

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF LOUISIANA**

In re) Chapter 11
)
LMCHH PCP LLC, *et al.*,¹) Case No. 17-10353
)
) Section “B”
Debtors.)
) Jointly Administered with
) Case No. 17-10354

ORDER PURSUANT TO SECTIONS 105(a), 363 AND 365 OF THE BANKRUPTCY CODE, AND BANKRUPTCY RULES 2002, 6004, 6006, AND 9014, APPROVING THE SALE OF ASSETS, INCLUDING THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS, FREE AND CLEAR OF ALL LIENS, CLAIMS, AND INTERESTS

Upon the motion (the “**Sale Motion**”), of LMCHH PCP LLC, a Delaware limited liability company, and Louisiana Medical Center and Heart Hospital, LLC, a North Carolina limited liability company (together, the “**Debtors**”),² pursuant to Sections 105(a), 363, and 365 of Title 11, United States Code (the “**Bankruptcy Code**”) and Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) requesting entry of an order (the “**Sale Approval Order**”): (i) authorizing and approving that certain Purchase and Sale Agreement, dated as of March 14, 2017 (including all exhibits, schedules and ancillary agreements related thereto, the “**Original Proposed PSA**”), by and among the Debtors and Stirling Medical Lacombe, L.L.C. (“**Stirling**,” the “**Stalking Horse**” or the “**Proposed Purchaser**”), pursuant to which Debtors have agreed to sell the Property to the Proposed Purchaser; (ii) authorizing and approving the sale by the Debtors of the Property, free and clear

¹ The last four digits of the taxpayer identification numbers for each of the Debtors follow in parenthesis: (i) LMCHH PCP LLC (8569); and (ii) Louisiana Medical Center and Heart Hospital, LLC (7298). The mailing address for both of the Debtors is 64030 Highway 434, Lacombe, LA 70445.

² Capitalized words not defined herein shall have the meaning given to them in the Proposed PSA (defined below). To the extent there are any inconsistencies between this summary description and the Proposed PSA, the terms of the Proposed PSA shall control.

of all liens, claims encumbrances and interests (other than certain Permitted Exceptions as defined in Section 2.1 of the Proposed PSA); (iii) authorizing the assumption and assignment to the Proposed Purchaser of certain executory contracts (collectively, the “**Assumed Contracts**”); and (iv) granting other related relief; and the Court having conducted a hearing on the Sale Motion on April 13, 2017 (“**Sale Hearing**”), at which time all interested parties were offered an opportunity to appear and be heard with respect to the Sale Motion; and the Court having reviewed and considered (i) the Sale Motion and the exhibits thereto, (ii) the Proposed PSA, (iii) this Court’s Order Approving the Motion Pursuant to 11 U.S.C. §§ 105(A), 363, 365 And Fed. R. Bankr. P. 2002, 6005, 6006 for entry of an order establishing bidding and auction procedures related to the sale of the Debtors’ assets (Docket No. 310), dated April 13, 2017 (the “**Bidding Procedures Order**”) approving competitive bidding procedures for the Property (the “**Bidding Procedures**”); and the Court having considered all objections to the Sale Transaction, the arguments of counsel made, and the evidence proffered or adduced, at the Sale Hearing; and due and proper notice of the Sale Motion having been provided to (i) the U.S. Trustee, (ii) counsel to the Committee, (iii) counsel to the Stalking Horse, (iv) counsel to MidCap Funding IV Trust; (v) counsel to the DIP Lender, (vi) any party who has requested notice in the Debtors’ Bankruptcy Cases, (vii) any person who has submitted a written request therefor, and (viii) any party who, in the past twelve (12) months, expressed in writing to the Debtors or SOLIC an interest in acquiring the Property and who the Debtors and SOLIC reasonably and in good faith determine potentially have the desire and financial wherewithal to effectuate the Sale; and due and proper notice of the Sale and the assumption and assignment of the Assumed Contracts otherwise having been provided to any other parties required to be noticed pursuant to the Bidding Procedures Order; and it appearing that no other or further notice need be provided; all parties in

interest having been heard, or having had the opportunity to be heard, regarding the approval of the Bidding Procedures Order, the Sale and all transactions contemplated thereunder; and the Court having reviewed and considered the Motion and any objections thereto, and the arguments of counsel and evidence adduced related thereto; and upon the record of the hearings for consideration of the Bidding Procedures Order and the Sale and the full record of these cases; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their estate and creditors, and all parties in interest, and the legal and factual bases set forth in the Motion, and the record establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore,

IT IS HEREBY FURTHER FOUND AND DETERMINED AS FOLLOWS:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014.

B. This Sale Approval Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), the Court expressly finds that there is no just reason for delay in the implementation of this Sale Approval Order, and expressly directs entry of judgment as set forth herein.

C. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

D. Notice of the Motion and of the Sale Hearing was given in accordance with the directive of the Court and as otherwise required by applicable law, as evidenced by the affidavits of service on file with the Clerk of the Court.

E. Notice of the Sale Motion and of the Sale Hearing was adequate and sufficient under the circumstances.

F. On or about May 15, 2017, the Debtors and Stirling entered into that certain First Amendment to Purchase and Sale Agreement [Docket No. 358] (collectively, with the Original Proposed PSA, the “**Proposed PSA**”)

G. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Motion or the Proposed PSA.

H. The procedures set forth in the Bidding Procedures Order were substantively fair and procedurally fair to all parties. The Debtors conducted the sale process (including the Auction) in accordance with the Bidding Procedures Order.

I. Stirling submitted the highest and best purchase price for the Property in accordance with the bid procedures previously approved by the Court, totaling \$22,035,000 (the “Purchase Price”)

J. The Proposed PSA was negotiated and proposed, and has been entered into by the parties in good faith within the meaning of Section 363(m) of Title 11, United States Code (the “**Bankruptcy Code**”), at arm’s length bargaining positions, and without collusion; the Stalking Horse is a good faith purchaser of the Property (as defined in the Proposed PSA) within the meaning of Section 363(m) of the Bankruptcy Code and entitled to the protections thereof; the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and the relief granted herein is in the best interests of Debtors and their estates.

K. The Property, as set forth in the Proposed PSA is property of the Debtors and title thereto is vested in the Debtors. A description of the Property sold to Stirling is also set forth in Exhibit A hereto.

L. Except as otherwise expressly provided in the Proposed PSA, no further consents or approvals are required for the Debtors to consummate the Sale of the Property other than the consent and approval of this Court. Although the parties have agreed under the terms of the Proposed PSA to obtain certain additional consents or approvals, as conditions to the closing of the Sale of the Property, the Court makes no finding as to whether any of these additional consents or approvals is necessary for approval and authorization of the Sale by the Court. Neither the execution of the Proposed PSA nor the consummation of the Sale of the Property in accordance with the terms of the Proposed PSA will constitute a violation of any provision of the organizational documents of the Debtors or any other instrument, law, regulation, or ordinance by which Debtors are bound.

M. The consideration to be paid by the Stalking Horse to the Debtors for the Property pursuant to the Proposed PSA (i) is fair and reasonable, (ii) is the highest and/or otherwise best offer for the Property, and (iii) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and the Uniform Fraudulent Conveyance Act and the Uniform Fraudulent Transfer Act and any and all similar laws of any state or jurisdiction whose law is applicable to the Sale and transaction contemplated thereby.

N. All objections thereto having been resolved.

IT IS HEREBY ORDERED AS FOLLOWS:

1. The Motion is granted to the extent provided herein. All objections to the Motion that have not been withdrawn, waived, settled, or specifically addressed in this Sale Approval Order, and all reservations of rights included in such objections, are overruled in all respects on the merits and denied.

2. The Debtors are hereby authorized and empowered to enter into the Proposed PSA and the Proposed PSA is hereby approved in its entirety and incorporated herein by reference, and it is further ordered that, as set forth below, all amounts payable (or reserved) by or on behalf of the Debtors under the Proposed PSA or in connection with this Sale Approval Order shall be payable or reserved (as applicable) without the need for any application therefor or a further order of the Court, provided that all such amounts are set forth in detail in a sources and uses of funds to be paid or reserved (as applicable) at the Closing (the “**Proposed Sources and Uses**”). The Debtors shall be authorized to make all payments and fund all reserves as provided for in the Proposed Sources and Uses at Closing unless the Committee objects to any such payments or the funding of any such reserves. If the Committee objects to a payment or reserve proposed to be made in the Proposed Sources and Uses (each, a “**Disputed Payment**”), the Debtors shall not make a Disputed Payment unless approved by the Court.

3. Pursuant to Section 363(f) of the Bankruptcy Code, all of the Property shall be sold free and clear of any and all mortgages, security interests, conditional sales or title retention agreements, pledges, hypothecations, liens, judgments, encumbrances or claims of any kind or nature (including, without limitation, any and all “claims” as defined in Section 101(5) of the Bankruptcy Code), whether arising by agreement, any statute or otherwise and whether arising before, on or after the date on which this Chapter 11 case was commenced (collectively, the “**Liens**”), with such Liens to attach to the proceeds and consideration (whether in the form of cash or otherwise) payable to or at any time received by the Debtors under the Proposed PSA in their same lawful rank and priority, subject to any and all defenses, claims and/or counterclaims or setoffs that may exist. Without limiting the foregoing, the Debtors shall pay or reserve (as applicable) from the proceeds of the Sale (i) subject to Paragraph 4 below, the MidCap Payoff

Amount, which shall be payable to MidCap Funding IV Trust (“MidCap”), or the MidCap Reserve (defined below), which shall thereafter be distributed as set forth in Paragraph 4 below, (ii) the amounts necessary to satisfy the claim of MedCare Investment Fund V, L.P. (in its capacity as the lender under the DIP Loan Agreement, the “**DIP Lender**”) owing in respect of the DIP Loan Agreement, (iii) the amounts necessary to establish a fully funded reserve for the Centers for Medicare & Medicaid Services (“**CMS**”), the agency of the United States Department of Health and Human Services that administers the Medicare program, as set forth in the Final DIP Loan and Cash Collateral Order (Docket # 169 and 192); and (iv) the tax claims asserted by St. Tammany Parish against real and movable property; and may pay (v) the allowed claim of any other creditor secured by an interest in the Property being sold.³ If an allowed claim secured by a Lien is not satisfied at Closing, the Lien (if any) of such claim shall attach to the proceeds and consideration (whether in the form of cash or otherwise) payable to or at any time received by the Debtors under the Proposed PSA in their same lawful rank and priority, subject to any and all defenses, claims and/or counterclaims or setoffs that may exist.

4. For purposes of making the payments in paragraph 3(i) above, no later than fourteen (14) days prior to the expiration of the Committee Review Period (as set forth in the Final Cash Collateral Order and any subsequent orders extending the Committee Review Period), MidCap shall provide Debtors and the Committee with the amount and an explanation of the calculation thereof, including redacted statements of professional fees and expense) which MidCap in good faith asserts is due and owing under the MidCap loan documents as of such date, plus a reserve for any future interest, fees, and expenses that MidCap in good faith asserts

³ The “MedCath Debt,” as defined in the Declaration of Neil F. Luria, Chief Restructuring Officer, in Support of Sale of the Louisiana Heart Hospital and Related Real Property and Equipment [Doc. No. 361] filed of record on May 16, 2017, now held by Cardiovascular Care Group, Inc., shall not constitute an “allowed claim of any other creditor secured by an interest in the Property being sold”, for purposes of subparagraph or item (v) of paragraph 3 of this Order.

will continue to accrue under the loan documents until such time as MidCap is paid in full (the “MidCap Payoff Amount”). If the Debtors or the Committee object to the MidCap Payoff Amount, they shall file an objection with the Court within ten (10) days of their receipt of such, provided that the filing or failure to file an objection to the MidCap Payoff Amount shall not prejudice the right of the Committee to file a timely Challenge including to the MidCap Payoff Amount. If the sale closes before the expiration of the Committee Review Period, then \$5,000,000 from the sale proceeds shall be deposited by the Debtors into a non-interest bearing reserve account and shall constitute the MidCap Reserve. Upon the expiration of the Committee Review Period: (a) if the Committee has not filed a Challenge to the MidCap Payoff Amount, then the MidCap Payoff Amount or such other amount determined by the Court following objection, including any additional accrued interest, fees and expenses claimed by MidCap, shall be paid to MidCap within two (2) business days after the expiration of the Committee Review Period; or (b) if the Committee has filed a Challenge to the MidCap Payoff Amount, then any amounts not in dispute in any such Challenge shall be paid to MidCap from the MidCap Reserve within two (2) business days after the expiration of the Committee Review Period, and the balance shall remain in the MidCap Reserve until the Court rules on the Challenge, as contemplated in the Final Cash Collateral Order. If the sale closes after the expiration of the Committee Review Period: (x) if the Committee has not filed a timely Challenge to the MidCap Payoff Amount, the MidCap Payoff Amount or such other amount determined by the Court following objection, including any additional accrued interest, fees and expenses claimed by MidCap, shall be paid to MidCap at closing; and (y) if the Committee has filed a timely Challenge, then any amounts not in dispute in such Challenge shall be paid to MidCap at the closing and an amount equal to \$5,000,000 less the amount, if any, paid at closing to MidCap,

from the sale proceeds shall be deposited by Debtors into a non-interest bearing reserve account and shall constitute the MidCap Reserve, which shall thereafter be disbursed once the Court rules on the Challenge, as contemplated in the Final Cash Collateral Order. For the avoidance of doubt, all of MidCap's Liens shall attach to the MidCap Reserve with the same lawful rank and priority, subject, however, to any timely Challenge filed by the Committee.

5. The Debtors and the Stalking Horse, and each of their respective officers, employees and agents, are hereby authorized to take such actions necessary and appropriate to implement the Proposed PSA and to close the transactions contemplated thereby without the necessity of a further order of this Court as provided by the Proposed PSA, including, but not limited to, the assumption and assignment of the Assumed Contracts, all in accordance with the terms of the Proposed PSA.

6. All of the transactions contemplated by the Proposed PSA and the closing of the sale of the Property and assignment of the Assumed Contracts shall be protected by Section 363(m) of the Bankruptcy Code to the maximum extent provided therein in the event that this Sale Approval Order is reversed or modified on appeal.

7. The Stalking Horse shall not be liable for any claims against the Debtors other than as expressly provided for in the Proposed PSA. Without limiting the generality of the other provisions of this Sale Approval Order, the Stalking Horse, under no circumstances, shall be deemed to be a successor of the Debtors. Accordingly, the Stalking Horse shall have no successor or vicarious or other liabilities of any kind with respect to the Debtors or the Property, and all persons and entities shall be hereby enjoined from asserting any such claims against the Stalking Horse.

8. The provisions of this Sale Approval Order and the Proposed PSA and any actions taken pursuant hereto or thereto shall survive entry of any order which may be entered confirming or consummating any plan of reorganization of the Debtors, or which may be entered converting any of the Debtors' cases from Chapter 11 to Chapter 7, and the terms and provisions of the Proposed PSA as well as the rights and interests granted pursuant to this Sale Approval Order and the Proposed PSA shall continue in this or any superseding case and shall be binding upon the Debtors, the Stalking Horse and their respective successors and permitted assigns, including any trustee or other fiduciary hereafter appointed as a legal representative of the Debtors under Chapter 7 or 11 of the Bankruptcy Code. Any trustee appointed in the Debtors' cases shall be and hereby is authorized and directed to operate the business of Debtors to the fullest extent necessary to permit compliance with the terms of this Sale Approval Order and the Proposed PSA and the Stalking Horse and such trustee shall be and hereby is authorized and directed to perform under the Proposed PSA upon the appointment of a trustee with the need for further order of this Court.

9. To the extent, if any, anything contained in this Sale Approval Order conflicts with a provision in the Proposed PSA, this Sale Approval Order shall govern and control.

10. The Proposed PSA or any document relating thereto may be modified, amended, or supplemented by the parties thereto, after consultation with the Committee, in a writing signed by the parties to such documents and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment, or supplement does not (i) have a material adverse effect on the Debtors or their estates and (ii) is not inconsistent with this Sale Approval Order in any material respect.

11. Any party having the right to consent to the assumption or assignment of the Assumed Contracts pursuant to the Proposed PSA that has failed to object to such assumption or assignment by timely filing an Assumption and/or Cure Objection is deemed to have consented to such assumption and assignment, as required by Section 365(c) of the Bankruptcy Code. In addition, adequate assurance of future performance has been demonstrated by or on behalf of Stalking Horse with respect to the Assumed Contracts.

12. There shall be no rent accelerations, assignment fees, increases, or any other fees charged to Debtors or to the Stalking Horse or its affiliates or designees as a result of the assumption and assignment by the Debtors to the Stalking Horse of the Assumed Contracts, and the validity of such assumption or assignment shall not be affected by any dispute between the Debtors and any counterparty to any Assumed Contract, and the Assumed Contracts, upon assignment to Stalking Horse, shall be deemed valid and binding and in full force and effect in accordance with their terms.

13. This Order shall be binding on all creditors (whether known or unknown) of the Debtors, all successors and assigns of the Stalking Horse, the Debtors, their affiliates and any subsequent trustee(s) appointed in the Debtors' bankruptcy cases or upon a conversion to Chapter 7 under the Bankruptcy Code and shall not be subject to rejection or revocation.

14. Consistent with, but not in limitation of the foregoing, each and every federal, state, and local government agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the Sale.

15. This Sale Approval Order is binding upon and governs the acts of all persons and entities, including, without limitation, all county clerks, filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative

agencies, governmental departments, secretaries of state, federal and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease, and each of the foregoing entities is hereby directed to and shall accept for filing any and all of the documents and instruments necessary and appropriate to consummate, effectuate or reflect the Sale, including, but not limited to, the following:

- (a) A termination of that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, in favor Midcap Financial, LLC as secured party, filed as instrument number 1963886 in the real property records of St. Tammany Parish, Louisiana;
- (b) A termination of that certain Mortgage, Assignment of Leases and Rents and Security Agreement, in favor of Medcath Finance Company, LLC as secured party, filed as instrument number 1442316 in the real property records of St. Tammany Parish, Louisiana;
- (c) A termination of that certain financing statement, document number 20100040477G, filed on May 21, 2010 in the office of the North Carolina secretary of state;
- (d) A termination of that certain financing statement, document number 20140109640J, filed on November 24, 2014 in the office of the North Carolina secretary of state;

- (e) A termination of that certain financing statement, document number 20150097697H, filed on October 13, 2015 in the office of the North Carolina secretary of state;
- (f) A termination of that certain financing statement, document number 20150100221F, filed on October 20, 2015 in the office of the North Carolina secretary of state;
- (g) A termination of that certain financing statement, document number 20150115032A, filed on December 8, 2015 in the office of the North Carolina secretary of state;
- (h) A termination of that certain financing statement, document number 20160066163B, filed on June 28, 2016 in the office of the North Carolina secretary of state;
- (i) A termination of that certain financing statement, document number 52-78102, filed on December 1, 2014 in the records of St. Tammany Parish, Louisiana;
- (j) A termination of that certain financing statement, document number 33-165074, filed on October 12, 2015 in the records of Madison Parish, Louisiana;
- (k) A termination of that certain financing statement, document number 33-165077, filed on October 12, 2015 in the records of Madison Parish, Louisiana;

- (l) A termination of that certain financing statement, document number 52-63853, filed on May 29, 2012 in the records of St. Tammany Parish, Louisiana;
- (m) A termination of that certain financing statement, document number 52-63854, filed on May 29, 2012 in the records of St. Tammany Parish, Louisiana;
- (n) A termination of that certain financing statement, document number 52-63872, filed on May 30, 2012 in the records of St. Tammany Parish, Louisiana;
- (o) A termination of that certain financing statement, document number 2014 4717476, filed on November 21, 2014 in the office of the Delaware secretary of state;
- (p) A termination of that certain financing statement, document number 2015 4907332, filed on October 13, 2015 in the office of the Delaware secretary of state;
- (q) A termination of that certain financing statement, document number 2015 5853931, filed on November 30, 2015 in the office of the Delaware secretary of state;
- (r) A termination of that certain financing statement, document number 2016 1422219, filed on March 9, 2016 in the office of the Delaware secretary of state;


- (s) A termination of that certain financing statement, document number 2016 2319489, filed on April 19, 2016 in the office of the Delaware secretary of state; and
- (t) A termination of that certain financing statement, document number 2016 4873442, filed on August 11, 2016 in the office of the Delaware secretary of state.

16. Except as otherwise set forth in this Sale Approval Order, this Court shall retain exclusive jurisdiction with regard to all issues on disputes in connection with this Sale Approval Order and the relief provided for herein, and to resolve any disputes related to the Proposed PSA or the implementation thereof.

17. As provided by Bankruptcy Rules 6004(h) and 6006(d), this Sale Approval Order will not be stayed for 14 days after the entry of the Sale Approval Order and will be effective immediately upon entry, and the Debtors and the Stalking Horse are authorized to close the Sale Transition immediately upon entry of this Sale Approval Order.

18. Counsel for the Debtors shall (a) file a notice of the closing of the sale of the Property and the date thereof within 24 hours of the Closing in the record of this bankruptcy case and (b) serve this Sale Approval Order on the required parties pursuant to this Court's Order Limiting Notice [P-136], and file a certificate to that effect within three (3) days.

New Orleans, Louisiana, May 19, 2017.



Jerry A. Brown
U.S. Bankruptcy Judge

Exhibit A

- Real Property: That certain tract or parcel of land situated in St. Tammany Parish, Louisiana, more particularly described below, together with all rights and appurtenances pertaining to such property, including any right, title and interest of Seller in and to adjacent streets, alleys or rights-of-way (the "Land") and the buildings, structures, fixtures and other improvements affixed to or located on the Land (the "Improvements").

Tract 1

A certain parcel of land situated in **SECTIONS 8 AND 17, TOWNSHIP 8 SOUTH, RANGE 13 EAST, ST. TAMMANY PARISH, LOUISIANA**, designated as the Louisiana Heart Hospital Site and more fully described as follows:

Commence at the Section corner common to Sections 7, 8, 17 and 18, Township 8 South, Range 13 East, and measure East, a distance of 2641.00 feet to a point; thence South 00 degrees 59 minutes 07 seconds East a distance of 284.39 feet to the POINT OF BEGINNING.

From the POINT OF BEGINNING continue South 00 degrees 59 minutes 07 seconds East a distance of 986.28 feet to a point on the northerly line of a 30' United Gas Pipeline Co. Servitude; thence along said northerly line, North 59 degrees 18 minutes 11 seconds West, a distance of 1270.98 feet to a point on the proposed easterly right of way line of Louisiana State Highway No. 434; thence along said easterly line, North 30 degrees 54 minutes 01 seconds East, a distance of 1100.35 feet to a point on the southerly line of the Fire Department Site; thence along said southerly line, South 61 degrees 05 minutes 26 seconds East, a distance of 363.00 feet to a point on the easterly line of the Fire Department Site; thence along said easterly line, North 30 degrees 54 minutes 01 seconds East, a distance of 120.07 feet to a point on the southerly line of a 125' CLECO Servitude; thence along said southerly line, South 61 degrees 05 minutes 26 seconds East, a distance of 387.45 feet to a point; thence South 30 degrees 54 minutes 01 seconds West a distance of 404.53 feet to the POINT OF BEGINNING.

LESS AND EXCEPT THE FOLLOWING TWO PARCELS:

Parcel 1 (Medical Office Building-Centex), sold to CC Lacombe, LLC by Sale of Property recorded on September 9, 2003, in CIN 1391009, records of St. Tammany Parish, Louisiana.

One certain portion of ground situated in Sections 8 & 17, Township 8 South, Range 13 East, St. Tammany Parish, State of Louisiana, at the Louisiana Heart Hospital Site, designated as the Medical Office Building Site and being more fully described as follows:

Commence at the corner common to Sections 7, 8, 17 & 18 Township 8 South, Range 13 East, and measure along the line common to Sections 8 & 17, East, a distance of 1942.01 feet to a point on the proposed easterly right of way line of Louisiana State Highway No. 434; thence along said easterly line, North 30 degrees 54 minutes 01 seconds East, a distance of 120.08 feet to a point; thence South 59 degrees 07 minutes 26 seconds East, a distance of 243.09 feet to the POINT OF BEGINNING.

From the POINT OF BEGINNING measure North 30 degrees 52 minutes 34 seconds East, a distance of 42.98 feet to a point; thence South 59 degrees 07 minutes 26 seconds East a distance of 164.92 feet to a point; thence South 30 degrees 52 minutes 34 seconds West a distance of 119.92 feet to a point; thence North 59 degrees 07 minutes 26 seconds West a distance of 49.03 feet to a point; thence South 30 degrees 52 minutes 34 seconds West a distance of 8.38 feet to a point; thence North 59 degrees 07 minutes 26 seconds West a distance of 41.52 feet to a point; thence North 30 degrees 52 minutes 34 seconds East a distance of 8.38 feet to a point; thence North 59 degrees 07 minutes 26 seconds West a distance of 74.37 feet to a point; thence North 30 degrees 52 minutes 34 seconds East a distance of 76.94 feet to the POINT OF BEGINNING.

Said portion of ground contains 0.4620 Acres.

Parcel 2 (Utility Site), sold to Southeastern La. Water and Sewer Co., LLC, by Act of Sale recorded on February 14, 2005, in CIN 1477772, records of St. Tammany Parish, Louisiana, as amended by Amendment and Modification to Act of Sale recorded on February 4, 2010, in CIN 1757385, records of St. Tammany Parish, Louisiana.

A certain parcel of ground situated in Section 17, Township 8 South, Range 13 East, St. Tammany Parish, Louisiana, at the Louisiana Heart Hospital Site, designated as a 0.352 Acre utility site and being more fully described as follows:

Commence at the corner common to Sections 7, 8, 17 and 18, Township 8 South, Range 13 East and measure East, a distance at 1942.01 feet to a point on the proposed easterly right of way line of La. State Highway No. 434, thence leaving said right of way line, measure South 60 degrees 58 minutes 40 seconds East, a distance of 648.01 feet to the POINT OF BEGINNING.

- Personal Property:¹
 - Any and all of Seller's right, title and interest in and to all tangible personal property owned by Seller and located upon the Land or within the Improvements, including, without limitation, any and all fixed assets, equipment, furniture, furnishings, fixtures and other tangible personal property located on and used exclusively in connection with the operation of the Land and the Improvements (the "Personal Property");
 - Any and all of Seller's right, title and interest in and to the lessor's interest in that certain Ground Lease dated June 21, 2007 between Seller, as lessor, and LA HEART MOB, L.P., as lessee, as amended by that certain First Amendment to Ground Lease dated July 3, 2007, that certain Second Amendment to Ground Lease dated February 28, 2008, that certain Amendment to Notice of Ground Lease dated March 26, 2008, that certain Lease Assignment, Assumption and Ratification Agreement dated March 26, 2008, and that certain Third Amendment to Ground Lease dated March 26, 2010 (collectively and as it may have been amended or assigned from time to time, the "Ground Lease");

¹ For the avoidance of doubt, Personal Property does not include Excluded Property as set forth in Section 1.2 of the Proposed PSA.

- Any and all of Seller’s right, title and interest in and to (i) all assignable existing warranties and guaranties (express or implied) issued to Seller in connection with the Improvements or the Personal Property, and (ii) all assignable existing permits, licenses, approvals and authorizations issued by any governmental authority in connection with the Property (the “Intangibles”);
- Any and all oil, gas and other minerals and associated hydrocarbons on, under and beneath the Land (the “Mineral Rights”); and
- All (i) furniture, fixtures and equipment currently stored in the first floor hallway or on the fourth floor of the Improvements on the Effective Date, and (ii) furniture, equipment or inventory related to the Seller’s physician offices that is currently being stored in the first floor hallway or on the third floor of the Improvements on the Effective Date (collectively, the “Third and Fourth Floor Property”) including, without limitation, those items more particularly described in the table below; provided, however, Debtors, at their sole cost and expense, shall remove all hard drives from all computers that are included in the Third and Fourth Floor Property.

Description	Model Number/Manufacturer	Serial Number	Total
Aluminum Camp Bed			30+
Blood Pressure Taker (McKesson)			6+
Cabinet			61+
Carpets			10+
Cath Lab Equipment in Crates (ultrasound probes/cords, etc.)			6+
Chairs			437+
Chairs for Office			14+
Christmas Decorations			1+
Classroom Computers			15+
Computers			309+
Computer/Internet/Router Cabinets			6+
Couch			2+
Curus Surgical System			1
Desk			27+
EKG Machine			4
EKG Machine	GE		2
Estim Machines			4
Exam room light			7+
Exam Room Table			69+
Exam Room Table	Ritter 104		7+
Exam room table bed cushion			34+

Description	Model Number/Manufacturer	Serial Number	Total
Executive Furniture (4 hardwood bookshelves, hardwood desk, 2) hardwood chairs			2
Fan			1+
Foot Pedestal			4+
Fridge			11+
Fridge for biohazard material			1
Garbage Container			155+
High Low Tables	Metron		6
Internet/Ethernet/Router Device			10+
Keyboard			145+
Lamp			7+
Laptop Station			1+
Light fixtures			20+
Liquid/drug mixer			5
Machine to exam eyes			1
Machine to read x-ray results			4
Mayo Tables			3+
Medical supply holders of various sizes			75+
Medtronic cardioblate			1
Microwave			9
Mini fridge			4+
Mirror			2+
Monitor	HP P232	6CM5430HL8	1
Monitor	HP P232	6CM5190795	1
Monitor	HP P232	3CQ55114MA	1
Monitor	HP		27+
Monitor	HP P232		2
Monitor	NEC		1
Monitor	HP/Dell/Other		120+
Mouse for Computer			75+
Moveable Cart			23+
Painting			41+
Paper Shredder			3
Paper Shredder Container			2+
Phone	Toshiba	12CM045523	1
Phone	Toshiba	092M001028	1
Phone	Cisco/Toshiba/Yealink/Other		136+

Description	Model Number/Manufacturer	Serial Number	Total
Phone	Cisco		16+
Phone	Yealink		1+
Podiatry Table			20+
Power Strip			2+
Printer			76
PT Body Positioners			4
PT Bosu			1
PT Chest Freezer			1
PT Foam Rollers			4
PT Free Motion Dual Cable Cross EXT Machine			2
PT Heat Oven			1
PT Ice Machine	Follett		1
PT Kettle Balls			3
PT King Size Physical Therapy Table			3
PT Matrix Seated Bike	Matrix		1
PT Matrix Squat Rack Multistation	Matrix		1
PT Quantum Leg Press	Quantum		2
PT Recumbent Bike	SciFit		1
PT Recumbent Bike	SportsArt		1
PT Sports Art Fitness Treadmill	SportsArt		2
PT Tropic Heater Blanket Heater			1
PT Upright Bike	Matrix		1
PT Vinyl Rollers			6
PT Wet Heat Box	Chattanooga FRT1814QB		1
Safe/Lock			3+
Scale			16+
Scanner	Fujitso Fi-7161		1
Scanner	Fujitso		25+
Scanner	Fujitso Fi-7160	Fi 7160	20+
Scanner	Fujitso Fi-6130		1
Side Table			28+
Small office equipment (paper holders/pens etc.)			45+
Stretcher	Stryker		1+
Table			45+
Table used in Kitchen			1
Toaster Oven			2
toilet			1

Description	Model Number/Manufacturer	Serial Number	Total
Tray			1+
Tray	HP Q7817A		1
Treadmill			2
TV			7+
Ultrasound machine Old			12
Water dispenser			7+
Wheelchair			2
Workstation	HP		53+
Wow, no computer	HP		1
Additional Miscellaneous Items		Total Items:	2381+