

SUBLEASE

THIS SUBLEASE (“**Sublease**”) is entered into as of September 30, 2020 (the “**Effective Date**”), by and between SAN MATEO HEALTHCARE & WELLNESS CENTRE, LP, a California limited partnership (“**Sublandlord**”) and THE COUNTY OF SAN MATEO, a political subdivision of the State of California (“**Subtenant**”).

RECITALS

A. WHEREAS, Sublandlord is the tenant under that certain Operating Lease dated as of September 30, 2020, as described on **Schedule 1** and incorporated herein by reference (the “**Operating Lease**”), with Eretz Trousdale Properties, LLC (“**Landlord**”) as the master landlord, for the 281-bed Distinct Part Skilled Nursing Facility commonly known as Burlingame Skilled Nursing (formerly known as Burlingame Long Term Care), located at 1100 Trousdale Drive, Burlingame, California 94010, described on **Schedule 1** (the “**Facility**”).

B. WHEREAS, Sublandlord and Subtenant wish to enter a sublease covering the Facility on the terms and conditions set forth in the Operating Lease, insofar as they apply to the Facility and its operations.

C. WHEREAS, pursuant to the Operations Management Agreement II, dated as of August 1, 2020 as described on **Schedule 1** and incorporated herein by reference (the “**OMA II**”), between BRIUS, LLC, a California limited liability company, and its affiliated designee (including Sublandlord) and Subtenant, the Sublandlord shall manage and operate the Facility on behalf of Subtenant utilizing Subtenant’s existing license with CDPH (as defined below) for the operation of the Facility as a 281-bed Distinct Part/Distinct part skilled nursing facility (the “**Existing License**”) until Sublandlord obtains a new license to operate the Facility as a 281-bed Distinct Part Skilled Nursing Facility in Sublandlord’s name (the “**New License**”).

NOW THEREFORE, for good and valuable consideration, the parties hereby agree as follows:

AGREEMENT

1. The statements set forth in Paragraphs A through C above are incorporated herein by this reference. Any capitalized terms used herein and not defined shall have the same meaning as capitalized terms in the Operating Lease.

2. Operating Lease and OMA II.

2.1 This Sublease shall at all times be subject and subordinate to the Operating Lease. The terms, conditions, and respective obligations of Sublandlord and Subtenant to each other under this Sublease shall be the terms and conditions of the Operating Lease insofar as they apply to the Facility and its operations, (a) except for those

provisions of the Operating Lease which are directly contradicted in this Sublease, in which event the terms of this Sublease shall control over the Operating Lease; and, (b) except for those provisions of this Sublease which are directly contradicted in the OMA II, in which event the terms of the OMA II shall control over the Sublease. Therefore, for the purposes of this Sublease, wherever in the Operating Lease the word "Landlord" is used, it shall be deemed to mean the Sublandlord herein, and wherever in the Operating Lease the word "Tenant" is used, it shall be deemed to mean the Subtenant herein, but only with respect to Tenant's obligations that relate to, apply to or are connected with the Facility and its operations. Further, wherever in the OMA II the word "Lease" or "ETP Lease" is used, it shall be deemed to mean this Sublease.

2.2 During the term of this Sublease and for all periods subsequent for obligations which have arisen prior to the termination of this Sublease, the Subtenant does hereby expressly assume and agree to perform and comply with, for the benefit of the Sublandlord and Landlord, each and every obligation of Sublandlord under the Operating Lease, but only with respect to Sublandlord obligations that relate to, apply to or are connected with the Facility and its operations.

3. Term. The initial term of this Sublease shall commence on the Initial Commencement Date (as such term is defined in the Operating Lease) and shall continue for five (5) years (the "**Initial Term**"). The term of this Sublease will be extended for two successive five-year periods ending September 30, 2030, and September 30, 2035, respectively (each a "**Renewal Term**") which Renewal Terms shall each automatically occur absent notice by either Sublandlord or Subtenant of the intention not to renew for the Renewal Term. Such notice of the intention not to renew the agreement for the Renewal Term shall be by providing written notice no later than 180 days in advance of the start of a Renewal Term. The Initial Term together with each Renewal Term are collectively referred to herein as the "**Term**". Notwithstanding anything to the contrary herein, this Sublease shall terminate upon the termination of the OMA II.

4. Rent.

4.1 Commencing on the Initial Commencement Date and on the first (1st) day of each month thereafter, Subtenant shall pay to Sublandlord monthly rent in the amount of Three Hundred Ninety-Three Thousand Four Hundred and 00/100 Dollars (\$393,400) for the first Lease Year (the "**Base Rent**"). All monthly Base Rent hereunder shall be paid or shall be deducted from the management fee due under OMA II, as authorized pursuant to section 20.7 of OMA II, on the first (1st) day of each calendar month, in twelve (12) equal monthly installments. In addition to the Base Rent, Subtenant shall pay to Sublandlord or deduct from the management fee under the OMA II, as authorized pursuant to section 20.7 of OMA II, as additional rent (the "**Additional Rent**") an amount equal to any additional rent, charges, expenses, payments, reimbursements, or fees of any kind or nature whatsoever due under the Operating Lease with respect to the Facility, with escalations or decreases in such Additional Rent as provided for in the Operating Lease (the Base Rent and the Additional Rent are, collectively, the "**Rent**"). Rent payments are to commence on the Initial Commencement Date (ratably, if the Initial Commencement Date is other than the first day of the calendar month and shall continue

to be paid thereafter for the duration of this Lease, in accordance with the terms of the Operating Lease. For the avoidance of doubt, any Rent due between the Effective Date of this Sublease and the execution of this Sublease by Sublandlord and Subtenant (“Pre-Execution Rent”) shall be treated as deductions from the management fee due under OMA II, as authorized pursuant to section 20.7 of OMA II, and no additional money shall be due from Subtenant to Sublandlord for such Pre-Execution Rent.

4.2 Commencing on October 1, 2021, and every year thereafter for the Term of the Sublease (each a “**Rental Adjustment Date**”), Base Rent shall be increased based on the Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor (the “**Bureau**”) for All Urban Consumers, (1982-1984 = 100), “All Items”, for the Los Angeles-Anaheim-Riverside Region (the “**Index**”), hereinafter sometimes referred to as the “**CPI**”. The Base Rent for each Rental Adjustment Period (as defined below) shall be calculated as follows: the Base Rent payable for last month of the immediately prior Rental Adjustment Period shall be multiplied by a fraction, the numerator of which shall be the CPI for the month immediately prior to the Rental Adjustment Date of the year during which the adjustment is to take effect, and the denominator of which shall be the CPI as of September of the immediately prior year. For example, in calculating the Base Rent applicable to the Rental Adjustment Period commencing on October 1, 2021, the sum of \$393,400 shall be multiplied by a fraction, the numerator of which shall be the CPI for the month of September 2021 and the denominator of which shall be the CPI for September 2020. The sum so calculated shall constitute the new Base Rent hereunder. As used herein, “Rental Adjustment Period” shall mean each period commencing on a Rental Adjustment Date and expiring on the date that is one (1) year after such Rental Adjustment Date. In the event the CPI shall hereafter be converted to a different standard reference base or otherwise revised, the Index for each Rental Adjustment Date shall be the one reported in the Bureau’s newest comprehensive official index then in use and most nearly answering the description of the foregoing Index. If it is calculated from a base different from 1982-1984 = 100, the determination of any changes in the CPI shall be made using a formula supplied by the Bureau, or if the Bureau shall not publish the same, it shall be determined by using any other nationally recognized publisher of similar statistical information reasonably selected by Landlord.

4.3 Notwithstanding anything herein to the contrary, in no event shall the Base Rent due on or after any Rental Adjustment Date be less than two and one-half percent (2.5%) of the Base Rent in effect immediately prior to such Rental Adjustment Date and no more than five percent (5.0%) of the Base Rent in effect immediately prior to such Rental Adjustment Date.

4.4 If Landlord or Sublandlord shall obtain any financing, upon Sublandlord’s written request, Subtenant shall pay the base rent to such financial institution or as directed by Subtenant; and, Subtenant agrees to execute and deliver such documents that are reasonably required by such financial instruction, and, in the case of a loan insured by the United States Department of Housing and Urban Development (“**HUD**”) as required by HUD, including but not limited to an “Operator Lease Addendum”

on HUD Form 91116-ORCF or in such form then in use by HUD, but only to the extent that such Operator Lease Addendum or other document requested by such financial institution or HUD do not conflict with the OMA II or materially impair any rights or remedies of Subtenant under the terms of the OMA II.

5. Transfer of Operations Upon Termination of Sublease. Upon expiration of the of the Term or the sooner termination of this Sublease, the terms and conditions of the OMA II shall govern the transition of operational and financial responsibility from Subtenant to Manager (as defined in the OMA II) in a manner which will ensure the continued operation of the Facility in compliance with applicable law and in a manner which does not jeopardize the health and welfare of the residents of the Facility.

6. Compliance with Law. Subtenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, zoning restrictions, ordinance or governmental rule or regulation (collectively, the “**Regulations**”) or requirements of duly constituted public authorities now in force or which may hereafter be in force and with the requirements of any board of fire underwriters, environmental agencies or other similar body now or hereafter constituted relating to or affecting the condition, use, or occupancy of the Premises (collectively, the “**Requirements**”). Subtenant shall at all times manage and operate the Facility or cause the Facility to be managed and operate as a 281-bed distinct part skilled nursing facility in compliance with all Regulations and Requirements; and Subtenant shall at all times maintain the Existing License in full force and effect. The judgment of any court of competent jurisdiction or the admission of Subtenant in any action against Subtenant, whether Sublandlord be a party thereto or not, that Subtenant has violated any Regulation or Requirement, shall be conclusive of the fact as between Sublandlord and Subtenant. Subtenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Premises or of property of which the Premises may be a part, or injure or annoy them or use or allow the Premises to be used for any unlawful or objectionable purpose, nor shall Subtenant cause, maintain, or permit any nuisance in, on, or about the Premises. Subtenant shall not commit or suffer to be committed any waste in or upon the Premises nor shall Subtenant conduct any auction upon the Premises.

7. Notices. Any notices or other communication permitted or required pursuant to this Sublease shall be made in writing and shall be delivered personally or sent by an overnight delivery or courier service, by certified or registered mail (postage prepaid) by telegraph, or by facsimile transmission to the parties at the addresses set forth below. Notices shall be deemed given when personally served, or sent by facsimile transmission, or, if sent by overnight delivery or courier service, the day after sent from within the United States, or if mailed, two (2) days after date of deposit in the United States mail.

To SUBLANDLORD: San Mateo Healthcare & Wellness, LP

3580 Wilshire Boulevard, Suite 600
Los Angeles, CA 90010
Attention: CEO

With Copies to: c/o Eretz Trousdale Properties, LLC
7223 Beverly Boulevard, Suite 205
Los Angeles, CA 90036

To SUBTENANT: The County of San Mateo
Chief Executive Officer
San Mateo Medical Center
222 West 39th Avenue
San Mateo, CA 94403

With Copies to: John Nibbelin, Esq.
San Mateo County Attorney
400 County Center, 6th Floor
Redwood City, CA 94063

8. This Sublease is executed and intended to be performed in the State of California, and the laws of that State shall govern its interpretation and effect.

9. This Sublease shall be binding upon and inure to the benefit of the respective successors, assigns, and personal representatives of the parties.

10. The parties may execute this Sublease in two or more counterparts, which shall, in the aggregate, be signed by all of the parties; each counterpart shall be deemed an original instrument as against any party who has signed it.

11. In the event of default hereunder by either party, and the other party engages an attorney to prepare a notice or notices and/or to otherwise communicate with the defaulting party, then the defaulting party shall be liable to the other party for its reasonable attorneys' fees incurred by it for such services.

12. Each of the parties agrees to execute such additional instruments and documents as may be necessary to implement the terms and provisions of this Sublease.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

[SIGNATURES ON THE FOLLOWING PAGE]

Signature page to Sublease

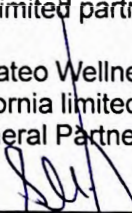
In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

SUBLANDLORD:

CONTRACTOR:

SAN MATEO HEALTHCARE & WELLNESS CENTRE, LP,
a California limited partnership

By: San Mateo Wellness GP, LLC,
a California limited liability company,
its General Partner

By: 

Shlomo Rechnitz, Its Manager

Date: September 30, 2020

SUBTENANT:

THE COUNTY OF SAN MATEO,
a governmental subdivision of the State of California

By: _____
President, Board of Supervisors, San Mateo County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

SCHEDULE 1

DESCRIPTION OF FACILITY, OPERATING LEASE AND OPERATIONS MANAGEMENT AGREEMENT II

FACILITY:	The 281-bed distinct part/distinct part skilled nursing facility known as Burlingame Skilled Nursing, and located at 1100 Trousdale Drive, Burlingame, CA 94010
OPERATING LEASE	That certain Operating Lease Agreement dated November 1, 2012 by and between ERETZ TROUSDALE PARTNERSHIP, a California limited liability company, as landlord, and SAN MATEO HEALTHCARE & WELLNESS CENTRE, LP, a California limited partnership, as tenant.
OPERATIONS MANAGEMENT AGREEMENT II	Operations Management Agreement II, dated as of August 1, 2020, and (the “ OMA II ”), between BRIUS, LLC, a California limited liability company, and its affiliated designee (SAN MATEO HEALTHCARE & WELLNESS CENTRE, LP, a California limited partnership being an affiliated designee) and the COUNTY OF SAN MATEO, a political subdivision of the State of California.