Sale Agreement contained herein is provided for convenience and is not intended to contain all terms and conditions of the Purchase and Sale Agreement. In the event of any inconsistency

Following protracted negotiations, the parties' discussions culminated in a Purchase and Sale Agreement (the "Purchase and Sale Agreement"), by and among the Landlord, CCC Equities, LLC, the Congress Companies, Howard Fensterman, and William Nicholson (collectively, the "WPHP Parties"), on the one hand, and the Debtor or its newly formed affiliate (the "Purchaser"), Lizer Jozefovic and Marc Neuman (collectively, the "HBL Parties"), on the other hand. A copy of the Purchase and Sale Agreement is attached hereto as Exhibit A and incorporated herein by reference.

Subject to approval by the Bankruptcy Court, and in accordance with the other terms and conditions of the Purchase and Sale Agreement, the Landlord agreed to sell, and the Debtor agreed to purchase, fee simple title to the Premises, all improvements and personal property thereon, and related rights (the "Purchase"), free and clear of any and all liens, claims, mortgages and other encumbrances (except certain limited permitted encumbrances), for a purchase price of Seventy-Five Million Dollars (\$75,000,000.00) (the "Purchase Price"). See Purchase and Sale Agreement, §§ 1, 2, 4.

The Purchase and Sale Agreement requires the Debtor to meet certain milestones, including (i) providing notice of the Purchase and Sale Agreement to the New York State Department of Health upon execution thereof; (ii) delivering a term sheet for the Debtor's financing of the Purchase Price on or before September 30, 2022; and (iii) taking all steps to obtain entry of the Confirmation Order approving the Plan and the Purchase and Sale Agreement by the Bankruptcy Court on or before October 17, 2022. See Id. at § 5. Closing of the Purchase (the "Closing") is required to occur on or before November 30, 2022. See Id. at § 6.

The Purchase and Sale Agreement additionally provides for full and final resolution of the Landlord Litigation and all related disputes among the parties. Specifically, upon Closing, the WPHP Parties and the HBL Parties release each other from any and all claims that were or could have been asserted relating to any matters arising at any time through the date of Closing, including but not limited to the Landlord Litigation and the other pending litigations and all claims arising out of the transactions that are the subject matter thereof. See Id. at § 15. Upon Closing, all such pending litigation will be dismissed with prejudice. See Id. at § 13.

The Debtor believes that the terms of the Purchase and Sale Agreement are fair and equitable and that entry into the Purchase and Sale Agreement is in the best interests of the Debtor, its estate and all creditors. The Purchase and Sale Agreement is the product of protracted good-faith, arms-length negotiations between the Debtor and the Landlord. By entry into the Purchase and Sale Agreement, the Debtor will obtain full and final resolution of the Landlord Litigation and related disputes and become the owner of the Premises, allowing Reorganized HBL to continue providing the highest quality care to its patients upon a successful emergence from bankruptcy.

## ARTICLE I

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between this summary and the Purchase and Sale Agreement, the Purchase and Sale Agreement shall control. Parties are referred to the Purchase and Sale Agreement attached hereto as Exhibit A.



## **Definitions and Rules of Interpretation**

### **A. Definitions.**

For the purposes of this Plan, the following terms shall have the respective meanings set forth below (such meanings to be equally applicable to the singular and plural forms of the terms defined, unless the context otherwise requires):

1.1 “Administrative Claims” shall mean all costs and expenses of administration of the Chapter 11 Case Allowed under Section 503(b) or 330(a) of the Bankruptcy Code and that are entitled to priority under Section 507(a)(2) of the Bankruptcy Code.

1.2 “Allowed” shall mean a Claim or Interest or any portion thereof that (i) has been timely filed with the Bankruptcy Court and is liquidated in amount and has not been objected to; (ii) has been listed by the Debtor in its Schedules as being neither contingent, unliquidated nor disputed; or (iii) has been allowed by a Final Order of the Bankruptcy Court.

1.3 “Allowed Administrative 503(b)(9) Claim” shall mean that certain Allowed Claim of Pharmscript, LLC (claim no. 21) to the extent asserted pursuant to Section 503(b)(9) of the Bankruptcy Code in the amount of \$22,652.00.

1.4 “Allowed Secured Claims of Ascentium Capital LLC” shall mean the Allowed secured Claims of Ascentium Capital LLC in the amounts of \$145,216.00, \$16,829.00 and \$86,004.00, representing the balances owed under certain equipment loans to the Debtor.

1.5 “Allowed Secured Claim of Garfield Park” shall mean the Allowed Secured Claim of Garfield Park, LLC, as successor in interest to Security Benefit Corporation and/or Security Benefit Life Insurance Company.

1.6 “Avoidance Actions” shall mean any and all Claims or Causes of Action of a trustee or debtor-in-possession under the Bankruptcy Code, including, without limitation, under Sections 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code, New York State Debtor and Creditor law, or other applicable law, against any Entity or Person, whether arising before or after the Effective Date, that have not been fully resolved or disposed of prior to the Effective Date, whether or not litigation with respect to same has been commenced prior to the Effective Date.

1.7 “Bankruptcy Code” shall have the meaning assigned to it in the preamble of this Plan.

1.8 “Bankruptcy Court” shall mean the United States Bankruptcy Court for the Southern District of New York.

1.9 “Business Day” shall mean any day other than a Saturday, Sunday or “legal holiday” as defined in Rule 9006(a).

1.10 “Cash” shall mean cash and cash equivalents, including but not limited to bank deposits, checks and other similar items, in each case denominated in United States dollars.

1.11 “Causes of Action” shall mean any and all actions, causes of action, suits, debts, rights to payment and claims, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise.

1.12 “Chapter 11 Case” shall mean the Debtor’s case filed under Subchapter V of Chapter 11 of the Bankruptcy Code currently pending before the Bankruptcy Court under the case caption *In re HBL SNF, LLC*, Case No. 21-22623 (SHL) (Bankr. S.D.N.Y. 2021).

1.13 “Claim” is defined in Section 101(5) of the Bankruptcy Code, and shall include, without limitation, any claims of whatsoever type or description against the Debtor, any claim for pre-petition interest, post-petition interest or contingent interest, any claim against the Debtor arising out of the rejection of executory contracts, any claim against the Debtor arising from the recovery of property under Sections 550 and 553 of the Bankruptcy Code and any claim against the Debtor that does not arise until after the commencement of the Chapter 11 Case for a tax entitled to priority under Section 507(a) of the Bankruptcy Code.

1.14 “Class” shall mean a group of Claims or Interests that are substantially similar in nature and are grouped together for similar treatment pursuant to the Plan.

1.15 “Closing” shall have the meaning assigned to it in the Background Section of this Plan.

1.16 “Conditions Precedent to the Effective Date” shall mean all of the conditions set forth in Section 14.2 of the Plan, which must be satisfied or waived, if subject to waiver, prior to the Effective Date of the Plan.

1.17 “Confirmation Date” shall mean the date upon which the Confirmation Order is entered by the Bankruptcy Court.

1.18 “Confirmation Order” shall mean the order entered by the Bankruptcy Court confirming the Plan pursuant to Sections 1129 and 1191 of the Bankruptcy Code.

1.19 “Debtor” shall have the meaning assigned to it in the preamble of this Plan.

1.20 “DIP Credit Agreement” shall mean that certain Super Priority Debtor-in-Possession Credit and Security Agreement, dated as of November 4, 2021, by and between HBL SNF, LLC, as borrower and CNH Finance Fund I, L.P., as lender.

1.21 “DIP Lender” shall mean CNH Finance Fund I, L.P.

1.22 “Disputed Claim” or “Disputed Interest” shall mean any Claim or Interest, as applicable, designated as disputed, contingent or unliquidated on the Schedules and/or any Claim or Interest, as applicable, against which an objection to the allowance thereof has been interposed, which objection has not been determined by order of the Bankruptcy Court.

1.23 “Disputed Claims Reserve” shall mean the reserve to be established for Disputed

Claims in accordance with the terms hereof, which shall be established as soon as practicable after the Effective Date.

1.24 “Distribution” shall mean a distribution of Cash pursuant to the Plan, which shall commence on the Effective Date or as soon thereafter as is practicable unless indicated otherwise.

1.25 “Effective Date” shall mean the date upon which all of the Conditions Precedent to the Effective Date of the Plan shall have been satisfied.

1.26 “Entity” shall have the meaning assigned to it in Section 101(15) of the Bankruptcy Code.

1.27 “Final Decree” shall mean the order to be entered by the Bankruptcy Court closing the Chapter 11 Case in accordance with Section 350(a) of the Bankruptcy Code and Rule 3022.

1.28 “Final Order” shall mean an order or judgment which has not been stayed and as to which order or judgment the time to appeal or seek review or rehearing has been waived or expired and as to which no appeal, petition for review or rehearing is pending or, in the case of an appeal, any such appeal or petition for review, rehearing or certiorari has been dismissed.

1.29 “Garfield Park” shall mean Garfield Park, LLC, as successor in interest to Security Benefit Corporation and/or Security Benefit Life Insurance Company.

1.30 “General Unsecured Claim” shall mean any Claim that is not an Interest and does not qualify as an Administrative Claim, Priority Tax Claim, Secured Claim or Priority Unsecured Claim, including, without limitation, any Claim based upon pre-petition trade accounts payable or the rejection of an executory contract during the pendency of this Chapter 11 Case.

1.31 “HBL Parties” shall have the meaning assigned to it in the Background Section of this Plan.

1.32 “Impaired” shall have the meaning assigned to it in Section 1124 of the Bankruptcy Code.

1.33 “Interest” shall mean any equity interest in the Debtor, including, but not limited to, membership interests, shares of common stock, any stock rights, options, warrants, calls, subscriptions or other similar rights, agreements or commitments or other outstanding agreements obligating the Debtor to issue, transfer or sell any shares of any type of stock of the Debtor.

1.34 “Landlord” shall have the meaning assigned to it in the Background Section of this Plan.

1.35 “Landlord General Unsecured Claim” shall mean the Claim asserted by the Landlord (claim no. 29).

1.36 “Landlord Litigation” shall have the meaning assigned to it in the Background Section of this Plan.

1.37 “Lease” shall have the meaning assigned to it in the Background Section of this Plan.

1.38 “Lease Decision” shall have the meaning assigned to it in the Background Section of this Plan.

1.39 “Lien” shall have the meaning assigned to it in Section 101(37) of the Bankruptcy Code.

1.40 “Maximum Amount” shall mean, with respect to any Disputed Claim: (a) the amount agreed to by the Debtor and the holder of such Claim; (b) the amount, if any, estimated or determined by the Bankruptcy Court in accordance with Section 502(c) or 503(b) of the Bankruptcy Code; or (c) absent any such agreement, estimation or determination, the liquidated amount set forth in the proof of claim filed by the holder of such Claim, or if no amount is so set forth, the amount estimated by the Debtor.

1.41 “Person” shall have the meaning assigned to it in Section 101(41) of the Bankruptcy Code.

1.42 “Petition Date” shall mean November 1, 2021.

1.43 “Plan” shall mean this Chapter 11 Subchapter V Plan of Reorganization, together with all exhibits and schedules hereto, and any amendments hereto or modifications hereof made in accordance with the provisions hereof and the Bankruptcy Code.

1.44 “Premises” shall have the meaning assigned to it in the Background Section of this Plan.

1.45 “Priority Unsecured Claim” shall mean a Claim, other than an Administrative Claim or a Priority Tax Claim, that is entitled to priority under Section 507(a) of the Bankruptcy Code.

1.46 “Priority Tax Claim” shall mean a Claim that is entitled to priority treatment under Section 507(a)(8) of the Bankruptcy Code.

1.47 “Professional” shall mean any attorney, accountant, appraiser, consultant and other professional retained or to be compensated pursuant to an order of the Bankruptcy Court pursuant to, inter alia, Section 327, 328, 330, 503(b) or 1103 of the Bankruptcy Code in this Chapter 11 Case.

1.48 “Professional Fees” shall mean any claim for compensation and/or reimbursement of expenses under Section 330, 331 or 503(b) of the Bankruptcy Code by any Professional retained by order of the Bankruptcy Court, which must be applied for in accordance with the Bankruptcy Code and the Plan and Allowed by order of the Bankruptcy Court before payment thereof may be made.

1.49 “Purchase” shall have the meaning assigned to it in the Background Section of this Plan.

1.50 “Purchase and Sale Agreement” shall have the meaning assigned to it in the Background Section of this Plan.

1.51 “Purchase Price” shall have the meaning assigned to it in the Background Section of this Plan.

1.52 “Rejection Damage Claim” shall mean any Claim arising from the rejection of any executory contract or unexpired lease in accordance with this Plan or any order of the Bankruptcy Court, excluding, for the avoidance of doubt, the Landlord General Unsecured Claim.

1.53 “Rejection Damages Bar Date” shall mean the date that is the first Business Day that is at least thirty (30) calendar days after the Confirmation Date.

1.54 “Reorganized HBL” shall mean HBL SNF, LLC, or a newly formed affiliate, as Purchaser under the Purchase and Sale Agreement and successor by merger to the Debtor.

1.55 “Rules” shall mean, collectively, the Federal Rules of Bankruptcy Procedure recommended by the Judicial Conference of the United States and prescribed by the Supreme Court of the United States and all amendments thereto, and the local bankruptcy Rules for the Southern District of New York.

1.56 “Schedules” shall mean the schedules of assets and liabilities and the statement of financial affairs filed by the Debtor as required by Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments thereto.

1.57 1.81 “Secured Claim” shall mean a Claim secured by a valid, perfected and enforceable Lien in the assets of the Debtor, to the extent of the value of the interest of the holder of such Secured Claim in such assets as determined by the Bankruptcy Court pursuant to Section 506(a) of the Bankruptcy Code or acknowledged by the Debtor in writing or provided for in this Plan.

1.58 “Subchapter V Trustee” shall mean Heidi J. Sorvino, Esq., who was appointed by the United States Trustee by *Notice of Appointment of Subchapter V Trustee* filed on the docket of this Chapter 11 Case on November 2, 2021 [Dkt. No. 15].

1.59 “Transfer Taxes” shall mean any and all real estate transfer, stamp, sales, use, mortgage recording, or similar taxes, if and as applicable, that, absent the operation of Section 1146 of the Bankruptcy Code, may be incurred or arise in connection with the transactions contemplated by the Plan.

1.60 “Unimpaired” shall mean any Class of Claims or Interests that is not Impaired.

1.61 “United States Trustee” shall mean any and all representatives of the Office of the United States Trustee for the Southern District of New York empowered to administer this

Chapter 11 Case.

1.62 “WPHP” shall have the meaning assigned to it in the Background Section of this Plan.

1.63 “WPHP Parties” shall have the meaning assigned to it in the Background Section of this Plan.

**B. Rules of Interpretation.**

For purposes of this Plan: (a) where appropriate in the relevant context, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b) unless otherwise provided in the Plan, any references in the Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) unless otherwise provided in the Plan, any reference in the Plan to an existing document or appendix filed or to be filed means such document or appendix, as it may have been or may be amended, modified or supplemented pursuant to the Plan; (d) unless otherwise specified herein, any reference to a Person as a holder of a Claim or Interest includes that Person’s successors, assigns and affiliates; (e) unless otherwise specified, all references in the Plan to Sections and Articles are references to Sections and Articles of or to the Plan; (f) the words “herein”, “hereto” and “hereof” refer to the Plan in its entirety rather than to a particular portion of the Plan; and (g) the rules of construction set forth in section 102 of the Bankruptcy Code will apply to the Plan.

**ARTICLE II**

**Summary of Plan Distributions**

2.1 The Plan proposes to pay Allowed Claims of creditors of the Debtor from the Debtor’s disposable income from its operations for a period of sixty (60) consecutive months as set forth in the projections annexed hereto as **Exhibit B**. The Plan generally provides for the following classes of claims:

- **Class 1 (a)-(d) (Secured Claims)**
- **Class 2 (Priority Unsecured Claims);**
- **Class 3(a)-(b) (General Unsecured Claims); and**
- **Class 4 (Interest Holders).**

The Plan provides that the Debtor or Reorganized HBL will make distributions for the payment in full of Allowed Administrative, Allowed Secured and Allowed Priority Tax claims before making any distributions to Allowed Class 3 General Unsecured Claims. The Debtor projects that distributions to holders of Allowed General Unsecured Claims will total 100 cents on the dollar.

All creditors should refer to Articles III through IX of the Plan for information regarding the precise treatment of their claims. In addition, to confirm this Plan, the Bankruptcy Court

must find that each creditor who does not accept this Plan will receive at least as much under this Plan as such creditor would receive in a chapter 7 liquidation. To demonstrate the satisfaction of this requirement, the Debtor has prepared a Liquidation Analysis, which is annexed hereto as **Exhibit C**.

### ARTICLE III

#### **Treatment of Administrative Claims**

3.1 **Administrative Claims.** Administrative Claims are not classified under the Plan in accordance with Section 1123(a)(1) of the Bankruptcy Code. Each Allowed Administrative Claim shall be paid in full in the Allowed amount of such Administrative Claim in Cash from the Debtor's assets either: (i) within fifteen (15) Business Days after the date on which the Bankruptcy Court enters an order allowing such Administrative Claim; (ii) on the Effective Date of the Plan; or (iii) upon such later date as the Debtor and the holder of such Allowed Administrative Claim otherwise agree in writing. The Confirmation Order shall constitute an order allowing the Administrative 503(b)(9) Claim and approving payment thereof on the Effective Date of the Plan.

### ARTICLE IV

#### **Treatment of Priority Tax Claims**

4.1 **Priority Tax Claims.** Priority Tax Claims are not classified under the Plan in accordance with Section 1123(a)(1) of the Bankruptcy Code. Each holder of an Allowed Priority Tax Claim shall either be paid (i) in full in Cash on the date that is fifteen (15) days after the date on which the Bankruptcy Court enters an order allowing such Priority Tax Claim, or as soon thereafter as is practicable, or (ii) in equal semi-annual installments over a period ending not later than three (3) years after the Effective Date, or such other time fixed by the Bankruptcy Court not to exceed five (5) years, of a total value, as of the Effective Date, equal to the Allowed amount of such Priority Tax Claim in accordance with Section 1129(a)(9)(C) of the Bankruptcy Code.

### ARTICLE V

#### **Classification of Claims and Interests**

5.1 **Designation of Classes Pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code.** Set forth in Section 5.3 below is the designation of Classes of Claims and Interests. Administrative Claims and Priority Tax Claims of the kinds specified in Sections 507(a)(2) and 507(a)(8) of the Bankruptcy Code (set forth in Articles III and IV above) have not been classified and are excluded from classification in accordance with Section 1123(a)(1) of the Bankruptcy Code.

5.2 Allowed Amount in a Particular Class. An Allowed Claim or Allowed Interest is part of a particular Class only to the extent of the amount of the Allowed Claim or Allowed Interest that qualifies for treatment within that Class and is in a different Class to the extent that the remaining amount of the Allowed Claim or Allowed Interest qualifies for treatment within that different Class.

5.3 Classes. All Claims and Interests shall be divided into the following Classes for all purposes, including voting, confirmation and Distribution pursuant to the Plan, as follows, which Classes shall be mutually exclusive:

| <b>Class</b>    | <b>Description</b>   | <b>Impairment</b> | <b>Entitled to Vote</b> |
|-----------------|--|-------------------|-------------------------|
| <u>Class 1.</u> | Class 1(a), Class 1(b), Class 1(c), and Class 1(d) each consists of a Secured Claim.   | Unimpaired        | No                      |
| <u>Class 2.</u> | Class 2 consists of all Priority Unsecured Claims.   | Unimpaired        | No                      |
| <u>Class 3.</u> | Class 3(a) consists of the Landlord General Unsecured Claim.<br>Class 3(b) consists of all other General Unsecured Claims not otherwise classified herein. | Unimpaired        | No                      |
| <u>Class 4.</u> | Class 4 consists of all Interests.   | Unimpaired        | No                      |

## ARTICLE VI

### Treatment of Claims and Interests

#### 6.1 Class 1: Secured Claims

1. **Class 1(a)-(c)** consists of the Allowed Secured Claims of Ascentium Capital LLC;
2. **Class 1(d)** consists of the Allowed Secured Claim of Garfield Park

##### (a) Treatment.

Subsequent to the Confirmation of the Plan, each holder of an Allowed Secured Claims in Classes 1(a)-(c) will retain its lien securing its Claim and will be paid by the Debtor or Reorganized HBL in the ordinary course in accordance with its applicable contractual agreements.

Subject to and contemporaneously with the closing of the transaction contemplated in the Purchase and Sale Agreement and satisfaction of the loan amount owed



by WPHP to Garfield Park as contemplated in the Purchase and Sale Agreement, the lien securing the Allowed Secured Claim in Class 1(d) will be satisfied and released, and the Class 1(d) claim shall be deemed satisfied in full. For the avoidance of doubt, in the event the closing of the transaction contemplated in the Purchase and Sale Agreement, and therefore the Effective Date of this Plan, do not occur, the Liens of Garfield Park will not be discharged, impaired or otherwise affected by this Plan or confirmation thereof.

The Debtor represents that it is current on all pre- and post-petition obligations on account of each of the Secured Claims, and the value of the respective collateral for each obligation is believed to exceed the amounts owed by the Debtor on account of each of the Secured Claims. To the extent that it may be agreed or determined by Final Order of the Bankruptcy Court that any pre-petition arrears are owed by the Debtor to any of the holders of the Allowed Secured Claims, such amounts will be fully paid on the Effective Date of the Plan, or on the date on which any such pre-petition arrears become an Allowed Claim, whichever is later.

(b) Full Settlement. The treatment and consideration to be received by holders of Class 1 Claims shall be in full and final satisfaction, release and discharge of their respective Class 1 Claims.

(c) Class 1(a), Class 1(b), Class 1(c) and Class 1(d) are Unimpaired under the Plan.

#### 6.2 Class 2: Priority Unsecured Claims

(a) Treatment. Each holder of a Class 2 Claim shall receive Cash in an amount equal to the Allowed amount of its Class 2 Claim in equal semi-annual installments over a period of three (3) years, or such other time not to exceed five (5) years as fixed by the Bankruptcy Court, beginning on the later of (x) the Effective Date and (y) the date on which each Class 2 Claim becomes an Allowed Claim, or as soon thereafter as practicable. The Debtor is not presently aware of any Priority Unsecured Claims asserted against the Debtor, except the Administrative 503(b)(9) Claim, which shall be treated as set forth in Article III.

(b) Full Settlement. The treatment and consideration to be received by holders of Class 2 Claims shall be in full and final satisfaction, release and discharge of their respective Class 2 Claims.

(c) Class 2 is Unimpaired under the Plan.

#### 6.3 Class 3: General Unsecured Claims Not Otherwise Classified.

1. **Class 3(a)** consists of the Landlord General Unsecured Claim
2. **Class 3(b)** consists of all other General Unsecured Claims not otherwise classified herein

(a) Treatment.

Pursuant to the Purchase and Sale Agreement, contemporaneously with the Closing of the Purchase, the Landlord General Unsecured Claim shall be released, and the Class 3(a) Landlord General Unsecured Claim shall automatically be deemed disallowed and expunged.

Each holder of a Class 3(b) Claim shall receive Cash in an amount equal to the Allowed amount of its Class 3 Claim in equal semi-annual installments over a period of three (3) years, or such other time not to exceed five (5) years as fixed by the Bankruptcy Court, beginning on the later of (x) the Effective Date and (y) the date on which each Class 3(b) Claim becomes an Allowed Claim, or as soon thereafter as practicable, to be paid from the disposable income from the Debtor's operations, after payment in full of all Allowed Claims in Class 1 and Class 2, Priority Tax Claims and other costs of administration, including Allowed Administrative Claims.

(b) Full Settlement. The treatment and consideration to be received by the holders of Class 3(a) and Class 3(b) Claims shall be in full and final satisfaction, release and discharge of their respective Class 3(a) and Class 3(b) Claims.

(c) Class 3(a) and Class 3(b) are Unimpaired under the Plan.

6.4 Class 4: Interests.

(a) Treatment. The holder of Interests in the Debtor shall retain such Interests in the Debtor and/or Reorganized HBL.

(b) Full Settlement. The treatment and consideration to be received by holders of Class 4 Interests shall be in full settlement and final satisfaction of their respective Interests.

(c) Class 4 is Unimpaired under the Plan.

## ARTICLE VII

### **Identification of Classes of Claims and Interests Impaired and Unimpaired Under the Plan**

7.1 No Classes of Claims Impaired by the Plan and Entitled to Vote. There are no Classes of Claims Impaired by the Plan and entitled to vote to accept or reject the Plan.

7.2 Acceptance by an Impaired Class of Claims. Consistent with Section 1126(c) of the Code, and except as provided in Section 1126(e) of the Code, an Impaired Class of Claims

shall have accepted the Plan if the Plan is accepted by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have timely and properly voted to accept or reject the Plan. There is no Impaired Class of Claims under the Plan.

7.3 All Classes of Claims Unimpaired and Conclusively Presumed to Accept this Plan. Holders of Allowed Class 1(a)-(d) Claims, Allowed Class 2 Claims, Allowed Class 3(a)-(b) Claims and Allowed Class 4 Interests are Unimpaired by the Plan. Under Section 1126(f) of the Bankruptcy Code, the holders of these Claims and Interests are conclusively presumed to accept the Plan, and the acceptances of holders of such Allowed Claims and Interests shall not be solicited.

7.4 Confirmation Pursuant to Section 1191 of the Bankruptcy Code (“Cram Down”). With respect to any Impaired Class that does not accept the Plan or is deemed to have rejected the Plan pursuant to Section 1126(f) of the Bankruptcy Code, the Debtor may request that the Bankruptcy Court “cram down” any such Class(es) and confirm the Plan in accordance with Section 1191(b) of the Bankruptcy Code. There is no Impaired Class of Claims under the Plan.

## ARTICLE VIII

### Controversy with Respect to Impairment

8.1 In the event of a controversy as to whether a Class of Claims or Interests is Impaired, the Bankruptcy Court shall determine such controversy.

## ARTICLE IX

### Unexpired Leases and Executory Contracts

9.1 Assumption and Rejection of Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases of the Debtor shall be assumed as of the Effective Date, unless a particular executory contract or unexpired lease (i) has previously been assumed or rejected pursuant to order of the Bankruptcy Court or applicable provisions of the Bankruptcy Code, (ii) a specific agreement has been reached between the Debtor and the counterparty to the lease or executory contract, or (iii) has expired or otherwise terminated pursuant to its terms. For the avoidance of doubt, the Lease is not subject to the provisions of this Section 9.1 and shall be treated as set forth in the Purchase and Sale Agreement. The Plan shall constitute due and sufficient notice of the Debtor’s intention to assume all such executory contracts and unexpired leases, and the Confirmation Order shall be deemed an order under Section 365(a) of the Bankruptcy Code assuming all such executory contracts and unexpired leases. **The Debtor believes that it is current on all executory contracts and unexpired leases intended to be assumed hereunder. Any counterparty to an executory contract or unexpired lease that has an objection to the assumption of such executory contract or unexpired lease or the proposed cure amount of \$0 shall file an objection to the proposed assumption and cure no later than seven (7) days prior to the Confirmation Hearing, as scheduled by the Bankruptcy Court.**

9.2 Bar Date for Rejection Damage Claims. Unless otherwise provided for by an order of the Bankruptcy Court entered on or prior to the Confirmation Date, any Rejection Damage Claim with respect to an executory contract or unexpired lease rejected by the Debtor, if any, must be filed with the Bankruptcy Court on or before the Rejection Damages Bar Date and served upon (a) counsel to the Debtor, Klestadt Winters Jureller Southard & Stevens, LLP, 200 West 41st Street, 17th Floor, New York, New York 10036, Attn: Tracy L. Klestadt; and (b) the Office of the United States Trustee for the Southern District of New York, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, New York 10014, Attn.: Andrea Schwartz, Esq. Any Entity or Person that fails to file and serve its Rejection Damage Claim within the period set forth above shall be forever barred from asserting a Claim against the Debtor, its estate, Reorganized HBL, or any property or interests in property of the Debtor or its estate or Reorganized HBL. All Rejection Damage Claims shall be subject to any defenses of the Debtor. Any Allowed Rejection Damage Claims shall be classified as Class 3(b) Claims under the Plan.

## ARTICLE X

### Means for Implementing the Plan

10.1 Continuation of Reorganized HBL. The filing of the Plan shall constitute a motion for an order of the Bankruptcy Court approving, and the Confirmation Order shall constitute the Bankruptcy Court's approval of, the merger of the Debtor into the Purchaser to form Reorganized HBL as of the Effective Date. Reorganized HBL shall continue to operate the business of the Debtor in the ordinary course following the Effective Date and emergence from the bankruptcy proceedings and shall continue to make the Distributions and otherwise fulfill the Debtor's obligations under this Plan. Except as otherwise provided in the Plan or Confirmation Order, as of the Effective Date, all property of the Debtor's estate (including Causes of Action) shall vest in Reorganized HBL, free and clear of all Liens, Claims, charges or other encumbrances or interests. Reorganized HBL may operate its business and may use, acquire and dispose of property and compromise or settle any Claims or Causes of Action without supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Rules.

10.2 Approval of the Purchase and Sale Agreement. In accordance with Section 1123(b) of the Bankruptcy Code and Rule 9019, the filing of the Plan shall constitute a motion for an order of the Bankruptcy Court approving, and the Confirmation Order shall constitute the Bankruptcy Court's approval of, the Debtor's and/or Reorganized HBL's entry into the Purchase and Sale Agreement, all documents ancillary thereto or executed in connection therewith, and all actions necessary or appropriate to consummate the transactions contemplated thereby, as fair and equitable and in the best interests of the Debtor's estate. Pending the Closing of the Purchase, the Debtor shall be authorized to continue to operate, maintain and preserve the Premises. On or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate or further evidence the terms and provisions of the Purchase and Sale Agreement and related agreements.

10.3 Purchase Financing. In furtherance of the Purchase and Sale Agreement, in order to finance the Purchase, the Debtor and/or Reorganized HBL intends to obtain financing secured by a first mortgage on the Premises in a principal amount of up to \$53,000,000.00 pursuant to loan documentation to be entered into as of the Closing upon terms substantially similar to those set forth in a Term Sheet to be filed with the Bankruptcy Court. The Premises will remain subject to a Second Mortgage Loan in favor of Bradford Allen Funding Company LLC, its affiliates, or assignees (“BA”), in a principal amount of up to \$10,000,000.00, pursuant to loan documentation to be entered into with BA as of the Closing upon terms substantially similar to those set forth in a Term Sheet to be filed with the Bankruptcy Court. The Debtor has secured an investment of capital from existing equity holders sufficient to finance the remainder of the Purchase Price in an amount of up to \$15,000,000.00.

10.4 Satisfaction of DIP Loan and Exit Financing. The Debtor and/or Reorganized HBL, and the DIP Lender, intend to enter into a new financing agreement (the “Exit Financing”), to be effective on the Effective Date of the Plan to the date that is thirty-six (36) months from the Effective Date, on terms generally similar to those of the DIP Credit Agreement, as set forth on the term sheet attached hereto as **Exhibit D** (the “Exit Loan Term Sheet”), and as otherwise agreeable to the Debtor and/or Reorganized HBL and the DIP Lender, as necessary to effectuate the transactions contemplated by the Plan, including satisfaction of any and all obligations due to the DIP Lender under the DIP Credit Agreement. The filing of the Plan shall constitute a motion for an order of the Bankruptcy Court approving, and the Confirmation Order shall constitute the Bankruptcy Court’s approval of, the Exit Financing. The Debtor and/or Reorganized HBL is hereby authorized to obtain the Exit Financing, and the Debtor and/or Reorganized HBL and the DIP Lender are hereby authorized to enter into such agreements, execute such documents and take such other actions as are necessary or appropriate to give effect to the foregoing, without further order or approval of the Bankruptcy Court. Except as expressly modified hereby, the DIP Credit Agreement shall remain in full force and effect between the DIP Lender and the Debtor, in accordance with its terms, until the Effective Date of the Plan.

10.5 Funding. Unless otherwise indicated, the funds necessary to finance the transactions contemplated hereby and make the Distributions and other payments required by this Plan shall be paid from the Debtor’s or Reorganized HBL’s “disposable income” as defined in Section 1191(d) of the Bankruptcy Code.<sup>3</sup> Projections with respect to the ability of the Debtor to make such payments under the Plan are attached hereto as **Exhibit B**. A comparative liquidation analysis is attached hereto as **Exhibit C**.

10.6 Execution of Documents. The Debtor and/or Reorganized HBL is authorized to execute, release and deliver all documents reasonably necessary to consummate the transactions contemplated by the terms and conditions of the Plan and the Purchase and Sale Agreement, and all documents ancillary thereto or executed in connection therewith, without further order or approval of the Bankruptcy Court. Pursuant to the Confirmation Order and upon

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<sup>3</sup> The Purchase and Sale Agreement provides for a deposit in the amount of \$5,625,000 to be funded by Lizer Jozefovic and Marc Neuman.

confirmation of the Plan, the Debtor and/or Reorganized HBL shall be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and provisions of the Plan and the Purchase and Sale Agreement. On or before the Effective Date, the Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate or further evidence the terms and provisions of the Plan and the other agreements referred to herein.

10.7 Transfer Taxes. The Purchase is necessary to the consummation of the Plan and shall be deemed a transfer under, pursuant to, in connection with and in furtherance of the Plan, and such Purchase and transfer and delivery of any and all instruments of transfer, including, without limitation, the applicable deed and any mortgage, in connection therewith shall not be subject to any Transfer Taxes pursuant to Section 1146(a) of the Bankruptcy Code, as interpreted by the Supreme Court in *Florida Department of Revenue v. Piccadilly Cafeterias, Inc.*, 128 S.Ct. 2326 (2008).

10.8 Recording of Documents. Pursuant to Sections 105, 1141(c), 1142(b) and 1146(a) of the Bankruptcy Code, each and every federal, state and local governmental agency or department, shall be directed to accept and record any and all documents and instruments necessary, useful or appropriate to effectuate, implement and consummate the transactions contemplated by the Plan, and any and all notices of satisfaction, release or discharge or assignment of any Lien, Claim or encumbrance not expressly preserved by the Plan.

10.9 Transactions on Business Days. If the Effective Date or any other date on which a transaction or Distribution may occur under the Plan shall occur on a day that is not a Business Day, the transaction or Distribution contemplated by the Plan to occur on such day shall instead occur on the next succeeding Business Day.

10.10 Preservation and Vesting of Claims, Rights, Demands and Causes of Action. Pursuant to Section 1123 of the Bankruptcy Code, the Debtor by and through Reorganized HBL shall be vested with, shall retain, and shall have the authority to prosecute and enforce any and all claims, controversies, agreements, promises, accounts, rights to legal remedies, rights to equitable remedies, rights, demands and Causes of Action of any kind or nature whatsoever held by, through or on behalf of the Debtor or its estate, including, without limitation, all Causes of Action of a trustee and debtor-in-possession under the Bankruptcy Code, including, without limitation, under Sections 544, 545, 547, 548, and 549 of the Bankruptcy Code and New York Debtor and Creditor Law, or other applicable law, against any other Entity or Person arising before or after the Effective Date that have not been fully resolved or disposed of prior to the Effective Date, whether or not litigation with respect to same has been commenced prior to the Effective Date.

## ARTICLE XI

### Distributions; Disputed Claims Reserve

11.1 Timing of Distributions Due Under Plan. All Distributions and payments required under the Plan to holders of Allowed Claims shall be paid as and when provided in Article VI of the Plan. If the Plan is confirmed as a non-consensual plan, then the Subchapter V

Trustee may, as necessary, control the Distributions due under the Plan.

11.2 Manner of Distributions. At the option of the Debtor and/or Reorganized HBL, Distributions may be made by check or such other method as the Debtor and/or Reorganized HBL deem appropriate under the circumstances. No Distributions shall be required to be made to any holder of an Allowed Claim in an amount less than fifty (\$50.00) dollars unless request is made in writing to the Debtor and/or Reorganized HBL.

11.3 Cash Payments. Cash payments made pursuant to the Plan shall be in U.S. dollars. Cash payments made pursuant to the Plan in the form of checks issued by the Debtor and/or Reorganized HBL shall be void if not cashed within one hundred twenty (120) days of the date of the issuance. Requests for reissuance of any check shall be made directly to the Debtor and/or Reorganized HBL.

11.4 Disputed Claims Reserve.

(a) The Debtor shall reserve for each Disputed Claim at the Maximum Amount. On the date of any Distribution, the Debtor and/or Reorganized HBL shall deposit into the Disputed Claims Reserve Cash equal to the amount that would be distributable to all holders of Disputed Claims in respect of all Distributions made on that date, if such Disputed Claims were Allowed in the respective Maximum Amounts. The Debtor and/or Reorganized HBL shall maintain the Disputed Claims Reserve in a segregated account and shall keep records as to the applicable amounts reserved in respect of each Disputed Claim. The Debtor and/or Reorganized HBL shall pay any taxes due and owing with respect to the Disputed Claims Reserve, and reserve all Distributions on account of the Disputed Claims, net of such taxes; provided, however, that the Debtor and/or Reorganized HBL may contest in good faith any tax that any taxing authority determines is owed by the Debtor.

(b) In the event any Disputed Claim becomes an Allowed Claim, the amount of such Allowed Claim shall never exceed the Maximum Amount, and the Debtor and/or Reorganized HBL shall distribute to the holder of such Allowed Claim from the Disputed Claims Reserve the aggregate amount of Cash that such holder would have received through the date of such Distribution in respect of such Disputed Claim as if such Claim has been an Allowed Claim as of the Effective Date.

(c) From time to time as Disputed Claims are disallowed or Allowed in amounts less than their respective Maximum Amounts, the Cash deposited in the Disputed Claims Reserve that otherwise would have been distributed to the holders of such Disputed Claims if such Disputed Claims had become Allowed in their respective Maximum Amounts shall be released from and no longer held in the Disputed Claims Reserve and shall be distributed to the extent required in accordance with this Plan.

11.5 No Interest. Except with respect to holders of Unimpaired Claims entitled to interest under applicable non-bankruptcy law or as otherwise expressly provided herein, no holder of an Allowed Claim shall receive interest on any Distribution to which such holder is entitled hereunder, regardless of whether such Distribution is made on the Effective Date or thereafter.

11.6 Withholding of Taxes.

(a) The Debtor and/or Reorganized HBL may withhold from any property to be distributed under the Plan any property which must be withheld for taxes payable by the Entity or Person entitled to such Distribution to the extent required by applicable law. As a condition to making any Distribution under the Plan, the Debtor may request that the holder of any Allowed Claim provide such holder's taxpayer identification number and such other certification or documentation as may be deemed necessary to comply with applicable tax reporting and withholding laws.

(b) Notwithstanding any other provision of the Plan, each Entity or Person receiving a Distribution of Cash pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any governmental unit on account of such Distribution, including income, withholding and other tax obligations.

11.7 Undeliverable or Unclaimed Distributions.

(a) All Distributions under the Plan to any holder of an Allowed Claim shall be made at the address of such holder according to the Debtor's records, unless the Debtor have been notified in writing after the Effective Date of a change of address. Any Entity or Person that is entitled to receive a Cash Distribution under the Plan but that fails to cash a check within one hundred twenty (120) days of its issuance shall be entitled to receive a reissued check from the Debtor for the amount of the original check, without any interest, if such Entity or Person (i) requests, in writing, the Debtor to reissue such check, and (ii) provides the Debtor with such documentation as the Debtor request to verify that such Entity or Person is entitled to such check. If an Entity or Person fails to cash any check within one hundred twenty (120) days of its issuance or fails to request re-issuance of such check within one hundred twenty (120) days of its issuance, such Entity or Person shall be deemed to have forfeited the amount of the Distribution provided for in such check. Any such forfeited Distributions shall revert to the Debtor's estate and/or Reorganized HBL, and the Claim of any holder or successor to such holder with respect to such forfeited Distributions shall be discharged and forever barred, notwithstanding any other provisions in the Plan or any federal or state escheat laws to the contrary.

(b) In the event that any Distribution to any holder of an Allowed Claim is returned to the Debtor and/or Reorganized HBL as undeliverable, no further Distributions shall be made to such holder unless and until the Debtor are notified in writing of such holder's then- current address. All claims for undeliverable Distributions for which no check is issued must be made within one hundred twenty (120) days of the issuance of the original check. After such date, all unclaimed Distributions shall revert to the Debtor's estate and/or Reorganized HBL and the claim of any holder or successor to such holder with respect to such Distribution shall be forfeited, discharged and forever barred, notwithstanding any provisions in the Plan or any federal or state escheat laws to the contrary. Upon such forfeiture of Cash, such Cash shall be the property of the Debtor's



estate and/or Reorganized HBL.

11.8 Post-Effective Date Services by the Debtor's Professionals. The reasonable fees and expenses of the Debtor and its retained Professionals incurred after the Confirmation Date shall constitute operating expenses of Reorganized HBL and shall be payable upon presentment of a monthly statement for services rendered and for reimbursement of expenses to Reorganized HBL and counsel to any claimed holder of an Interest at the addresses listed for such counsel in a Notice of Appearance filed in the Chapter 11 Case. The Debtor and holders of Interests shall have ten (10) days from the receipt of any such fee and expense statements to dispute all or part of such statement. Upon the expiration of said ten (10) days, Reorganized HBL shall pay the Professionals the undisputed portion of such Professional Fees. Any disputes shall be submitted by the objecting party in a motion to the Bankruptcy Court for determination within forty (40) days of receipt of the statement. In the event no submission is made to the Bankruptcy Court, the objection shall be deemed withdrawn.

## ARTICLE XII

### **Procedures for Resolving Disputed Claims**

12.1. Objections to Claims. Only the Debtor or Reorganized HBL shall have the authority to file or litigate to judgment objections to Claims, settle and compromise claims pursuant to Rule 9019, and withdraw objections to Claims. Subject to an order of the Bankruptcy Court providing otherwise, the Debtor or Reorganized HBL may object to a Claim by filing an objection with the Bankruptcy Court and serving such objection upon the holder of such Claim at any time up to thirty (30) days after the Effective Date or one hundred twenty (120) days after the filing of the proof of such Claim, whichever is later, or such other date fixed by the Bankruptcy Court, and to initiate contested matters and such other proceedings as may be necessary and appropriate for a determination of the Allowed amount of such Claims. The Debtor shall be authorized to challenge, object to and/or settle such disputed Claims without having to seek approval from the Bankruptcy Court if such challenge, objection or settlement results in an Allowed Claim which is less than \$75,000.

12.2. Payments and Distributions with Respect to Disputed Claims. No payments or Distributions shall be made in respect of any Disputed Claim until such Disputed Claim becomes an Allowed Claim.

12.3. Claims Reserve - Estimation. For purposes of effectuating the reserve provisions of the Plan, and the allocations and Distributions to holders of Allowed Claims, the Bankruptcy Court may, on or prior to the Effective Date, or such later date as may be established by the Bankruptcy Court pursuant to Section 502 of the Bankruptcy Code, fix or liquidate the amount of any contingent or unliquidated Claim, in which event the amount so fixed shall be deemed the Allowed amount of such Claim for purposes of the Plan or, in lieu thereof, the Bankruptcy Court shall determine the maximum contingent or unliquidated amount for such Claim, which amount shall be the Maximum Amount in which such Claim ultimately may be Allowed under the Plan, if such Claim is Allowed in whole or in part. The Bankruptcy Court's entry of the Confirmation Order or any such estimation order may limit the Distribution to be made on individual Disputed Claims, regardless of the amount finally

Allowed on account of such Disputed Claims, and no holder shall have recourse against the Debtor's estate, the Debtor, Reorganized HBL, or their professionals, professional consultants, attorneys, advisors, officers, directors, employees, members or their successors or assigns, or any of their property, as such holder's sole recovery shall be from the Distributions to be made to holders of Allowed Claims.

12.4. Distributions After Allowance of Disputed Claims. Distributions to each holder of a Disputed Claim, to the extent that such Claim ultimately becomes an Allowed Claim, shall be made in accordance with the provisions of the Plan.

12.5. Distributions After Disallowance of Disputed Claims. Holders of Allowed Claims under the Plan that receive Distributions after Allowance of such holders' Claims may receive subsequent Distributions if and to the extent that other Claims are disallowed or expunged or as property of the Debtor is converted to Cash. Such subsequent Distributions shall be included with the next Distributions due to be paid to holders of Allowed Claims pursuant to and in accordance with Article V of the Plan.

12.6. Setoffs and Recoupments. Except with respect to Causes of Action of any nature released or allowed pursuant to the Plan or Confirmation Order, the Debtor, Reorganized HBL or their designee as instructed by the Debtor, may, pursuant to Section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off or recoup against any Allowed Claim or the Distributions to be made pursuant to the Plan on account of such Claim, any Causes of Action of any nature that the Debtor may hold against the holder of such Allowed Claim; provided that neither the failure to effect a setoff or recoupment nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor, Reorganized HBL or their respective successors, of any Causes of Action that the Debtor, Reorganized HBL or their respective successors may possess against such holder.

## ARTICLE XIII

### **General Compromise and Settlement; Injunction, Release and Exculpation**

13.1 General Compromise and Settlement. Pursuant to Section 1123 of the Bankruptcy Code and 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, Causes of Action, and controversies released, settled, compromised, discharged, or otherwise resolved pursuant to the Plan, including the compromises represented by the Purchase and Sale Agreement. This Plan shall be deemed a motion to approve the good faith compromise and settlement of all such Claims, Interests, Causes of Action and controversies pursuant to Rule 9019. Unless otherwise set forth herein, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromises or settlements contained herein, including in the Purchase and Sale Agreement, as well as a finding by the Bankruptcy Court that such compromises or settlements are fair, equitable, reasonable and in the best interests of the Debtor and its estate.

13.2 Injunction. Except as otherwise provided in or to enforce the Plan or Confirmation Order, on or after the Effective Date all Entities that have held, currently hold, or may hold, a Claim, Lien, Interest or other liability against or in the Debtor that would be discharged or satisfied under Section 1192 of the Bankruptcy Code are permanently enjoined from taking any of the following actions on account of such Claim, Lien, Interest or right: (a) commencing or continuing in any manner any action or other proceeding on account of such Claim, Lien, Interest, or right against the Debtor, Reorganized HBL, their successors, their respective property or any other property that is to be distributed under the Plan or otherwise by the Debtor; or (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order against the Debtor, Reorganized HBL, their successors, their respective property or any other property to be distributed under the Plan or otherwise by the Debtor. On and after the Effective Date, each holder of an Interest in the Debtor is permanently enjoined from taking or participating in any action that would interfere with or otherwise hinder the Debtor from implementing the Plan or the Confirmation Order.

13.3 Release. Except as otherwise provided in the Plan or the Confirmation Order, on or after the Effective Date all creditors of, Claim holders against, Interest holders of, and Entities having or claiming an interest of any nature in the Debtor or its estate are hereby permanently enjoined and stayed from pursuing or attempting to pursue any action, commencing or continuing any action, employing any process, or any act against the Debtor, Reorganized HBL, their successors, their respective property or any other property that is to be distributed under the Plan, on account of or based upon any right, claim or interest which any such creditor, Claimant, Interest holder, or other Entity or Person may have had prior to the entry of the Confirmation Order.

13.4 Exculpation. Notwithstanding any other provision of the Plan, neither the Debtor nor its officers, directors, members, employees or other agents, financial advisors, attorneys, accountants or Professionals, shall have any liability to any holder of any Claim or Interest for any act or omission in connection with or arising out of the negotiation, preparation and pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan, the Chapter 11 Case, the property to be distributed under the Plan, or any of the transactions contemplated under the Plan, except for liability resulting from conduct constituting gross negligence, willful misconduct or breach of fiduciary duty as determined by a Final Order of the Bankruptcy Court.

## ARTICLE XIV

### **Conditions Precedent to Confirmation and the Effective Date**

14.1 Conditions Precedent to Confirmation of the Plan. The following conditions must be fully satisfied or waived, if subject to waiver, on or before the Confirmation Date:

- (a) the Confirmation Order shall have been entered by the Bankruptcy Court in form and substance reasonably satisfactory to the Debtor and shall contain provisions that, among other things, (i) authorize the implementation of the Plan in accordance with its terms, (ii) approve in

all respects the transactions and agreements effected pursuant to the Plan, including the Purchase and Sale Agreement and the transactions contemplated thereby; and (iii) find that the Plan complies with all applicable provisions of the Bankruptcy Code, including that the Plan was proposed in good faith and that the Confirmation Order was not procured by fraud.

14.2 Conditions Precedent to the Effective Date. The following conditions must be fully satisfied or waived, if subject to waiver, on or before the Effective Date for the Plan to become effective:

- (a) the Confirmation Order shall have been entered by the Bankruptcy Court and shall have become a Final Order; and
- (b) the Purchase and Sale Agreement shall have been approved by the Bankruptcy Court in the Confirmation Order; and
- (c) the Closing (as defined in the Purchase and Sale Agreement) of the Purchase shall have occurred.

#### **ARTICLE XV**

#### **Discharge of Debt; Termination of Subchapter V Trustee Services; Continuation of Stays**

##### 15.1 Discharge of Debt and Termination of Subchapter V Trustee Services.

(a) If this Plan is confirmed under Section 1191(a) of the Bankruptcy Code, on the Effective Date of the Plan, the Debtor will be discharged from any debt that arose before Confirmation of this Plan, to the extent specified in Section 1141(d)(1)(A) of the Bankruptcy Code, except that the Debtor will not be discharged of any debt:

- i. imposed by this Plan; or
- ii. to the extent provided in Section 1141(d)(6).

(b) If this Plan is confirmed under Section 1191(b) of the Bankruptcy Code, confirmation of this Plan does not discharge any debt provided for in this Plan until the Bankruptcy Court grants a discharge upon completion of all payments due within the first three (3) years of this Plan, or such other time not to exceed five (5) years as fixed by the Bankruptcy Court, as otherwise provided in Section 1192 of the Bankruptcy Code. The Debtor will not be discharged of any debt:

- i. on which the last payment is due after the first three (3) years of this Plan, or such other time not to exceed five (5) years as fixed by the Bankruptcy Court, as otherwise provided in Section 1192 of the Bankruptcy Code; or
- ii. excepted from discharge under Section 523(a) of the Bankruptcy

Code, except as provided in Rule 4007(c).

(c) Pursuant to Section 1183(c) of the Bankruptcy Code, not later than fourteen (14) days after this Plan is substantially consummated, the Debtor shall file with the Bankruptcy Court and serve upon the Subchapter V Trustee, the Office of the United States Trustee, and all parties in interest in the Chapter 11 Case notice of such substantial consummation. If this Plan is confirmed under Section 1191(a) of the Bankruptcy Code, the services of the Subchapter V Trustee shall terminate upon such substantial consummation.

15.2 Continuation of Stays. All stays provided for in the Chapter 11 Case under Section 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the completion of all payments required under the Plan.

## ARTICLE XVI

### Miscellaneous Provisions

16.1 Bankruptcy Court to Retain Jurisdiction. Notwithstanding entry of the Confirmation Order, the occurrence of the Effective Date, consummation of the Plan, the Chapter 11 Case having been closed, or a Final Decree having been entered, the Bankruptcy Court shall have and retain jurisdiction of matters arising in or related to the Chapter 11 Case and the Plan, including the Purchase and Sale Agreement, under, and for the purposes of, Sections 105(a), 1127, 1142 and 1144 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To consider any modification of the Plan under Section 1127 of the Bankruptcy Code and/or modification of the Plan before “substantial consummation” as defined in Section 1101(2) of the Bankruptcy Code, and to consider any modification of the Plan to cure any defect or omission, or reconcile any inconsistency in the Plan or in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order.

(b) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any, and allowance of Claims resulting therefrom.

(c) To (i) hear and determine any Claim or Cause of Action arising in or related to the Chapter 11 Case; and (ii) to adjudicate any Causes of Action or other proceedings currently pending or which may be commenced by the Debtor or Reorganized HBL or otherwise referenced herein or elsewhere in the Plan, including, but not limited to, the adjudication of any Causes of Action and any and all “core proceedings” under 28 U.S.C. § 157(b), which are or may be pertinent to the Chapter 11 Case and which the Debtor or Reorganized HBL may deem appropriate to commence and prosecute in support of implementation of the Plan.

(d) To determine any and all adversary proceedings, applications, and

contested matters filed or commenced by the Debtor or Reorganized HBL, including, without limitation, any Causes of Action.

(e) To ensure that Distributions are accomplished as provided in the Plan.

(f) To hear and determine any objections to Administrative Claims, to proofs of Claim, or to Claims and Interests filed and/or asserted both before and after the Confirmation Date, including any objections to the classification of any Claim or Interest, and to allow or disallow any disputed Administrative Claim, Claim or Interest, in whole or in part, and any request for estimation of Claims.

(g) To protect the Debtor's estate and Reorganized HBL from adverse Claims or interference inconsistent with the Plan, including to hear actions to quiet or otherwise clear title to such property of the Debtor's estate or Reorganized HBL based upon the terms and provisions of the Plan.

(h) To (i) enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated; (ii) to issue such orders in aid of execution of the Plan or other transactions contemplated hereunder as may be necessary and appropriate, to the extent authorized by Section 1142 of the Bankruptcy Code; and (iii) to interpret and enforce any Orders previously entered in the Chapter 11 Case to the extent such Orders are not superseded or inconsistent with the Plan.

(i) To hear and determine all applications for compensation and reimbursement of Professional Fees under Sections 330, 331, and 503(b) of the Bankruptcy Code for services rendered and expenses incurred prior or subsequent to the Confirmation Date.

(j) To hear and determine all litigation, Causes of Action and all controversies, suits and disputes that may arise in connection with the interpretation, implementation or enforcement of the Plan, including but not limited to, any and all litigation and/or Causes of Action brought by the Debtor, Reorganized HBL or any other party in interest, whether such litigation and/or Causes of Action is/are commenced either prior to or after the Effective Date.

(k) To hear and determine matters concerning state, local, and federal taxes in accordance with Sections 345, 505, and 1146 of the Bankruptcy Code.

(l) To enter a Final Decree closing the Chapter 11 Case.

(m) To consider and act on the compromise and settlement of any litigation, Claim against or Cause of Action asserted in connection with the Chapter 11 Case.

(n) Without limiting the generality of the foregoing and notwithstanding the Effective Date and to the fullest extent permitted by law, the Bankruptcy Court shall retain exclusive jurisdiction over the Plan and administration of the Debtor's estate after the

Effective Date, including, without limitation, jurisdiction to resolve any and all controversies, suits and issues that may arise in connection herewith or therewith, including, without limitation, any Entities' obligations incurred in connection herewith or therewith, including without limitation, any action against the Debtor, Reorganized HBL, the Debtor's professionals, and any action seeking turnover or recovery of assets included in the Debtor's estate.

16.2 Binding Effect of the Plan. Nothing contained in the Plan shall limit the effect of confirmation as set forth in Section 1141 of the Bankruptcy Code. The provisions of the Plan shall be binding upon and inure to the benefit of the Debtor, Reorganized HBL, any holder of a Claim or Interest, and their respective predecessors, successors, assigns, agents, officers, managers, members and directors and any other Entity or Person affected by the Plan.

16.3 Fractional Cents. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

16.4 Successors and Assigns. The rights and obligations of any Entity or Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such Entity or Person.

16.5 Authorization of Corporate Action. Upon the entry of the Confirmation Order, all actions contemplated by the Plan shall be deemed authorized and approved in all respects (subject to the provisions of the Plan). On the Confirmation Date, appropriate members or authorized signatories of the Debtor are authorized and directed to execute and to deliver any and all agreements, documents and instruments contemplated by the Plan or necessary for the consummation of the Plan, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without the need for any additional authorizations, approvals or consents.

16.6 Withdrawal of the Plan. If the Confirmation Date does not occur, or if the Effective Date does not occur, then the Plan shall be deemed null and void and shall be of no effect and shall be deemed vacated, and the Chapter 11 Case shall continue as if the Plan had never been filed and, in such event, the rights of any holder of a Claim or Interest shall not be affected nor shall such holder be bound by, for purposes of illustration only, and without limitation, the Plan, any statement, admission, commitment, valuation or representation contained in the Plan, or the classification and proposed treatment (including any allowance) of any Claim in the Plan.

16.7 Captions. Article and Section captions used in the Plan are for convenience only and shall not affect the construction of the Plan.

16.8 Method of Notice. Unless expressly specified otherwise, any notice or other communication hereunder to the Debtor, Reorganized HBL or their professionals shall be in writing (including by facsimile transmission or by e-mail) and shall be deemed to have been sufficiently given, for all purposes, if deposited, postage prepaid, in a post office or letter

box (or, in the case of notice by facsimile transmission or e-mail, when received and telephonically or electronically confirmed), addressed to counsel to the Debtor as follows:

Klestadt Winters Jureller Southard & Stevens, LLP  
Attention: Tracy L. Klestadt, Esq.  
200 West 41<sup>st</sup> Street, 17<sup>th</sup> Floor  
New York, New York 10036  
Email: [tklestadt@klestadt.com](mailto:tklestadt@klestadt.com)

16.9 Amendments and Modifications to Plan. The Plan may be altered, amended or modified from time to time by the Debtor, before or after the Confirmation Date, as provided in Section 1127 of the Bankruptcy Code. The Debtor may also seek to modify the Plan at any time after confirmation so long as (a) the Plan has not been substantially consummated, and (b) the Bankruptcy Court authorizes the proposed modification after notice and a hearing.

16.10 Section 1125(e) of the Bankruptcy Code. Confirmation of the Plan shall constitute a finding that no Class of Claims is Impaired or that the Debtor proposed and solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code.

[Signatures follow]



Dated: New York, New York  
August 29, 2022

HBL SNF, LLC

By: \_\_\_\_\_  
Lizer Jozofovic  
Chief Executive Officer

Dated: New York, New York  
August 29, 2022


KLESTADT WINTERS JURELLER  
SOUTHARD & STEVENS, LLP

By: /s/ Tracy L. Klestadt  
Tracy L. Klestadt  
Stephanie R. Sweeney  
Christopher Reilly  
200 West 41<sup>st</sup> Street, 17<sup>th</sup> Floor  
New York, New York 10036-7203  
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Fax: (212) 972-2245  
Email: tklestadt@klestadt.com  
ssweeney@klestadt.com  
creilly@klestadt.com

*Counsel to the Debtor*

Dated: New York, New York  
August 29, 2022

HBL SNF, LLC

By: 

Lizer Jozofovic  
Chief Executive Officer

Dated: New York, New York  
August 29, 2022

KLESTADT WINTERS JURELLER  
SOUTHARD & STEVENS, LLP

By: \_\_\_\_\_

Tracy L. Klestadt  
Stephanie R. Sweeney  
Christopher Reilly  
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ssweeney@klestadt.com  
creilly@klestadt.com

*Counsel to the Debtor*

**EXHIBIT A**

**Purchase and Sale Agreement**

**TO BE FILED UNDER SEPARATE COVER**

**Epic Nursing and Rehabilitation at White Plains  
Operating & Cashflow Projections for 2022 - 2027**

|                                | 2022   | 2023   | 2024   | 2025   | 2026   | 2027   |
|--------------------------------|--------|--------|--------|--------|--------|--------|
| <b>Occupancy- Nursing Home</b> |        |        |        |        |        |        |
| Medicaid                       | 24,500 | 26,322 | 26,863 | 26,863 | 26,863 | 26,863 |
| Medicare                       | 17,984 | 18,425 | 18,806 | 18,806 | 18,806 | 18,806 |
| Private                        | 2,934  | 2,632  | 2,686  | 2,686  | 2,686  | 2,686  |
| Insurance                      | 4,662  | 5,263  | 5,372  | 5,372  | 5,372  | 5,372  |
| Total Resident Days            | 50,080 | 52,642 | 53,727 | 53,727 | 53,727 | 53,727 |
| Maximum Available Days         | 58,400 | 58,400 | 58,400 | 58,400 | 58,400 | 58,400 |
| Occupancy %                    | 85.75% | 90.14% | 92.00% | 92.00% | 92.00% | 92.00% |

|                                | 2022              | 2023              | 2024              | 2025              | 2026              | 2027              |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Revenue</b>                 |                   |                   |                   |                   |                   |                   |
| Medicaid                       | 8,019,549         | 8,784,442         | 8,964,990         | 8,964,990         | 8,964,990         | 8,964,990         |
| Medicare                       | 15,024,697        | 15,704,422        | 16,351,652        | 16,596,984        | 16,930,961        | 17,271,552        |
| Private                        | 1,446,869         | 1,317,421         | 1,364,619         | 1,385,091         | 1,405,877         | 1,426,961         |
| Insurance                      | 2,365,686         | 2,710,711         | 2,808,377         | 2,850,492         | 2,893,247         | 2,936,659         |
| Ancillary (Part B)             | 833,562           | 926,503           | 964,401           | 978,980           | 998,421           | 1,018,398         |
| Total Nursing Home Revenue     | 27,690,363        | 29,443,499        | 30,454,039        | 30,776,537        | 31,193,496        | 31,618,560        |
| Bad Debt Expense Estimate      | (386,867)         | (441,651)         | (456,813)         | (461,650)         | (467,900)         | (474,281)         |
| Revenue Assessment Add-On, Net | 637,109           | 687,436           | 704,026           | 706,521           | 709,049           | 711,616           |
| Net Resident Revenue           | 27,940,605        | 29,689,284        | 30,701,252        | 31,021,408        | 31,434,645        | 31,855,895        |
| Other Operating Revenue        | 11,686            | 13,185            | 13,456            | 13,456            | 13,456            | 13,456            |
| <b>Total Revenue</b>           | <b>27,952,291</b> | <b>29,702,469</b> | <b>30,714,708</b> | <b>31,034,864</b> | <b>31,448,101</b> | <b>31,869,351</b> |

|                          |           |           |           |           |           |           |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Expenses</b>          |           |           |           |           |           |           |
| NURSING & MEDICAL        | 8,043,446 | 8,139,073 | 8,235,767 | 8,333,734 | 8,432,779 | 8,533,440 |
| THERAPY & ANCILLARIES    | 3,425,995 | 3,466,701 | 3,508,004 | 3,549,992 | 3,592,519 | 3,635,042 |
| SOCIAL SERVICES          | 184,357   | 186,705   | 188,936   | 191,094   | 193,245   | 195,396   |
| LEISURE TIME ACTIVITIES  | 360,039   | 364,445   | 368,724   | 373,034   | 377,336   | 381,642   |
| CLEANLINESS & SAFETY     | 1,998,244 | 2,022,111 | 2,046,024 | 2,070,247 | 2,095,008 | 2,119,769 |
| FOOD & NUTRITION         | 2,123,846 | 2,149,220 | 2,174,675 | 2,200,513 | 2,226,887 | 2,253,260 |
| GENERAL & ADMINISTRATION | 2,802,899 | 2,836,440 | 2,870,139 | 2,904,589 | 2,939,036 | 2,974,028 |
| PROPERTY                 | 1,011,438 | 1,023,715 | 1,035,660 | 1,048,043 | 1,060,421 | 1,072,804 |

**Epic Nursing and Rehabilitation at White Plains  
Operating & Cashflow Projections for 2022 - 2027**

|  | <b>2022</b>       | <b>2023</b>       | <b>2024</b>       | <b>2025</b>       | <b>2026</b>       | <b>2027</b>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| NON COMPARABLE                                   | 357,731           | 361,807           | 366,038           | 370,337           | 374,646           | 378,956           |
| PROVIDER TAX                                     | 702,142           | 779,095           | 797,898           | 800,723           | 803,592           | 806,500           |
| <b>Operating Expenses</b>                        | <b>21,010,137</b> | <b>21,329,312</b> | <b>21,591,865</b> | <b>21,842,306</b> | <b>22,095,469</b> | <b>22,350,837</b> |
| <b>EBITDARM</b>                                  | <b>6,942,154</b>  | <b>8,373,157</b>  | <b>9,122,843</b>  | <b>9,192,558</b>  | <b>9,352,632</b>  | <b>9,518,514</b>  |
| <b>Less: Proprietary Operator Specific Costs</b> |                   |                   |                   |                   |                   |                   |
| Centralized Back Office Fee                      | (1,127,361)       | (1,188,098)       | (1,228,590)       | (1,241,395)       | (1,257,920)       | (1,274,774)       |
| Reserve for Replacement (\$500/bed)              | (80,004)          | (80,004)          | (80,004)          | (80,004)          | (80,004)          | (80,004)          |
| <b>EBITDAR</b>                                   | <b>5,734,789</b>  | <b>7,105,055</b>  | <b>7,814,249</b>  | <b>7,871,159</b>  | <b>8,014,708</b>  | <b>8,163,736</b>  |
| Depreciation                                     | (260,700)         | (252,000)         | (252,000)         | (252,000)         | (252,000)         | (252,000)         |
| Rent To Realty                                   | (6,053,162)       | (6,073,164)       | (6,073,164)       | (6,073,164)       | (6,073,164)       | (6,073,164)       |
| <b>Net Income/(Loss)</b>                         | <b>(579,073)</b>  | <b>779,891</b>    | <b>1,489,085</b>  | <b>1,545,995</b>  | <b>1,689,544</b>  | <b>1,838,572</b>  |
| Estimated Cash Receipts*                         | 26,201,145        | 28,217,346        | 29,178,974        | 29,483,122        | 29,875,697        | 30,275,886        |
| Payroll  | (9,251,480)       | (9,738,770)       | (9,939,495)       | (9,939,495)       | (9,939,495)       | (9,939,495)       |
| Benefits   | (2,196,354)       | (2,312,037)       | (2,359,691)       | (2,359,691)       | (2,359,691)       | (2,359,691)       |
| Contracted Labor                                 | (385,061)         | (405,344)         | (413,696)         | (413,696)         | (413,696)         | (413,696)         |
| Assessment                                       | (730,421)         | (779,095)         | (797,898)         | (800,723)         | (803,592)         | (806,500)         |
| Rent   | (6,073,164)       | (6,073,164)       | (6,073,164)       | (6,073,164)       | (6,073,164)       | (6,073,164)       |
| Cash for A/P Expenses                            | 7,564,665         | 8,908,936         | 9,595,030         | 9,896,353         | 10,286,059        | 10,683,340        |
| Post Bankruptcy A/P Payments                     | (6,941,189)       | (9,131,934)       | (9,336,953)       | (9,526,621)       | (9,792,360)       | (10,061,258)      |
| <b>Net Cash Flow</b>                             | <b>623,476</b>    | <b>(222,998)</b>  | <b>258,077</b>    | <b>369,732</b>    | <b>493,699</b>    | <b>622,082</b>    |

**Epic Nursing and Rehabilitation at White Plains  
 Operating & Cashflow Projections for 2022 - 2027**

|   | <b>2022</b>      | <b>2023</b>      | <b>2024</b>      | <b>2025</b>      | <b>2026</b>      | <b>2027</b>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Plus: Opening Cash Balance                | 1,546,519        | 2,169,995        | 1,946,997        | 2,205,074        | 2,574,806        | 3,068,505        |
| <b>Ending Cash Balance</b>                | <b>2,169,995</b> | <b>1,946,997</b> | <b>2,205,074</b> | <b>2,574,806</b> | <b>3,068,505</b> | <b>3,690,587</b> |
| Post Bankruptcy A/P Opening Balance       | 370,355          | 1,428,620        | 1,578,850        | 1,551,572        | 1,595,047        | 1,639,602        |
| Plus: A/P Expenses                        | 7,999,454        | 9,282,164        | 9,309,675        | 9,570,096        | 9,836,915        | 10,106,229       |
| Less: A/P Payments                        | (6,941,189)      | (9,131,934)      | (9,336,953)      | (9,526,621)      | (9,792,360)      | (10,061,258)     |
| <b>Post Bankruptcy A/P Ending Balance</b> | <b>1,428,620</b> | <b>1,578,850</b> | <b>1,551,572</b> | <b>1,595,047</b> | <b>1,639,602</b> | <b>1,684,573</b> |

\*Cash Receipts are swept into a lockbox account and used to pay down the line of credit. This projection assumes the funds are then drawn down from the Line of Credit to satisfy expense obligations



Epic Nursing and Rehabilitation at White Plains  
2022 Projection by Month

|                                       | Days             | # Beds   | COMPLETED      |                |                |                    | Month 4        | Month 5        | Month 6        | Month 7        | Month 8        | Month 9        | Month 10       | Month 11       | Month 12       |
|---------------------------------------|------------------|----------|----------------|----------------|----------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                       |                  |          | Month 1        | Month 2        | Month 3        | Q1 True-Up         |                |                |                |                |                |                |                |                |                |
| <b>EBITDAR</b>                        | <b>5,891,501</b> | 117.64   | <b>624,493</b> | <b>589,894</b> | <b>624,493</b> | <b>(1,045,880)</b> | <b>560,068</b> | <b>547,086</b> | <b>560,068</b> | <b>547,086</b> | <b>547,086</b> | <b>560,068</b> | <b>588,067</b> | <b>600,905</b> | <b>588,067</b> |
| Depreciation                          | (260,700)        | (5.21)   | (21,000)       | (21,000)       | (21,000)       | (8,700)            | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       |
| Rent To Realty                        | (6,053,162)      | (120.87) | (506,097)      | (506,097)      | (506,097)      | 20,002             | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      |
| <b>Net Income/(Loss)</b>              | <b>(422,361)</b> | (8.44)   | <b>97,396</b>  | <b>62,797</b>  | <b>97,396</b>  | <b>(1,034,578)</b> | <b>32,971</b>  | <b>19,989</b>  | <b>32,971</b>  | <b>19,989</b>  | <b>19,989</b>  | <b>32,971</b>  | <b>60,970</b>  | <b>73,808</b>  | <b>60,970</b>  |
| Revenue Inflation Factor from 2021 \$ | 0.00%            |          |                |                |                |                    |                |                |                |                |                |                |                |                |                |
| Expense Inflation Factor from 2021 \$ | 0.00%            |          |                |                |                |                    |                |                |                |                |                |                |                |                |                |
| Estimated Cash Receipts*              | 26,201,145       |          | 2,160,982      | 1,951,663      | 2,160,982      |                    | 2,144,712      | 2,216,480      | 2,144,712      | 2,216,480      | 2,216,480      | 2,144,712      | 2,306,117      | 2,231,708      | 2,306,117      |
| Payroll                               | (9,251,480)      |          | (779,960)      | (704,480)      | (779,960)      |                    | (754,800)      | (779,960)      | (754,800)      | (779,960)      | (779,960)      | (754,800)      | (802,900)      | (777,000)      | (802,900)      |
| Benefits                              | (2,196,354)      |          | (185,167)      | (167,247)      | (185,167)      |                    | (179,194)      | (185,167)      | (179,194)      | (185,167)      | (185,167)      | (179,194)      | (190,613)      | (184,464)      | (190,613)      |
| Contracted Labor                      | (385,061)        |          | (32,463)       | (29,322)       | (32,463)       |                    | (31,416)       | (32,463)       | (31,416)       | (32,463)       | (32,463)       | (31,416)       | (33,418)       | (32,340)       | (33,418)       |
| Assessment                            | (730,421)        |          | (61,191)       | (55,268)       | (61,191)       |                    | (59,718)       | (61,699)       | (59,718)       | (61,699)       | (61,699)       | (59,718)       | (63,523)       | (61,474)       | (63,523)       |
| Rent                                  | (6,073,164)      |          | (506,097)      | (506,097)      | (506,097)      |                    | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      |
| Cash for A/P Expenses                 | 7,564,665        |          | 596,104        | 489,249        | 596,104        |                    | 613,487        | 651,094        | 613,487        | 651,094        | 651,094        | 613,487        | 709,566        | 670,333        | 709,566        |
| Post Bankruptcy A/P Payments          | (6,941,189)      |          | (79,619)       | (290,736)      | (584,777)      |                    | (501,504)      | (584,777)      | (665,729)      | (720,095)      | (665,729)      | (720,095)      | (720,095)      | (665,729)      | (742,304)      |
| Net Monthly Cash Flow                 | 623,476          |          | 516,485        | 198,513        | 11,327         |                    | 111,983        | 66,317         | (52,242)       | (69,001)       | (14,635)       | (106,608)      | (10,529)       | 4,604          | (32,738)       |
| Plus: Opening Cash Balance            | 1546519          |          | 1,546,519      | 2,063,004      | 2,261,517      |                    | 2,272,844      | 2,384,827      | 2,451,144      | 2,398,902      | 2,329,901      | 2,315,266      | 2,208,658      | 2,198,129      | 2,202,733      |
| Ending Cash Balance                   | 2,169,995        |          | 2,063,004      | 2,261,517      | 2,272,844      | -                  | 2,384,827      | 2,451,144      | 2,398,902      | 2,329,901      | 2,315,266      | 2,208,658      | 2,198,129      | 2,202,733      | 2,169,995      |
| Post Bankruptcy A/P Opening Balance   | 370,355          |          | 370,355        | 875,513        | 1,086,281      | 1,086,281          | 1,086,281      | 1,250,506      | 1,385,824      | 1,385,824      | 1,385,824      | 1,440,190      | 1,385,824      | 1,408,033      | 1,428,620      |
| Plus: A/P Expenses                    | 7,999,454        |          | 584,777        | 501,504        | 584,777        |                    | 665,729        | 720,095        | 665,729        | 720,095        | 720,095        | 665,729        | 742,304        | 686,316        | 742,304        |
| Less: A/P Payments                    | (6,941,189)      |          | (79,619)       | (290,736)      | (584,777)      |                    | (501,504)      | (584,777)      | (665,729)      | (720,095)      | (665,729)      | (720,095)      | (720,095)      | (665,729)      | (742,304)      |
| Post Bankruptcy A/P Ending Balance    | 1,428,620        |          | 875,513        | 1,086,281      | 1,086,281      | 1,086,281          | 1,250,506      | 1,385,824      | 1,385,824      | 1,385,824      | 1,440,190      | 1,385,824      | 1,408,033      | 1,428,620      | 1,428,620      |

\*Cash Receipts are swept into a lockbox account and used to pay down the line of credit. This projection assumes the funds are then drawn down from the Line of Credit to satisfy expense obligations



**Epic Nursing and Rehabilitation at White Plains  
2023 Projection by Month**

|  | Days              | # Beds        | Month 1          | Month 2          | Month 3          | Month 4          | Month 5          | Month 6          | Month 7          | Month 8          | Month 9          | Month 10         | Month 11         | Month 12         |
|--|-------------------|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Occupancy- Nursing Home</b>                   |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Medicaid   | 26,322            | 72.12         | 2,170            | 1,960            | 2,170            | 2,160            | 2,233            | 2,160            | 2,257            | 2,257            | 2,184            | 2,282            | 2,207            | 2,282            |
| Medicare   | 18,425            | 50.48         | 1,519            | 1,372            | 1,519            | 1,512            | 1,562            | 1,512            | 1,580            | 1,580            | 1,529            | 1,597            | 1,546            | 1,597            |
| Private  | 2,632             | 7.21          | 217              | 196              | 217              | 216              | 223              | 216              | 226              | 226              | 218              | 228              | 221              | 228              |
| Insurance  | 5,263             | 14.42         | 434              | 392              | 434              | 432              | 446              | 432              | 451              | 451              | 437              | 456              | 442              | 456              |
| Total Resident Days                              | 52,642            | 144.22        | 4,340            | 3,920            | 4,340            | 4,320            | 4,464            | 4,320            | 4,514            | 4,514            | 4,368            | 4,563            | 4,416            | 4,563            |
| Maximum Available Days                           | 58,400            | 160.00        | 4,960            | 4,480            | 4,960            | 4,800            | 4,960            | 4,800            | 4,960            | 4,960            | 4,800            | 4,960            | 4,800            | 4,960            |
| Occupancy %                                      | 90.14%            |               | 87.50%           | 87.50%           | 87.50%           | 90.00%           | 90.00%           | 90.00%           | 91.00%           | 91.00%           | 91.00%           | 92.00%           | 92.00%           | 92.00%           |
| <b>Revenue</b>                                   |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|  | Gross             | PPD           | Month 1          | Month 2          | Month 3          | Month 4          | Month 5          | Month 6          | Month 7          | Month 8          | Month 9          | Month 10         | Month 11         | Month 12         |
| Medicaid   | 8,784,442         | 333.73        | 724,194          | 654,111          | 724,194          | 720,857          | 745,219          | 720,857          | 753,229          | 753,229          | 728,866          | 761,572          | 736,542          | 761,572          |
| Medicare   | 15,704,422        | 852.34        | 1,288,082        | 1,163,429        | 1,288,082        | 1,282,146        | 1,324,545        | 1,282,146        | 1,339,808        | 1,339,808        | 1,296,561        | 1,381,309        | 1,337,197        | 1,381,309        |
| Private  | 1,317,421         | 500.54        | 108,617          | 98,106           | 108,617          | 108,117          | 111,620          | 108,117          | 113,122          | 113,122          | 109,118          | 114,123          | 110,619          | 114,123          |
| Insurance  | 2,710,711         | 515.05        | 223,532          | 201,900          | 223,532          | 222,502          | 229,712          | 222,502          | 232,288          | 232,288          | 225,077          | 234,863          | 227,652          | 234,863          |
| Ancillary (Part B)                               | 926,503           | 17.60         | 75,993           | 68,639           | 75,993           | 75,643           | 78,165           | 75,643           | 79,040           | 79,040           | 76,484           | 81,496           | 78,871           | 81,496           |
| Total Nursing Home Revenue                       | 29,443,499        | 559.32        | 2,420,418        | 2,186,185        | 2,420,418        | 2,409,265        | 2,489,261        | 2,409,265        | 2,517,487        | 2,517,487        | 2,436,106        | 2,573,363        | 2,490,881        | 2,573,363        |
| Bad Debt Expense Estimate                        | (441,651)         | (8.39)        | (36,306)         | (32,793)         | (36,306)         | (36,139)         | (37,339)         | (36,139)         | (37,762)         | (37,762)         | (36,542)         | (38,600)         | (37,363)         | (38,600)         |
| Revenue Assessment Add-On, Net                   | 687,436           | 13.06         | 56,675           | 51,190           | 56,675           | 56,414           | 58,302           | 56,414           | 58,950           | 58,950           | 57,031           | 59,588           | 57,659           | 59,588           |
| Net Resident Revenue                             | 29,689,284        | 563.98        | 2,440,787        | 2,204,582        | 2,440,787        | 2,429,540        | 2,510,224        | 2,429,540        | 2,538,675        | 2,538,675        | 2,456,595        | 2,594,351        | 2,511,177        | 2,594,351        |
| Other Operating Revenue                          | 13,185            | 0.25          | 1,096            | 970              | 1,096            | 1,069            | 1,127            | 1,069            | 1,140            | 1,140            | 1,081            | 1,152            | 1,093            | 1,152            |
| <b>Total Revenue</b>                             | <b>29,702,469</b> | <b>564.23</b> | <b>2,441,883</b> | <b>2,205,552</b> | <b>2,441,883</b> | <b>2,430,609</b> | <b>2,511,351</b> | <b>2,430,609</b> | <b>2,539,815</b> | <b>2,539,815</b> | <b>2,457,676</b> | <b>2,595,503</b> | <b>2,512,270</b> | <b>2,595,503</b> |
| <b>Expenses</b>                                  |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| NURSING & MEDICAL                                | 8,139,073         | 154.61        | 676,446          | 598,885          | 676,446          | 659,996          | 695,773          | 659,996          | 703,566          | 703,566          | 667,329          | 711,204          | 674,662          | 711,204          |
| THERAPY & ANCILLARIES                            | 3,466,701         | 65.85         | 288,121          | 255,085          | 288,121          | 281,114          | 296,353          | 281,114          | 299,672          | 299,672          | 284,238          | 302,925          | 287,361          | 302,925          |
| SOCIAL SERVICES                                  | 186,705           | 3.55          | 15,517           | 13,738           | 15,517           | 15,140           | 15,961           | 15,140           | 16,139           | 16,139           | 15,308           | 16,315           | 15,476           | 16,315           |
| LEISURE TIME ACTIVITIES                          | 364,445           | 6.92          | 30,289           | 26,816           | 30,289           | 29,553           | 31,155           | 29,553           | 31,504           | 31,504           | 29,881           | 31,846           | 30,209           | 31,846           |
| CLEANLINESS & SAFETY                             | 2,022,111         | 38.41         | 168,060          | 148,790          | 168,060          | 163,973          | 172,861          | 163,973          | 174,797          | 174,797          | 165,794          | 176,695          | 167,616          | 176,695          |
| FOOD & NUTRITION                                 | 2,149,220         | 40.83         | 178,624          | 158,143          | 178,624          | 174,280          | 183,727          | 174,280          | 185,785          | 185,785          | 176,216          | 187,802          | 178,152          | 187,802          |
| GENERAL & ADMINISTRATION                         | 2,836,440         | 53.88         | 235,739          | 208,709          | 235,739          | 230,006          | 242,475          | 230,006          | 245,191          | 245,191          | 232,562          | 247,852          | 235,118          | 247,852          |
| PROPERTY   | 1,023,715         | 19.45         | 85,082           | 75,326           | 85,082           | 83,013           | 87,513           | 83,013           | 88,493           | 88,493           | 83,935           | 89,454           | 84,857           | 89,454           |
| NON COMPARABLE                                   | 361,807           | 6.87          | 30,070           | 26,622           | 30,070           | 29,339           | 30,929           | 29,339           | 31,276           | 31,276           | 29,665           | 31,615           | 29,991           | 31,615           |
| PROVIDER TAX                                     | 779,095           | 14.80         | 64,232           | 58,015           | 64,232           | 63,936           | 66,076           | 63,936           | 66,810           | 66,810           | 64,635           | 67,533           | 65,347           | 67,533           |
| <b>Operating Expenses</b>                        | <b>21,329,312</b> | <b>405.17</b> | <b>1,772,180</b> | <b>1,570,129</b> | <b>1,772,180</b> | <b>1,730,350</b> | <b>1,822,823</b> | <b>1,730,350</b> | <b>1,843,233</b> | <b>1,843,233</b> | <b>1,749,563</b> | <b>1,863,241</b> | <b>1,768,789</b> | <b>1,863,241</b> |
| <b>EBITDARM</b>                                  | <b>8,373,157</b>  | <b>159.06</b> | <b>669,703</b>   | <b>635,423</b>   | <b>669,703</b>   | <b>700,259</b>   | <b>688,528</b>   | <b>700,259</b>   | <b>696,582</b>   | <b>696,582</b>   | <b>708,113</b>   | <b>732,262</b>   | <b>743,481</b>   | <b>732,262</b>   |
| <b>Less: Proprietary Operator Specific Costs</b> |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Centralized Back Office Fee                      | (1,188,098)       | (22.57)       | (97,675)         | (88,222)         | (97,675)         | (97,224)         | (100,454)        | (97,224)         | (101,593)        | (101,593)        | (98,307)         | (103,820)        | (100,491)        | (103,820)        |

**Epic Nursing and Rehabilitation at White Plains  
2023 Projection by Month**

|                                       | Days             | # Beds        | Month 1        | Month 2        | Month 3        | Month 4        | Month 5        | Month 6        | Month 7        | Month 8        | Month 9        | Month 10       | Month 11       | Month 12       |
|---------------------------------------|------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reserve for Replacement (\$500/bed)   | (80,004)         | (1.52)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        |
| <b>EBITDAR</b>                        | <b>7,105,055</b> | <b>134.97</b> | <b>565,361</b> | <b>540,534</b> | <b>565,361</b> | <b>596,368</b> | <b>581,407</b> | <b>596,368</b> | <b>588,322</b> | <b>588,322</b> | <b>603,139</b> | <b>621,775</b> | <b>636,323</b> | <b>621,775</b> |
| Depreciation                          | (252,000)        | (4.79)        | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       |
| Rent To Realty                        | (6,073,164)      | (115.37)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      |
| <b>Net Income/(Loss)</b>              | <b>779,891</b>   | <b>14.81</b>  | <b>38,264</b>  | <b>13,437</b>  | <b>38,264</b>  | <b>69,271</b>  | <b>54,310</b>  | <b>69,271</b>  | <b>61,225</b>  | <b>61,225</b>  | <b>76,042</b>  | <b>94,678</b>  | <b>109,226</b> | <b>94,678</b>  |
| Revenue Inflation Factor from 2021 \$ | 1.50%            |               |                |                |                |                |                |                |                |                |                |                |                |                |
| Expense Inflation Factor from 2021 \$ | 1.00%            |               |                |                |                |                |                |                |                |                |                |                |                |                |
| Estimated Cash Receipts*              | 28,217,346       |               | 2,319,789      | 2,095,274      | 2,319,789      | 2,309,079      | 2,385,783      | 2,309,079      | 2,412,824      | 2,412,824      | 2,334,792      | 2,465,728      | 2,386,657      | 2,465,728      |
| Payroll                               | (9,738,770)      |               | (802,900)      | (725,200)      | (802,900)      | (799,200)      | (825,840)      | (799,200)      | (835,090)      | (835,090)      | (808,080)      | (844,155)      | (816,960)      | (844,155)      |
| Benefits                              | (2,312,037)      |               | (190,613)      | (172,166)      | (190,613)      | (189,734)      | (196,059)      | (189,734)      | (198,255)      | (198,255)      | (191,843)      | (200,407)      | (193,951)      | (200,407)      |
| Contracted Labor                      | (405,344)        |               | (33,418)       | (30,184)       | (33,418)       | (33,264)       | (34,373)       | (33,264)       | (34,758)       | (34,758)       | (33,634)       | (35,135)       | (34,003)       | (35,135)       |
| Assessment                            | (779,095)        |               | (64,232)       | (58,015)       | (64,232)       | (63,936)       | (66,076)       | (63,936)       | (66,810)       | (66,810)       | (64,635)       | (67,533)       | (65,347)       | (67,533)       |
| Rent                                  | (6,073,164)      |               | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      |
| Cash for A/P Expenses                 | 8,908,936        |               | 722,529        | 603,612        | 722,529        | 716,848        | 757,338        | 716,848        | 771,814        | 771,814        | 730,503        | 812,401        | 770,299        | 812,401        |
| Post Bankruptcy A/P Payments          | (9,131,934)      |               | (686,316)      | (742,304)      | (778,692)      | (672,786)      | (778,692)      | (741,440)      | (800,929)      | (741,440)      | (809,913)      | (809,913)      | (749,678)      | (819,831)      |
| Net Monthly Cash Flow                 | (222,998)        |               | 36,213         | (138,692)      | (56,163)       | 44,062         | (21,354)       | (24,592)       | (29,115)       | 30,374         | (79,410)       | 2,488          | 20,621         | (7,430)        |
| Plus: Opening Cash Balance            | 2,169,995        |               | 2,169,995      | 2,206,208      | 2,067,516      | 2,011,353      | 2,055,415      | 2,034,061      | 2,009,469      | 1,980,354      | 2,010,728      | 1,931,318      | 1,933,806      | 1,954,427      |
| Ending Cash Balance                   | 1,946,997        |               | 2,206,208      | 2,067,516      | 2,011,353      | 2,055,415      | 2,034,061      | 2,009,469      | 1,980,354      | 2,010,728      | 1,931,318      | 1,933,806      | 1,954,427      | 1,946,997      |
| Post Bankruptcy A/P Opening Balance   | 1,428,620        |               | 1,428,620      | 1,520,996      | 1,451,478      | 1,451,478      | 1,520,132      | 1,542,369      | 1,542,369      | 1,551,353      | 1,619,826      | 1,559,591      | 1,569,509      | 1,578,850      |
| Plus: A/P Expenses                    | 9,282,164        |               | 778,692        | 672,786        | 778,692        | 741,440        | 800,929        | 741,440        | 809,913        | 809,913        | 749,678        | 819,831        | 759,019        | 819,831        |
| Less: A/P Payments                    | (9,131,934)      |               | (686,316)      | (742,304)      | (778,692)      | (672,786)      | (778,692)      | (741,440)      | (800,929)      | (741,440)      | (809,913)      | (809,913)      | (749,678)      | (819,831)      |
| Post Bankruptcy A/P Ending Balance    | 1,578,850        |               | 1,520,996      | 1,451,478      | 1,451,478      | 1,520,132      | 1,542,369      | 1,542,369      | 1,551,353      | 1,619,826      | 1,559,591      | 1,569,509      | 1,578,850      | 1,578,850      |

**Epic Nursing and Rehabilitation at White Plains  
2023 Projection by Month**

| <b>Days</b> | <b># Beds</b> | <b>Month 1</b> | <b>Month 2</b> | <b>Month 3</b> | <b>Month 4</b> | <b>Month 5</b> | <b>Month 6</b> | <b>Month 7</b> | <b>Month 8</b> | <b>Month 9</b> | <b>Month 10</b> | <b>Month 11</b> | <b>Month 12</b> |
|-------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
|-------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|

\*Cash Receipts are swept into a lockbox account and used to pay down the line of credit. This projection assumes the funds are then drawn down from the Line of Credit to satisfy expense obligation:



Epic Nursing and Rehabilitation at White Plains  
2024 Projection by Month

|   | Days             | # Beds   | # Beds   | Month 1          | Month 2          | Month 3          | Month 4          | Month 5          | Month 6          | Month 7          | Month 8          | Month 9          | Month 10         | Month 11         | Month 12         |
|---|------------------|----------|----------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>EBITDAR</b>                            | <b>7,814,249</b> | 145.44   | 133.27   | <b>642,371</b>   | <b>611,665</b>   | <b>642,371</b>   | <b>655,965</b>   | <b>642,371</b>   | <b>655,965</b>   | <b>642,371</b>   | <b>642,371</b>   | <b>655,965</b>   | <b>670,042</b>   | <b>682,750</b>   | <b>670,042</b>   |
| Depreciation                              | (252,000)        | (4.69)   | (4.69)   | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         |
| Rent To Realty                            | (6,073,164)      | (113.04) | (113.04) | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        |
| <b>Net Income/(Loss)</b>                  | <b>1,489,085</b> | 27.71    | 15.54    | <b>115,274</b>   | <b>84,568</b>    | <b>115,274</b>   | <b>128,868</b>   | <b>115,274</b>   | <b>128,868</b>   | <b>115,274</b>   | <b>115,274</b>   | <b>128,868</b>   | <b>142,945</b>   | <b>155,653</b>   | <b>142,945</b>   |
| Revenue Inflation Factor from 2021 \$     | 1.50%            |          |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Expense Inflation Factor from 2021 \$     | 1.00%            |          |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Estimated Cash Receipts*                  | 29,178,974       |          | 95%      | 2,471,109        | 2,232,448        | 2,471,109        | 2,391,873        | 2,471,109        | 2,391,873        | 2,471,109        | 2,471,109        | 2,391,873        | 2,498,491        | 2,418,380        | 2,498,491        |
| Payroll                                   | (9,939,495)      |          | 185.00   | (844,155)        | (762,570)        | (844,155)        | (816,960)        | (844,155)        | (816,960)        | (844,155)        | (844,155)        | (816,960)        | (844,155)        | (816,960)        | (844,155)        |
| Benefits                                  | (2,359,691)      |          | 43.92    | (200,407)        | (181,038)        | (200,407)        | (193,951)        | (200,407)        | (193,951)        | (200,407)        | (200,407)        | (193,951)        | (200,407)        | (193,951)        | (200,407)        |
| Contracted Labor                          | (413,696)        |          | 7.70     | (35,135)         | (31,739)         | (35,135)         | (34,003)         | (35,135)         | (34,003)         | (35,135)         | (35,135)         | (34,003)         | (35,135)         | (34,003)         | (35,135)         |
| Assessment                                | (797,898)        |          |          | (67,769)         | (61,211)         | (67,769)         | (65,576)         | (67,769)         | (65,576)         | (67,769)         | (67,769)         | (65,576)         | (67,769)         | (65,576)         | (67,769)         |
| Rent                                      | (6,073,164)      |          |          | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        |
| Cash for A/P Expenses                     | 9,595,030        |          |          | 817,546          | 689,793          | 817,546          | 775,286          | 817,546          | 775,286          | 817,546          | 817,546          | 775,286          | 844,928          | 801,793          | 844,928          |
| Post Bankruptcy A/P Payments              | (9,336,953)      |          |          | (759,019)        | (819,831)        | (804,663)        | (695,055)        | (804,663)        | (744,639)        | (804,663)        | (744,639)        | (804,663)        | (804,663)        | (744,639)        | (805,816)        |
| Net Monthly Cash Flow                     | 258,077          |          |          | 58,527           | (130,038)        | 12,883           | 80,231           | 12,883           | 30,647           | 12,883           | 72,907           | (29,377)         | 40,265           | 57,154           | 39,112           |
| Plus: Opening Cash Balance                | 1,946,997        |          |          | 1,946,997        | 2,005,524        | 1,875,486        | 1,888,369        | 1,968,600        | 1,981,483        | 2,012,130        | 2,025,013        | 2,097,920        | 2,068,543        | 2,108,808        | 2,165,962        |
| <b>Ending Cash Balance</b>                | <b>2,205,074</b> |          |          | <b>2,005,524</b> | <b>1,875,486</b> | <b>1,888,369</b> | <b>1,968,600</b> | <b>1,981,483</b> | <b>2,012,130</b> | <b>2,025,013</b> | <b>2,097,920</b> | <b>2,068,543</b> | <b>2,108,808</b> | <b>2,165,962</b> | <b>2,205,074</b> |
| Post Bankruptcy A/P Opening Balance       | 1,578,850        |          |          | 1,578,850        | 1,624,494        | 1,499,718        | 1,499,718        | 1,549,302        | 1,549,302        | 1,549,302        | 1,549,302        | 1,609,326        | 1,549,302        | 1,550,455        | 1,551,572        |
| Plus: A/P Expenses                        | 9,309,675        |          |          | 804,663          | 695,055          | 804,663          | 744,639          | 804,663          | 744,639          | 804,663          | 804,663          | 744,639          | 805,816          | 745,756          | 805,816          |
| Less: A/P Payments                        | (9,336,953)      |          |          | (759,019)        | (819,831)        | (804,663)        | (695,055)        | (804,663)        | (744,639)        | (804,663)        | (744,639)        | (804,663)        | (804,663)        | (744,639)        | (805,816)        |
| <b>Post Bankruptcy A/P Ending Balance</b> | <b>1,551,572</b> |          |          | <b>1,624,494</b> | <b>1,499,718</b> | <b>1,499,718</b> | <b>1,549,302</b> | <b>1,549,302</b> | <b>1,549,302</b> | <b>1,549,302</b> | <b>1,549,302</b> | <b>1,609,326</b> | <b>1,549,302</b> | <b>1,550,455</b> | <b>1,551,572</b> |

\*Cash Receipts are swept into a lockbox account and used to pay down the line of credit. This projection assumes the funds are then drawn down from the Line of Credit to satisfy expense obligations.



Epic Nursing and Rehabilitation at White Plains  
2025 Projection by Month

|   | Days             | # Beds   | # Beds   | Month 1          | Month 2          | Month 3          | Month 4          | Month 5          | Month 6          | Month 7          | Month 8          | Month 9          | Month 10         | Month 11         | Month 12         |
|---|------------------|----------|----------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>EBITDAR</b>                            | <b>7,871,159</b> | 146.51   | 133.99   | <b>646,924</b>   | <b>616,161</b>   | <b>646,924</b>   | <b>660,792</b>   | <b>646,924</b>   | <b>660,792</b>   | <b>646,924</b>   | <b>646,924</b>   | <b>660,792</b>   | <b>675,011</b>   | <b>687,980</b>   | <b>675,011</b>   |
| Depreciation                              | (252,000)        | (4.69)   | (4.69)   | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         | (21,000)         |
| Rent To Realty                            | (6,073,164)      | (113.04) | (113.04) | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        |
| <b>Net Income/(Loss)</b>                  | <b>1,545,995</b> | 28.78    | 16.26    | <b>119,827</b>   | <b>89,064</b>    | <b>119,827</b>   | <b>133,695</b>   | <b>119,827</b>   | <b>133,695</b>   | <b>119,827</b>   | <b>119,827</b>   | <b>133,695</b>   | <b>147,914</b>   | <b>160,883</b>   | <b>147,914</b>   |
| Revenue Inflation Factor from 2021 \$     | 1.50%            |          |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Expense Inflation Factor from 2021 \$     | 1.00%            |          |          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Estimated Cash Receipts*                  | 29,483,122       |          | 95%      | 2,496,832        | 2,255,689        | 2,496,832        | 2,416,779        | 2,496,832        | 2,416,779        | 2,496,832        | 2,496,832        | 2,416,779        | 2,524,626        | 2,443,684        | 2,524,626        |
| Payroll                                   | (9,939,495)      |          | 185.00   | (844,155)        | (762,570)        | (844,155)        | (816,960)        | (844,155)        | (816,960)        | (844,155)        | (844,155)        | (816,960)        | (844,155)        | (816,960)        | (844,155)        |
| Benefits                                  | (2,359,691)      |          | 43.92    | (200,407)        | (181,038)        | (200,407)        | (193,951)        | (200,407)        | (193,951)        | (200,407)        | (200,407)        | (193,951)        | (200,407)        | (193,951)        | (200,407)        |
| Contracted Labor                          | (413,696)        |          | 7.70     | (35,135)         | (31,739)         | (35,135)         | (34,003)         | (35,135)         | (34,003)         | (35,135)         | (35,135)         | (34,003)         | (35,135)         | (34,003)         | (35,135)         |
| Assessment                                | (800,723)        |          |          | (68,009)         | (61,428)         | (68,009)         | (65,808)         | (68,009)         | (65,808)         | (68,009)         | (68,009)         | (65,808)         | (68,009)         | (65,808)         | (68,009)         |
| Rent                                      | (6,073,164)      |          |          | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        | (506,097)        |
| Cash for A/P Expenses                     | 9,896,353        |          |          | 843,029          | 712,817          | 843,029          | 799,960          | 843,029          | 799,960          | 843,029          | 843,029          | 799,960          | 870,823          | 826,865          | 870,823          |
| Post Bankruptcy A/P Payments              | (9,526,621)      |          |          | (745,756)        | (805,816)        | (826,947)        | (714,806)        | (826,947)        | (765,797)        | (826,947)        | (765,797)        | (826,947)        | (826,947)        | (765,797)        | (828,117)        |
| Net Monthly Cash Flow                     | 369,732          |          |          | 97,273           | (92,999)         | 16,082           | 85,154           | 16,082           | 34,163           | 16,082           | 77,232           | (26,987)         | 43,876           | 61,068           | 42,706           |
| Plus: Opening Cash Balance                | 2,205,074        |          |          | 2,205,074        | 2,302,347        | 2,209,348        | 2,225,430        | 2,310,584        | 2,326,666        | 2,360,829        | 2,376,911        | 2,454,143        | 2,427,156        | 2,471,032        | 2,532,100        |
| <b>Ending Cash Balance</b>                | <b>2,574,806</b> |          |          | <b>2,302,347</b> | <b>2,209,348</b> | <b>2,225,430</b> | <b>2,310,584</b> | <b>2,326,666</b> | <b>2,360,829</b> | <b>2,376,911</b> | <b>2,454,143</b> | <b>2,427,156</b> | <b>2,471,032</b> | <b>2,532,100</b> | <b>2,574,806</b> |
| Post Bankruptcy A/P Opening Balance       | 1,551,572        |          |          | 1,551,572        | 1,632,763        | 1,541,753        | 1,541,753        | 1,592,744        | 1,592,744        | 1,592,744        | 1,592,744        | 1,653,894        | 1,592,744        | 1,593,914        | 1,595,047        |
| Plus: A/P Expenses                        | 9,570,096        |          |          | 826,947          | 714,806          | 826,947          | 765,797          | 826,947          | 765,797          | 826,947          | 826,947          | 765,797          | 828,117          | 766,930          | 828,117          |
| Less: A/P Payments                        | (9,526,621)      |          |          | (745,756)        | (805,816)        | (826,947)        | (714,806)        | (826,947)        | (765,797)        | (826,947)        | (765,797)        | (826,947)        | (826,947)        | (765,797)        | (828,117)        |
| <b>Post Bankruptcy A/P Ending Balance</b> | <b>1,595,047</b> |          |          | <b>1,632,763</b> | <b>1,541,753</b> | <b>1,541,753</b> | <b>1,592,744</b> | <b>1,592,744</b> | <b>1,592,744</b> | <b>1,592,744</b> | <b>1,653,894</b> | <b>1,592,744</b> | <b>1,593,914</b> | <b>1,595,047</b> | <b>1,595,047</b> |

\*Cash Receipts are swept into a lockbox account and used to pay down the line of credit. This projection assumes the funds are then drawn down from the Line of Credit to satisfy expense obligations.

**Epic Nursing and Rehabilitation at White Plains  
2025 Projection by Month**

|  | Days              | # Beds        | Month 1          | Month 2          | Month 3          | Month 4          | Month 5          | Month 6          | Month 7          | Month 8          | Month 9          | Month 10         | Month 11         | Month 12         |
|--|-------------------|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Occupancy- Nursing Home</b>                   |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Medicaid   | 26,863            | 73.60         | 2,282            | 2,061            | 2,282            | 2,207            | 2,282            | 2,207            | 2,282            | 2,282            | 2,207            | 2,282            | 2,207            | 2,282            |
| Medicare   | 18,806            | 51.52         | 1,597            | 1,443            | 1,597            | 1,546            | 1,597            | 1,546            | 1,597            | 1,597            | 1,546            | 1,597            | 1,546            | 1,597            |
| Private  | 2,686             | 7.36          | 228              | 206              | 228              | 221              | 228              | 221              | 228              | 228              | 221              | 228              | 221              | 228              |
| Insurance  | 5,372             | 14.72         | 456              | 412              | 456              | 442              | 456              | 442              | 456              | 456              | 442              | 456              | 442              | 456              |
| Total Resident Days                              | 53,727            | 147.20        | 4,563            | 4,122            | 4,563            | 4,416            | 4,563            | 4,416            | 4,563            | 4,563            | 4,416            | 4,563            | 4,416            | 4,563            |
| Maximum Available Days                           | 58,400            | 160.00        | 4,960            | 4,480            | 4,960            | 4,800            | 4,960            | 4,800            | 4,960            | 4,960            | 4,800            | 4,960            | 4,800            | 4,960            |
| Occupancy %                                      | 92.00%            |               | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           |
| <b>Revenue</b>                                   |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|  | Gross             | PPD           | Month 1          | Month 2          | Month 3          | Month 4          | Month 5          | Month 6          | Month 7          | Month 8          | Month 9          | Month 10         | Month 11         | Month 12         |
| Medicaid   | 8,964,990         | 333.73        | 761,572          | 687,818          | 761,572          | 736,542          | 761,572          | 736,542          | 761,572          | 761,572          | 736,542          | 761,572          | 736,542          | 761,572          |
| Medicare   | 16,930,961        | 900.30        | 1,430,561        | 1,292,611        | 1,430,561        | 1,384,876        | 1,430,561        | 1,384,876        | 1,430,561        | 1,430,561        | 1,384,876        | 1,459,172        | 1,412,573        | 1,459,172        |
| Private  | 1,405,877         | 523.41        | 119,337          | 107,822          | 119,337          | 115,674          | 119,337          | 115,674          | 119,337          | 119,337          | 115,674          | 119,337          | 115,674          | 119,337          |
| Insurance  | 2,893,247         | 538.58        | 245,592          | 221,895          | 245,592          | 238,052          | 245,592          | 238,052          | 245,592          | 245,592          | 238,052          | 245,592          | 238,052          | 245,592          |
| Ancillary (Part B)                               | 998,421           | 18.58         | 84,370           | 76,216           | 84,370           | 81,652           | 84,370           | 81,652           | 84,370           | 84,370           | 81,652           | 86,057           | 83,285           | 86,057           |
| Total Nursing Home Revenue                       | 31,193,496        | 580.59        | 2,641,432        | 2,386,362        | 2,641,432        | 2,556,796        | 2,641,432        | 2,556,796        | 2,641,432        | 2,641,432        | 2,556,796        | 2,671,730        | 2,586,126        | 2,671,730        |
| Bad Debt Expense Estimate                        | (467,900)         | (8.71)        | (39,621)         | (35,795)         | (39,621)         | (38,352)         | (39,621)         | (38,352)         | (39,621)         | (39,621)         | (38,352)         | (40,076)         | (38,792)         | (40,076)         |
| Revenue Assessment Add-On, Net                   | 709,049           | 13.20         | 60,222           | 54,395           | 60,222           | 58,275           | 60,222           | 58,275           | 60,222           | 60,222           | 58,275           | 60,222           | 58,275           | 60,222           |
| Net Resident Revenue                             | 31,434,645        | 585.08        | 2,662,033        | 2,404,962        | 2,662,033        | 2,576,719        | 2,662,033        | 2,576,719        | 2,662,033        | 2,662,033        | 2,576,719        | 2,691,876        | 2,605,609        | 2,691,876        |
| Other Operating Revenue                          | 13,456            | 0.25          | 1,152            | 1,020            | 1,152            | 1,093            | 1,152            | 1,093            | 1,152            | 1,152            | 1,093            | 1,152            | 1,093            | 1,152            |
| <b>Total Revenue</b>                             | <b>31,448,101</b> | <b>585.33</b> | <b>2,663,185</b> | <b>2,405,982</b> | <b>2,663,185</b> | <b>2,577,812</b> | <b>2,663,185</b> | <b>2,577,812</b> | <b>2,663,185</b> | <b>2,663,185</b> | <b>2,577,812</b> | <b>2,693,028</b> | <b>2,606,702</b> | <b>2,693,028</b> |
| <b>Expenses</b>                                  |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| NURSING & MEDICAL                                | 8,432,779         | 156.96        | 721,988          | 639,295          | 721,988          | 684,892          | 721,988          | 684,892          | 721,988          | 721,988          | 684,892          | 721,988          | 684,892          | 721,988          |
| THERAPY & ANCILLARIES                            | 3,592,519         | 66.87         | 307,580          | 272,351          | 307,580          | 291,777          | 307,580          | 291,777          | 307,580          | 307,580          | 291,777          | 307,580          | 291,777          | 307,580          |
| SOCIAL SERVICES                                  | 193,245           | 3.60          | 16,545           | 14,650           | 16,545           | 15,695           | 16,545           | 15,695           | 16,545           | 16,545           | 15,695           | 16,545           | 15,695           | 16,545           |
| LEISURE TIME ACTIVITIES                          | 377,336           | 7.02          | 32,306           | 28,606           | 32,306           | 30,647           | 32,306           | 30,647           | 32,306           | 32,306           | 30,647           | 32,306           | 30,647           | 32,306           |
| CLEANLINESS & SAFETY                             | 2,095,008         | 38.99         | 179,368          | 158,824          | 179,368          | 170,152          | 179,368          | 170,152          | 179,368          | 179,368          | 170,152          | 179,368          | 170,152          | 179,368          |
| FOOD & NUTRITION                                 | 2,226,887         | 41.45         | 190,659          | 168,822          | 190,659          | 180,863          | 190,659          | 180,863          | 190,659          | 190,659          | 180,863          | 190,659          | 180,863          | 190,659          |
| GENERAL & ADMINISTRATION                         | 2,939,036         | 54.70         | 251,631          | 222,811          | 251,631          | 238,702          | 251,631          | 238,702          | 251,631          | 251,631          | 238,702          | 251,631          | 238,702          | 251,631          |
| PROPERTY   | 1,060,421         | 19.74         | 90,790           | 80,391           | 90,790           | 86,125           | 90,790           | 86,125           | 90,790           | 90,790           | 86,125           | 90,790           | 86,125           | 90,790           |
| NON COMPARABLE                                   | 374,646           | 6.97          | 32,076           | 28,402           | 32,076           | 30,428           | 32,076           | 30,428           | 32,076           | 32,076           | 30,428           | 32,076           | 30,428           | 32,076           |
| PROVIDER TAX                                     | 803,592           | 14.96         | 68,252           | 61,648           | 68,252           | 66,045           | 68,252           | 66,045           | 68,252           | 68,252           | 66,045           | 68,252           | 66,045           | 68,252           |
| <b>Operating Expenses</b>                        | <b>22,095,469</b> | <b>411.26</b> | <b>1,891,195</b> | <b>1,675,800</b> | <b>1,891,195</b> | <b>1,795,326</b> | <b>1,891,195</b> | <b>1,795,326</b> | <b>1,891,195</b> | <b>1,891,195</b> | <b>1,795,326</b> | <b>1,891,195</b> | <b>1,795,326</b> | <b>1,891,195</b> |
| <b>EBITDARM</b>                                  | <b>9,352,632</b>  | <b>174.07</b> | <b>771,990</b>   | <b>730,182</b>   | <b>771,990</b>   | <b>782,486</b>   | <b>771,990</b>   | <b>782,486</b>   | <b>771,990</b>   | <b>771,990</b>   | <b>782,486</b>   | <b>801,833</b>   | <b>811,376</b>   | <b>801,833</b>   |
| <b>Less: Proprietary Operator Specific Costs</b> |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Centralized Back Office Fee                      | (1,257,920)       | (23.41)       | (106,527)        | (96,239)         | (106,527)        | (103,112)        | (106,527)        | (103,112)        | (106,527)        | (106,527)        | (103,112)        | (107,721)        | (104,268)        | (107,721)        |



**Epic Nursing and Rehabilitation at White Plains  
2025 Projection by Month**

|                                       | Days             | # Beds   | Month 1        | Month 2        | Month 3        | Month 4        | Month 5        | Month 6        | Month 7        | Month 8        | Month 9        | Month 10       | Month 11       | Month 12       |
|---------------------------------------|------------------|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reserve for Replacement (\$500/bed)   | (80,004)         | (1.49)   | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        |
| <b>EBITDAR</b>                        | <b>8,014,708</b> | 149.17   | <b>658,796</b> | <b>627,276</b> | <b>658,796</b> | <b>672,707</b> | <b>658,796</b> | <b>672,707</b> | <b>658,796</b> | <b>658,796</b> | <b>672,707</b> | <b>687,445</b> | <b>700,441</b> | <b>687,445</b> |
| Depreciation                          | (252,000)        | (4.69)   | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       |
| Rent To Realty                        | (6,073,164)      | (113.04) | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      |
| <b>Net Income/(Loss)</b>              | <b>1,689,544</b> | 31.44    | <b>131,699</b> | <b>100,179</b> | <b>131,699</b> | <b>145,610</b> | <b>131,699</b> | <b>145,610</b> | <b>131,699</b> | <b>131,699</b> | <b>145,610</b> | <b>160,348</b> | <b>173,344</b> | <b>160,348</b> |
| Revenue Inflation Factor from 2021 \$ | 1.50%            |          |                |                |                |                |                |                |                |                |                |                |                |                |
| Expense Inflation Factor from 2021 \$ | 1.00%            |          |                |                |                |                |                |                |                |                |                |                |                |                |
| Estimated Cash Receipts*              | 29,875,697       |          | 2,530,026      | 2,285,683      | 2,530,026      | 2,448,921      | 2,530,026      | 2,448,921      | 2,530,026      | 2,530,026      | 2,448,921      | 2,558,377      | 2,476,367      | 2,558,377      |
| Payroll                               | (9,939,495)      |          | (844,155)      | (762,570)      | (844,155)      | (816,960)      | (844,155)      | (816,960)      | (844,155)      | (844,155)      | (816,960)      | (844,155)      | (816,960)      | (844,155)      |
| Benefits                              | (2,359,691)      |          | (200,407)      | (181,038)      | (200,407)      | (193,951)      | (200,407)      | (193,951)      | (200,407)      | (200,407)      | (193,951)      | (200,407)      | (193,951)      | (200,407)      |
| Contracted Labor                      | (413,696)        |          | (35,135)       | (31,739)       | (35,135)       | (34,003)       | (35,135)       | (34,003)       | (35,135)       | (35,135)       | (34,003)       | (35,135)       | (34,003)       | (35,135)       |
| Assessment                            | (803,592)        |          | (68,252)       | (61,648)       | (68,252)       | (66,045)       | (68,252)       | (66,045)       | (68,252)       | (68,252)       | (66,045)       | (68,252)       | (66,045)       | (68,252)       |
| Rent                                  | (6,073,164)      |          | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      |
| Cash for A/P Expenses                 | 10,286,059       |          | 875,980        | 742,591        | 875,980        | 831,865        | 875,980        | 831,865        | 875,980        | 875,980        | 831,865        | 904,331        | 859,311        | 904,331        |
| Post Bankruptcy A/P Payments          | (9,792,360)      |          | (766,930)      | (828,117)      | (849,773)      | (735,044)      | (849,773)      | (787,479)      | (849,773)      | (787,479)      | (849,773)      | (849,773)      | (787,479)      | (850,967)      |
| Net Monthly Cash Flow                 | 493,699          |          | 109,050        | (85,526)       | 26,207         | 96,821         | 26,207         | 44,386         | 26,207         | 88,501         | (17,908)       | 54,558         | 71,832         | 53,364         |
| Plus: Opening Cash Balance            | 2,574,806        |          | 2,574,806      | 2,683,856      | 2,598,330      | 2,624,537      | 2,721,358      | 2,747,565      | 2,791,951      | 2,818,158      | 2,906,659      | 2,888,751      | 2,943,309      | 3,015,141      |
| Ending Cash Balance                   | 3,068,505        |          | 2,683,856      | 2,598,330      | 2,624,537      | 2,721,358      | 2,747,565      | 2,791,951      | 2,818,158      | 2,906,659      | 2,888,751      | 2,943,309      | 3,015,141      | 3,068,505      |
| Post Bankruptcy A/P Opening Balance   | 1,595,047        |          | 1,595,047      | 1,677,890      | 1,584,817      | 1,584,817      | 1,637,252      | 1,637,252      | 1,637,252      | 1,637,252      | 1,699,546      | 1,637,252      | 1,638,446      | 1,639,602      |
| Plus: A/P Expenses                    | 9,836,915        |          | 849,773        | 735,044        | 849,773        | 787,479        | 849,773        | 787,479        | 849,773        | 849,773        | 787,479        | 850,967        | 788,635        | 850,967        |
| Less: A/P Payments                    | (9,792,360)      |          | (766,930)      | (828,117)      | (849,773)      | (735,044)      | (849,773)      | (787,479)      | (849,773)      | (787,479)      | (849,773)      | (849,773)      | (787,479)      | (850,967)      |
| Post Bankruptcy A/P Ending Balance    | 1,639,602        |          | 1,677,890      | 1,584,817      | 1,584,817      | 1,637,252      | 1,637,252      | 1,637,252      | 1,637,252      | 1,699,546      | 1,637,252      | 1,638,446      | 1,639,602      | 1,639,602      |

**Epic Nursing and Rehabilitation at White Plains  
2025 Projection by Month**

| <b>Days</b> | <b># Beds</b> | <b>Month 1</b> | <b>Month 2</b> | <b>Month 3</b> | <b>Month 4</b> | <b>Month 5</b> | <b>Month 6</b> | <b>Month 7</b> | <b>Month 8</b> | <b>Month 9</b> | <b>Month 10</b> | <b>Month 11</b> | <b>Month 12</b> |
|-------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
|-------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|

\*Cash Receipts are swept into a lockbox account and used to pay down the line of credit. This projection assumes the funds are then drawn down from the Line of Credit to satisfy expense obligation:

**Epic Nursing and Rehabilitation at White Plains  
2025 Projection by Month**

|  | Days              | # Beds        | Month 1          | Month 2          | Month 3          | Month 4          | Month 5          | Month 6          | Month 7          | Month 8          | Month 9          | Month 10         | Month 11         | Month 12         |
|--|-------------------|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Occupancy- Nursing Home</b>                   |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Medicaid   | 26,863            | 73.60         | 2,282            | 2,061            | 2,282            | 2,207            | 2,282            | 2,207            | 2,282            | 2,282            | 2,207            | 2,282            | 2,207            | 2,282            |
| Medicare   | 18,806            | 51.52         | 1,597            | 1,443            | 1,597            | 1,546            | 1,597            | 1,546            | 1,597            | 1,597            | 1,546            | 1,597            | 1,546            | 1,597            |
| Private  | 2,686             | 7.36          | 228              | 206              | 228              | 221              | 228              | 221              | 228              | 228              | 221              | 228              | 221              | 228              |
| Insurance  | 5,372             | 14.72         | 456              | 412              | 456              | 442              | 456              | 442              | 456              | 456              | 442              | 456              | 442              | 456              |
| Total Resident Days                              | 53,727            | 147.20        | 4,563            | 4,122            | 4,563            | 4,416            | 4,563            | 4,416            | 4,563            | 4,563            | 4,416            | 4,563            | 4,416            | 4,563            |
| Maximum Available Days                           | 58,400            | 160.00        | 4,960            | 4,480            | 4,960            | 4,800            | 4,960            | 4,800            | 4,960            | 4,960            | 4,800            | 4,960            | 4,800            | 4,960            |
| Occupancy %                                      | 92.00%            |               | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           | 92.00%           |
| <b>Revenue</b>                                   |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
|  | Gross             | PPD           | Month 1          | Month 2          | Month 3          | Month 4          | Month 5          | Month 6          | Month 7          | Month 8          | Month 9          | Month 10         | Month 11         | Month 12         |
| Medicaid   | 8,964,990         | 333.73        | 761,572          | 687,818          | 761,572          | 736,542          | 761,572          | 736,542          | 761,572          | 761,572          | 736,542          | 761,572          | 736,542          | 761,572          |
| Medicare   | 17,271,552        | 918.41        | 1,459,339        | 1,318,613        | 1,459,339        | 1,412,735        | 1,459,339        | 1,412,735        | 1,459,339        | 1,459,339        | 1,412,735        | 1,488,525        | 1,440,989        | 1,488,525        |
| Private  | 1,426,961         | 531.26        | 121,127          | 109,440          | 121,127          | 117,408          | 121,127          | 117,408          | 121,127          | 121,127          | 117,408          | 121,127          | 117,408          | 121,127          |
| Insurance  | 2,936,659         | 546.66        | 249,277          | 225,224          | 249,277          | 241,624          | 249,277          | 241,624          | 249,277          | 249,277          | 241,624          | 249,277          | 241,624          | 249,277          |
| Ancillary (Part B)                               | 1,018,398         | 18.96         | 86,058           | 77,741           | 86,058           | 83,286           | 86,058           | 83,286           | 86,058           | 86,058           | 83,286           | 87,779           | 84,951           | 87,779           |
| Total Nursing Home Revenue                       | 31,618,560        | 588.50        | 2,677,373        | 2,418,836        | 2,677,373        | 2,591,595        | 2,677,373        | 2,591,595        | 2,677,373        | 2,677,373        | 2,591,595        | 2,708,280        | 2,621,514        | 2,708,280        |
| Bad Debt Expense Estimate                        | (474,281)         | (8.83)        | (40,161)         | (36,283)         | (40,161)         | (38,874)         | (40,161)         | (38,874)         | (40,161)         | (40,161)         | (38,874)         | (40,624)         | (39,323)         | (40,624)         |
| Revenue Assessment Add-On, Net                   | 711,616           | 13.25         | 60,440           | 54,592           | 60,440           | 58,486           | 60,440           | 58,486           | 60,440           | 60,440           | 58,486           | 60,440           | 58,486           | 60,440           |
| Net Resident Revenue                             | 31,855,895        | 592.92        | 2,697,652        | 2,437,145        | 2,697,652        | 2,611,207        | 2,697,652        | 2,611,207        | 2,697,652        | 2,697,652        | 2,611,207        | 2,728,096        | 2,640,677        | 2,728,096        |
| Other Operating Revenue                          | 13,456            | 0.25          | 1,152            | 1,020            | 1,152            | 1,093            | 1,152            | 1,093            | 1,152            | 1,152            | 1,093            | 1,152            | 1,093            | 1,152            |
| <b>Total Revenue</b>                             | <b>31,869,351</b> | <b>593.17</b> | <b>2,698,804</b> | <b>2,438,165</b> | <b>2,698,804</b> | <b>2,612,300</b> | <b>2,698,804</b> | <b>2,612,300</b> | <b>2,698,804</b> | <b>2,698,804</b> | <b>2,612,300</b> | <b>2,729,248</b> | <b>2,641,770</b> | <b>2,729,248</b> |
| <b>Expenses</b>                                  |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| NURSING & MEDICAL                                | 8,533,440         | 158.83        | 730,606          | 646,926          | 730,606          | 693,068          | 730,606          | 693,068          | 730,606          | 730,606          | 693,068          | 730,606          | 693,068          | 730,606          |
| THERAPY & ANCILLARIES                            | 3,635,042         | 67.66         | 311,221          | 275,575          | 311,221          | 295,230          | 311,221          | 295,230          | 311,221          | 311,221          | 295,230          | 311,221          | 295,230          | 311,221          |
| SOCIAL SERVICES                                  | 195,396           | 3.64          | 16,729           | 14,813           | 16,729           | 15,870           | 16,729           | 15,870           | 16,729           | 16,729           | 15,870           | 16,729           | 15,870           | 16,729           |
| LEISURE TIME ACTIVITIES                          | 381,642           | 7.10          | 32,675           | 28,933           | 32,675           | 30,996           | 32,675           | 30,996           | 32,675           | 32,675           | 30,996           | 32,675           | 30,996           | 32,675           |
| CLEANLINESS & SAFETY                             | 2,119,769         | 39.45         | 181,488          | 160,701          | 181,488          | 172,163          | 181,488          | 172,163          | 181,488          | 181,488          | 172,163          | 181,488          | 172,163          | 181,488          |
| FOOD & NUTRITION                                 | 2,253,260         | 41.94         | 192,917          | 170,821          | 192,917          | 183,005          | 192,917          | 183,005          | 192,917          | 192,917          | 183,005          | 192,917          | 183,005          | 192,917          |
| GENERAL & ADMINISTRATION                         | 2,974,028         | 55.35         | 254,627          | 225,463          | 254,627          | 241,544          | 254,627          | 241,544          | 254,627          | 254,627          | 241,544          | 254,627          | 241,544          | 254,627          |
| PROPERTY   | 1,072,804         | 19.97         | 91,850           | 81,330           | 91,850           | 87,131           | 91,850           | 87,131           | 91,850           | 91,850           | 87,131           | 91,850           | 87,131           | 91,850           |
| NON COMPARABLE                                   | 378,956           | 7.05          | 32,445           | 28,729           | 32,445           | 30,778           | 32,445           | 30,778           | 32,445           | 32,445           | 30,778           | 32,445           | 30,778           | 32,445           |
| PROVIDER TAX                                     | 806,500           | 15.01         | 68,499           | 61,871           | 68,499           | 66,284           | 68,499           | 66,284           | 68,499           | 68,499           | 66,284           | 68,499           | 66,284           | 68,499           |
| <b>Operating Expenses</b>                        | <b>22,350,837</b> | <b>416.00</b> | <b>1,913,057</b> | <b>1,695,162</b> | <b>1,913,057</b> | <b>1,816,069</b> | <b>1,913,057</b> | <b>1,816,069</b> | <b>1,913,057</b> | <b>1,913,057</b> | <b>1,816,069</b> | <b>1,913,057</b> | <b>1,816,069</b> | <b>1,913,057</b> |
| <b>EBITDARM</b>                                  | <b>9,518,514</b>  | <b>177.17</b> | <b>785,747</b>   | <b>743,003</b>   | <b>785,747</b>   | <b>796,231</b>   | <b>785,747</b>   | <b>796,231</b>   | <b>785,747</b>   | <b>785,747</b>   | <b>796,231</b>   | <b>816,191</b>   | <b>825,701</b>   | <b>816,191</b>   |
| <b>Less: Proprietary Operator Specific Costs</b> |                   |               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Centralized Back Office Fee                      | (1,274,774)       | (23.73)       | (107,952)        | (97,527)         | (107,952)        | (104,492)        | (107,952)        | (104,492)        | (107,952)        | (107,952)        | (104,492)        | (109,170)        | (105,671)        | (109,170)        |

**Epic Nursing and Rehabilitation at White Plains  
2025 Projection by Month**

|                                     | Days             | # Beds   | Month 1        | Month 2        | Month 3        | Month 4        | Month 5        | Month 6        | Month 7        | Month 8        | Month 9        | Month 10       | Month 11       | Month 12       |
|-------------------------------------|------------------|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reserve for Replacement (\$500/bed) | (80,004)         | (1.49)   | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        | (6,667)        |
| <b>EBITDAR</b>                      | <b>8,163,736</b> | 151.95   | <b>671,128</b> | <b>638,809</b> | <b>671,128</b> | <b>685,072</b> | <b>671,128</b> | <b>685,072</b> | <b>671,128</b> | <b>671,128</b> | <b>685,072</b> | <b>700,354</b> | <b>713,363</b> | <b>700,354</b> |
| Depreciation                        | (252,000)        | (4.69)   | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       | (21,000)       |
| Rent To Realty                      | (6,073,164)      | (113.04) | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      | (506,097)      |
| <b>Net Income/(Loss)</b>            | <b>1,838,572</b> | 34.22    | <b>144,031</b> | <b>111,712</b> | <b>144,031</b> | <b>157,975</b> | <b>144,031</b> | <b>157,975</b> | <b>144,031</b> | <b>144,031</b> | <b>157,975</b> | <b>173,257</b> | <b>186,266</b> | <b>173,257</b> |

Revenue Inflation Factor from 2021 \$ 1.50%  
Expense Inflation Factor from 2021 \$ 1.00%

|                                     |              |  |           |           |           |           |           |           |           |           |           |           |           |           |
|-------------------------------------|--------------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Estimated Cash Receipts*            | 30,275,886   |  | 2,563,864 | 2,316,257 | 2,563,864 | 2,481,685 | 2,563,864 | 2,481,685 | 2,563,864 | 2,563,864 | 2,481,685 | 2,592,786 | 2,509,682 | 2,592,786 |
| Payroll                             | (9,939,495)  |  | (844,155) | (762,570) | (844,155) | (816,960) | (844,155) | (816,960) | (844,155) | (844,155) | (816,960) | (844,155) | (816,960) | (844,155) |
| Benefits                            | (2,359,691)  |  | (200,407) | (181,038) | (200,407) | (193,951) | (200,407) | (193,951) | (200,407) | (200,407) | (193,951) | (200,407) | (193,951) | (200,407) |
| Contracted Labor                    | (413,696)    |  | (35,135)  | (31,739)  | (35,135)  | (34,003)  | (35,135)  | (34,003)  | (35,135)  | (35,135)  | (34,003)  | (35,135)  | (34,003)  | (35,135)  |
| Assessment                          | (806,500)    |  | (68,499)  | (61,871)  | (68,499)  | (66,284)  | (68,499)  | (66,284)  | (68,499)  | (68,499)  | (66,284)  | (68,499)  | (66,284)  | (68,499)  |
| Rent                                | (6,073,164)  |  | (506,097) | (506,097) | (506,097) | (506,097) | (506,097) | (506,097) | (506,097) | (506,097) | (506,097) | (506,097) | (506,097) | (506,097) |
| Cash for A/P Expenses               | 10,683,340   |  | 909,571   | 772,942   | 909,571   | 864,390   | 909,571   | 864,390   | 909,571   | 909,571   | 864,390   | 938,493   | 892,387   | 938,493   |
| Post Bankruptcy A/P Payments        | (10,061,258) |  | (788,635) | (850,967) | (872,813) | (755,471) | (872,813) | (809,363) | (872,813) | (809,363) | (872,813) | (872,813) | (809,363) | (874,031) |
| Net Monthly Cash Flow               | 622,082      |  | 120,936   | (78,025)  | 36,758    | 108,919   | 36,758    | 55,027    | 36,758    | 100,208   | (8,423)   | 65,680    | 83,024    | 64,462    |
| Plus: Opening Cash Balance          | 3,068,505    |  | 3,068,505 | 3,189,441 | 3,111,416 | 3,148,174 | 3,257,093 | 3,293,851 | 3,348,878 | 3,385,636 | 3,485,844 | 3,477,421 | 3,543,101 | 3,626,125 |
| Ending Cash Balance                 | 3,690,587    |  | 3,189,441 | 3,111,416 | 3,148,174 | 3,257,093 | 3,293,851 | 3,348,878 | 3,385,636 | 3,485,844 | 3,477,421 | 3,543,101 | 3,626,125 | 3,690,587 |
| Post Bankruptcy A/P Opening Balance | 1,639,602    |  | 1,639,602 | 1,723,780 | 1,628,284 | 1,628,284 | 1,682,176 | 1,682,176 | 1,682,176 | 1,682,176 | 1,745,626 | 1,682,176 | 1,683,394 | 1,684,573 |
| Plus: A/P Expenses                  | 10,106,229   |  | 872,813   | 755,471   | 872,813   | 809,363   | 872,813   | 809,363   | 872,813   | 872,813   | 809,363   | 874,031   | 810,542   | 874,031   |
| Less: A/P Payments                  | (10,061,258) |  | (788,635) | (850,967) | (872,813) | (755,471) | (872,813) | (809,363) | (872,813) | (809,363) | (872,813) | (872,813) | (809,363) | (874,031) |
| Post Bankruptcy A/P Ending Balance  | 1,684,573    |  | 1,723,780 | 1,628,284 | 1,628,284 | 1,682,176 | 1,682,176 | 1,682,176 | 1,682,176 | 1,745,626 | 1,682,176 | 1,683,394 | 1,684,573 | 1,684,573 |

**Epic Nursing and Rehabilitation at White Plains  
2025 Projection by Month**

| <u>Days</u> | <u># Beds</u> | <u>Month 1</u> | <u>Month 2</u> | <u>Month 3</u> | <u>Month 4</u> | <u>Month 5</u> | <u>Month 6</u> | <u>Month 7</u> | <u>Month 8</u> | <u>Month 9</u> | <u>Month 10</u> | <u>Month 11</u> | <u>Month 12</u> |
|-------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
|-------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|

\*Cash Receipts are swept into a lockbox account and used to pay down the line of credit. This projection assumes the funds are then drawn down from the Line of Credit to satisfy expense obligation:

**Epic Nursing and Rehabilitation at White Plains**  
**Operating & Cashflow Projections for 2022 - 2027**  
**Significant Assumptions**

- (1) Projections based on December 2021 YTD and T-12 Financial Results
- (2) Assume Occupancy will increase from current levels (72.10%) and will stabilize at 85%
- (3) COVID staffing and supply costs normalizes. Assumes facility is able to maintain nursing staff on salary.
- (4) Centralized Back Office Fee proforma at 4% of Revenue
- (5) Bad Debts proforma at 1.50% of Revenue
- (6) Reserve for Replacement estimated at \$500 per bed
- (7) Medicaid Revenue based on current approved rates
- (8) As part of the initial CON, the NYS DOH approved the facility for reimbursement on a \$42.5 Million mortgage amortizing over 30 years at an interest rate deemed reasonable by the department. The current landlord's mortgage does not meet NYS DOH's guidelines for mortgage reimbursement.
- (9) Once approved, the mortgage reimbursement is anticipated to be approx. \$38 per Medicaid Day to the capital component of the rate. This would add almost \$1mm in revenue to the facility based on projected Medicaid occupancy.

| <b>As OF 12/2021 YTD with Occupancy Increased to 90% and No Expense Increase</b> |   |               |
|--|---|---------------|
| <b>Occupancy</b>   | 52,560  |               |
| <b>Revenue</b>   | 29,131,380  | 554.25        |
| <b>Expenses</b>  |   |               |
| NURSING & MEDICAL  | 7,365,923   | 140.14        |
| THERAPY & ANCILLARIES  | 3,247,206   | 61.78         |
| SOCIAL SERVICES  | 180,850   | 3.44          |
| LEISURE TIME ACTIVITIES  | 355,011   | 6.75          |
| CLEANLINESS & SAFETY   | 1,643,852   | 31.28         |
| FOOD & NUTRITION   | 1,764,592   | 33.57         |
| GENERAL & ADMINISTRATION   | 2,515,994   | 47.87 A       |
| PROPERTY   | 942,361   | 17.93         |
| NON COMPARABLE   | 393,229   | 7.48          |
| PROVIDER TAX   | 486,778   | 9.26          |
| <b>Operating Expenses</b>  | <b>18,895,796</b>   | <b>359.50</b> |
| <b>EBITDARM</b>  | <b>10,235,584</b>   | <b>194.75</b> |
| <b>Less: Proprietary Operator Specific Costs</b>                                 |   |               |
| Management Fee   | 930,346   | 17.70         |
| Reserve for Replacement  |   | -             |
| <b>EBITDAR</b>   | <b>9,305,238</b>  | <b>177.05</b> |
| Depreciation   | 252,000   | 4.79          |
| Rent To Realty   | 6,073,158   | 115.55        |
| <b>Net Income/(Loss)</b>   | <b>2,980,080</b>  | <b>56.71</b>  |
| Payroll  | 10,567,227  | 201.05        |
| Benefits   | 2,308,196   | 43.92         |
| Contracted Labor   | 404,735   | 7.70          |
| Assessment   | 486,778   | 9.26          |
| Non-Labor Expenses   | 6,059,206   | 115.28        |
| A  | Omits \$500,000 in Professional Fees for Bankruptcy Filings |               |

HBL SNF, LLC d/b/a Epic Rehabilitation and Nursing at White Plains  
 Liquidation Analysis  
 Based on Assets as of February 28, 2022

| Asset Item  | Value per Balance |           | Adjustments           | Liquidation Value       |
|---|-------------------|-----------|-----------------------|-------------------------|
|   | \$                | Sheet     |                       |                         |
| Cash and Cash Equivalents                         | \$                | 59,755    |                       | \$ 59,755               |
| Accounts Receivable, Net                          | \$                | 4,940,735 |                       | \$ 4,940,735            |
| Third Party Payor Receivables                     | \$                | 857,709   | <b>G</b>              | \$ 857,709              |
| Inventory   | \$                | 48,067    | \$ (43,260) <b>A</b>  | \$ 4,807                |
| Security Deposits                                 | \$                | 78,707    | \$ (78,707) <b>B</b>  | \$ -                    |
| Prepaid Expenses                                  | \$                | 995,170   | \$ (995,170) <b>B</b> | \$ -                    |
| Resident Funds                                    | \$                | 78,556    | \$ (76,893) <b>C</b>  | \$ 1,663                |
| Property & Equipment, Net                         | \$                | 2,450,450 |                       | \$ 2,450,450            |
| <b>Assets Available for Liquidation</b>           |                   |           |                       | <b>\$ 8,315,119</b>     |
| Security Benefit Corp lien on Accounts Receivable |                   |           |                       | <b>D \$ (4,940,735)</b> |
| Landlord's claim on title to Property & Equipment |                   |           |                       | <b>E \$ (2,450,450)</b> |
| DOH Mandated Closure Plan: Professional Fees      |                   |           |                       | <b>F \$ (250,000)</b>   |
| DOH Mandated Closure Plan: Operating Costs        |                   |           |                       | <b>F \$ (3,500,000)</b> |
| <b>Net Assets Available for Liquidation</b>       |                   |           |                       | <b>\$ (2,826,066)</b>   |

**NOTES**

- A** Assumes inventory can be sold at 10% of historical cost
- B** Prepaid expenses and Security Deposits represent monies already expended. Unclear if entity has right to refund
- C** Resident funds belong to residents of facility and must be refunded and/or transferred at discharge
- D** Security Benefit Corp holds priority lien on accounts receivable assets
- E** Landlord has not issued title to Property and Equipment assets being used by the Nursing Home.
- F** New York State Department of Health mandates Nursing Homes file a closure plan and discharge all residents before liquidation. This plan includes professional fees and estimate for 45 days of operating expenses to facilitate discharges and closure.
- G** Receivables from Third Party Payors represent estimated Medicaid Rate Changes for 2020 and 2021. Unclear when or if the New York State Department of Health will pay these amounts.



**Steven Silver**  
Managing Director

**CNH Finance**  
3 Bethesda Metro Center  
Suite 700  
Bethesda, MD 20814

August 24, 2022

HBL SNF, LLC  
1280 Albany Post Road  
Croton-on-Hudson, New York 10520  
Attn: Lizer Jozefovic

Dear Lizer:

We are pleased to advise you that CNH Finance, LLC ("CNH") will consider establishing a \$3,000,000 revolving line of credit facility (the "Revolver") under the terms and conditions set forth below with HBL SNF, LLC ("Borrower") to provide for Borrower's ongoing working capital requirements and refinance existing indebtedness. Please note that any funding under this proposal is subject to due diligence, legal documentation and credit committee approval.

|                               |   |
|-------------------------------|---|
| <u>Borrower:</u>              | HBL SNF LLC   |
| <u>Lenders:</u>               | CNH Finance Fund I Inc.   |
| <u>Facility:</u>              | \$3,000,000 Revolving Credit Facility   |
| <u>Revolver Availability:</u> | Availability under the Revolving Credit Facility shall be an amount equal to up to 85% of the Net Collectable Value (defined below) of Borrower's accounts receivable due from eligible direct and third-party payors.  |
| <u>Term:</u>                  | 36 months   |
| <u>Interest:</u>              | Interest on the outstanding balance shall be payable monthly in arrears at an annual rate of prime plus 2%<br><br>Interest on the outstanding balance shall be calculated on the basis of the actual number of days elapsed in a 360 day year. Collections of cash by Lenders under the Revolver shall be credited three business clearance days. |
| <u>Fees:</u>                  | Borrower shall pay Administrative Agent a collateral management fee of 0.15% per month on the outstanding balance of the Facility.<br><br>Borrower shall pay Lenders an unused line fee 0.042% per month of the average unused portion of the Revolver.   |

Please initial upon approval \_\_\_\_\_



Borrower shall pay Lenders a fully earned, non-refundable origination fee of 1.0% of the Commitment Amount, due and payable in full upon the funding of the initial loans under the Facility.

Revolver Prepayment:

If the Facility is prepaid prior to the end of the Term, Borrower shall pay to Lenders a fee as compensation for the costs of being prepared to make funds available to Borrower throughout the Term equal to an amount determined by multiplying the Revolver Commitment Amount by 0.50%.

Security:

Lenders shall receive a perfected first priority security interest in all of Borrower's existing and future accounts receivable and accounts receivable-related items all securities evidencing ownership interest in Borrower and its subsidiaries and joint ventures, inventory, machinery and equipment. Borrower shall maintain and pay for bank control accounts for Borrower's accounts receivables.

Financial Covenants:

Borrower will be required to maintain a minimum fixed charge coverage ratio and other ratios to be agreed upon by Borrower and Lender.

Loan Documents:

Borrower shall execute and deliver to Administrative Agent such loan and security agreements, instruments, documents, certificates, opinions and assurances as are reasonable and customary for similar loans, and as Administrative Agent may reasonably require in connection with the closing of the Facility.

Administrative Agent shall receive an opinion from Borrower's counsel satisfactory to Administrative Agent.

Facility Costs:

All reasonable costs associated with the Facility, including, but not limited to Administrative Agent's out-of-pocket expenses associated with the transaction, professional fees, recording fees, search fees, software interface fees and filing fees will be paid by Borrower regardless of whether the transaction closes.

The terms of the Facility as set forth herein are for discussion purposes only and this term sheet does not imply in any way a commitment by Administrative Agent to enter into the Facility or to submit the Facility to Administrative Agent's credit committee for approval. Administrative Agent may terminate its review of the Facility at any time in its sole discretion. Administrative Agent will make the loans summarized above only upon further due diligence and underwriting of the transaction, approval through Administrative Agent's credit approval process, Administrative Agent's continuing satisfaction with the financial and business conditions of the Borrower and its principals, and receipt of documentation and assurances satisfactory to Administrative Agent and its legal counsel. This term sheet does not purport to specify all of the terms, conditions, representations and warranties, covenants and other provisions that will be contained in the final financing documents for the Facility, if approved by Administrative Agent. The Facility shall be subject to such other terms, covenants and conditions as Administrative Agent deems appropriate in its sole discretion.

Please initial upon approval \_\_\_\_\_

This term sheet is being delivered in reliance that all information provided to Lenders is and will be accurate and complete. The contents of this term sheet may not be shared with any third party without Administrative Agent's prior written consent, except for management and regulatory bodies on a need-to-know basis. All persons who are informed of the contents of this term sheet also need to be informed that such contents are confidential and cannot be disclosed without Administrative Agent's prior written consent.

Notwithstanding anything else contained herein, Borrower hereby expressly agrees to be bound by the provisions of this term sheet relating to confidentiality, exclusivity and expense reimbursement.

This term sheet supersedes all previous discussions, communications and proposals relating in any way to the Facility and shall expire if not executed by Borrower and returned to Administrative Agent by 5:00pm EST on September 9, 2022.

CNH Finance, LLC hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act") and CNH Finance, LLC's policies and practices, CNH Finance, LLC is required to obtain, verify and record certain information and documentation that identifies each Borrower, which information includes the name and address of each Borrower and such other information that will allow CNH Finance, LLC to identify each Borrower in accordance with the Act.

If you would like Administrative Agent to continue reviewing your loan request, please evidence your agreement with the forgoing by accepting this proposal on the space set forth below, and returning it. Upon receipt, we will immediately begin due diligence, Administrative Agent's credit process, and legal documentation. We appreciate the opportunity to furnish this proposal to you. If you have any questions, please do not hesitate to call.

Very Truly Yours,

[sent via email]  
Steven Silver  
Managing Director  
**CNH Finance, LLC**

Agreed and accepted this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

HBL SNF LLC  
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Please initial upon approval \_\_\_\_\_