

STATE OF NORTH CAROLINA

COUNTY OF LINCOLN

**FIRST AMENDMENT TO
CONTRACT AND INDENTURE OF LEASE**

This FIRST AMENDMENT TO CONTRACT AND INDENTURE OF LEASE (this "First Amendment") is made and entered into as of the ____ day of April, 2014, by and between the **COUNTY OF LINCOLN**, a body politic and corporate organized and existing under the laws of the State of North Carolina ("Lessor"), and **VENTAS REALTY, LIMITED PARTNERSHIP**, a Delaware limited partnership ("Lessee").

WITNESSETH:

WHEREAS, Lessor and Lincoln Nursing Center, Inc., a North Carolina corporation ("Original Lessee"), entered into that certain Contract and Indenture of Lease dated March 18, 1976 (the "Ground Lease") and recorded in Book 523 at Page 69 in the Office of the Register of Deeds for Lincoln County, North Carolina (the "Registry") pursuant to which Original Lessee leased from Lessor approximately four (4) acres of land owned by Lessor and located at 1410 East Gaston Street in Lincolnton, Lincoln County, North Carolina (the "Premises"), upon which the facility commonly known as the "Lincoln Nursing Center" (the "Facility") is now located; and

WHEREAS, pursuant to that certain Lease Assignment among Original Lessee, Hillhaven, Inc., a Delaware corporation ("Hillhaven"), and Lessor made effective as of November 25, 1986 and recorded in Book 659 at Page 109 in the Registry, Original Lessee assigned its interest as lessee under the Ground Lease to Hillhaven, Hillhaven became the lessee thereunder, and Lessor consented to the assignment; and

WHEREAS, pursuant to that certain Assignment and Assumption of Lease dated as of January 30, 1990 between Hillhaven and First Healthcare Corporation, a Delaware corporation ("First Healthcare"), Hillhaven assigned its interest as lessee under the Ground Lease to First Healthcare, and First Healthcare became the lessee thereunder; and

WHEREAS, First Healthcare subsequently merged with and into Ventas, Inc. a Delaware corporation ("Ventas"), and Ventas became the lessee under the Ground Lease; and

WHEREAS, pursuant to that certain Assignment of Lease between Ventas and Lessee dated December 2, 1998 and recorded on February 1, 1999 in Book 1093 at Page 889 in the Registry, Ventas assigned its interest as lessee under the Ground Lease to Lessee, and Lessee became the lessee thereunder; and

WHEREAS, Lessee and HSP Carolina, LLC, a North Carolina limited liability company ("Sublessee") have heretofore entered into that certain Master Lease and Security Agreement dated as of March 17, 2014 (the "Master Lease"), a copy of which was previously delivered to Lessor, pursuant to which Lessee will sublease the Premises and lease the entirety of the Facility to Sublessee after certain conditions to closing have been met, including, without limitation, approval from certain regulatory authorities and receipt of the consent of Lessor set forth herein; and

WHEREAS, concurrently with the effectiveness of the Master Lease, Sublessee desires to sublease the Premises and the Facility to an affiliate of Sublessee, Lincoln Rehabilitation Center, LLC, a North Carolina limited liability company ("Subsublessee"), pursuant to a Sublease Agreement in the form attached to the Master Lease (the "Subsublease"):

WHEREAS, Lessee further desires to assign all of its rights, title, interests, duties and obligations as lessee under the Ground Lease to Ventas Lincoln, LP, a Delaware limited partnership ("Assignee"), pursuant to the terms and conditions of that certain Assignment and Assumption of Ground Lease between Lessee and Assignee (the "Assignment"), the form of which is attached hereto as Exhibit A and incorporated herein by this reference, and Assignee will accept the assignment and assume the obligations of Lessee effective shortly after certain conditions have been met, including, without limitation, approval from certain regulatory authorities and receipt of the consent of Lessor set forth herein; and

WHEREAS, concurrently with the effectuation of the Assignment, Lessee desires to assign all of its rights, title, interests, duties and obligations as landlord under the Master Lease with respect to the Premises and the Facility to Assignee; and

WHEREAS, Lessee has requested Lessor's consent to (i) the sublease of the Premises by Lessee to Sublessee, (ii) the subsublease of the Premises by Sublessee to Subsublessee, (iii) Lessee's assignment of its interest as lessee under the Ground Lease to Assignee, (iv) Lessee's assignment of its interest as landlord under the Master Lease with respect to the Premises and the Facility to Assignee, and Lessor has agreed to provide such consent on the terms and conditions contained in this First Amendment.

NOW, THEREFORE, for the premises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

1. The above recitals are true and complete and are incorporated herein by this reference, and this First Amendment shall be construed in light thereof.
2. Capitalized terms, unless otherwise defined herein, shall have the meanings ascribed to such terms in the Ground Lease.
3. Subsection 9(a) of the Ground Lease is hereby modified by deleting the phrase "such insurance to afford protection to the limit of not less than \$200,000 in respect to each person, and to the limit of not less than \$500,000 in respect to any one occurrence

causing bodily injury or death, and to the limit of not less than \$50,000 in respect to property damage" and substituting the following in lieu thereof: "with limits not less than \$1,000,000 each occurrence and \$2,000,000 general annual aggregate with respect to bodily injury and property damage, and \$1,000,000 with respect to personal injury".

4. The following is hereby added as new Subsection 9(c) to the Ground Lease:

"(c) The insurance required of Lessee under this Section 9 may be provided by Lessee or by any sublessee or sub-sublessee of the Premises."

5. Lessor hereby consents to (i) the sublease of the Premises and lease of the Facility by Lessee to Sublessee pursuant to the terms of the Master Lease and (ii) the subsublease of the Premises and sublease of the Facility by Sublessee to Subsublessee pursuant to the terms of the Subsublease.
6. Lessor hereby consents to (i) the assignment by Lessee and the assumption by Assignee of all of Lessee's rights, title, interests, duties and obligations as lessee under the Ground Lease pursuant to the terms of the Assignment and (ii) the concurrent assignment by Lessee and the assumption by Assignee of all of Lessee's rights, title, interests, duties and obligations as landlord under the Master Lease with respect to the Premises and the Facility.
7. The Ground Lease, and each of the terms, conditions and obligations thereof, are hereby ratified and affirmed and shall remain in full force and effect, as modified by this First Amendment.
8. All of the terms, conditions and obligations contained in the Ground Lease, whether or not expressly modified hereby, shall be construed so as to give effect to the provisions contained in this First Amendment, and such modifications shall supersede conflicting terms in the Ground Lease.
9. This First Amendment may not be amended, modified, altered or changed in any respect whatsoever except by further agreement in writing duly executed by the parties hereto.
10. This First Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.
11. This First Amendment may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become a binding agreement when one or more counterparts have been signed by and delivered to each of the parties.
12. In the event any term or provision of this First Amendment is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed or deleted as such authority determines, and the remainder of this First Amendment shall remain in full force and effect.

13. This First Amendment shall be governed by and construed in accordance with the laws of the State of North Carolina.
14. Each party agrees that it will without further consideration execute and deliver such other documents and take such other action as may be reasonably requested by either of the other parties to consummate more effectively the purposes or subject matter of this First Amendment.

[Signature Pages Follow]

IN WITNESS WHEREOF, Lessor and Lessee have executed this First Amendment as of the day and year first above written.

LESSOR:

LINCOLN COUNTY,
a body politic and corporate organized and existing
under the laws of the State of North Carolina

By: _____
Chairman, Board of County Commissioners

LESSEE:

VENTAS REALTY, LIMITED PARTNERSHIP,
a Delaware limited partnership

By: Ventas Inc.,
a Delaware corporation,
its Sole General Partner

By: _____
Name: _____
Title: _____

EXHIBIT A

Form of Assignment