IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re:	)	Chapter 11
LAVIE CARE CENTERS, LLC,[1]	)	Case No. 24-55507 (PMB)
Debtors.	)	(Jointly Administered)
	)	**Related to Docket Nos. 481, 571, 593, 630**

DECLARATION OF M. BENJAMIN JONES IN SUPPORT OF CONFIRMATION AND FINAL APPROVAL OF DEBTORS' SECOND AMENDED COMBINED DISCLOSURE STATEMENT AND JOINT CHAPTER 11 PLAN OF REORGANIZATION

I, M. Benjamin Jones, hereby declare under penalty of perjury that the following is true to the best of my knowledge, information, and belief:

1. I am the Chief Restructuring Officer (the "CRO") of LaVie Care Centers, LLC ("LaVie") and certain of its affiliates and subsidiaries as debtors and debtors-in-possession (collectively, the "Debtors") in the above-captioned chapter 11 cases (collectively, the "Chapter 11 Cases"). I am a Senior Managing Director at Ankura Consulting Group, LLC ("Ankura") and the Global Co-Head of Ankura's Turnaround & Restructuring Practice.

2. I have more than 25 years of financial restructuring, interim management, turnaround, and financial advisory experience, with a significant emphasis on the U.S. healthcare industry. I have served as president, chief restructuring officer, and chief financial officer for

[1] The last four digits of LaVie Care Centers, LLC's federal tax identification number are 5592. There are 282 Debtors in these chapter 11 cases, which are being jointly administered for procedural purposes only. A complete list of the Debtors and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at https://www.veritaglobal.net/LaVie. The location of LaVie Care Centers, LLC's corporate headquarters and the Debtors' service address is 1040 Crown Pointe Parkway, Suite 600, Atlanta, GA 30338.

private and public companies. In addition, I have also played key roles in dozens of other high-profile restructurings, mergers, and acquisitions, assisting clients both in and outside of chapter 11, including, among others, Gulf Coast Health Care, LLC, Balducci's New York LLC, High Ridge Brands Co., Trident Holding Company, LLC, Mariner Post-Acute Networks, Centennial Healthcare, World Health Alternatives, The Penn Traffic Company, Milacron, Lionel, Caraustar Industries, Golden Books Family Entertainment, and Signature Healthcare. Prior to joining Ankura, I began my career at Ernst & Young, focusing on valuations and middle-market corporate finance transactions and later joined CDG Group to focus on restructurings and reorganizations. I hold a Bachelor of Science in Accounting, with distinction, from Wake Forest University.

3. On May 29, 2024, I was appointed as the Debtors' CRO. As CRO, I report to James D. Decker, in his capacity as independent manager of Debtor LV Operations I, LLC and its direct and indirect subsidiaries. In my capacity as CRO, I have personal knowledge of, and am familiar with, the business affairs, day-to-day operations, books and records, and financial condition of the Debtors, and I am authorized to submit this declaration (the "Declaration") on behalf of the Debtors. I submit this Declaration in support of confirmation of the *Debtors' Second Amended Disclosure Statement and Joint Chapter 11 Plan of Reorganization* [Docket No 481] (the disclosure statement portion thereof, the "Disclosure Statement" and the plan portion thereof, as amended, modified, or supplemented, the "Plan" and, together, the "Combined Disclosure Statement and Plan") and the *Debtors' (I) Memorandum of Law in Support of Confirmation and Final Approval of the Debtors' Second Amended Disclosure Statement and Joint Chapter 11 Plan*

of Reorganization and (II) Omnibus Reply to Objections to Confirmation (the "Confirmation Brief"), filed contemporaneously herewith.[2]

4. Except where specifically noted, the statements in this Declaration are based on (a) my personal knowledge of the Debtors' business operations, financial performance, and restructuring efforts; (b) my opinion based on my experience, knowledge, and information concerning the Debtors' operations; (c) my review of the Debtors' books and records, including information provided by other parties; (d) relevant information that I have obtained from the Debtors' management and other employees, the Debtors' advisors, and employees of Ankura working directly with me and under my supervision, direction, or control; and (e) my opinions based upon my experience. I am above 18 years of age and authorized to submit this Declaration on behalf of the Debtors. If called to testify, I could and would competently testify to the facts set forth herein.

THE PLAN SATISFIES THE REQUIREMENTS FOR CONFIRMATION

5. I have been advised of the applicable standards under which a plan of reorganization may be confirmed under chapter 11 of the Bankruptcy Code. Based on consultation with the Debtors' counsel, it is my understanding that the Plan: (a) complies with all applicable provisions of the Bankruptcy Code as required by Bankruptcy Code section 1129(a), including Bankruptcy Code sections 1122 and 1123; (b) satisfies the mandatory requirements of Bankruptcy Code section 1123(a); and (c) is consistent with Bankruptcy Code section 1123(b). I have set forth the reasons for such belief below, except where such compliance is apparent on the face of the Plan, the Plan Supplement, and the related documents.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan or Confirmation Brief, as applicable.

I. The Plan Fully Complies with the Applicable Provisions of the Bankruptcy Code—Section 1129(a)(1).

6. Based on consultation with the Debtors' counsel, it is my understanding that the Plan complies with Bankruptcy Code section 1129(a)(1), which requires the Plan to comply with Bankruptcy Code sections 1122 and 1123 in all respects.

A. The Plan Properly Classifies Claims and Interests as Required Under Bankruptcy Code Section 1122.

7. Based on consultation with the Debtors' counsel and my review of the Plan, I understand that Article V of the Plan provides for the following separate Classes of Claims and Interests, other than Administrative Expense Claims, Priority Tax Claims, Professional Fee Claims, and DIP Claims:

Class	Claim or Interest	Status	Voting Rights
1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
3	ABL Claims	Impaired	Entitled to Vote
4	Omega Term Loan Claims	Impaired	Entitled to Vote
5	Go-Forward Trade Claims	Impaired	Entitled to Vote
6A	OpCo General Unsecured Claims	Impaired	Entitled to Vote
6B	DivestCo General Unsecured Claims	Impaired	Entitled to Vote
6C	Joint & Several OpCo General Unsecured Claims	Impaired	Entitled to Vote
7	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
8	Existing Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
9	Intercompany Interests	Unimpaired	Not Entitled to Vote (Deemed to Accept)

8. Based upon my review of the Plan and related documents, I believe that each Class is composed of substantially similar Claims or Interests, and each instance of separate classifications of similar Claims and Interests is based on valid business, factual, and legal reasons. In general, I understand that the Plan's classification scheme follows the Debtors' capital structure, properly classifying Claims and Interests into Classes based on their legal and/or factual nature or other relevant and objective criteria and establishing that a legitimate basis exists for the classification scheme under the Plan.

9. Based on consultation with the Debtors' counsel, I believe that valid business and factual reasons justify the separate classifications of the particular Claims and Interests into the Classes created under the Plan, and no unfair discrimination exists between or among Holders of Claims and Interests. For example, the classification scheme distinguishes Holders of Other Secured Claims (Class 1), ABL Claims (Class 3), and Omega Term Loan Claims (Class 4) based on differing priority in collateral. It is also my understanding that Holders of Other Priority Claims (Class 2) are classified separately due to their required treatment and specific priority under the Bankruptcy Code. I also understand that OpCo General Unsecured Claims (Class 6A), DivestCo General Unsecured Claims (Class 6B), Joint & Several OpCo General Unsecured Claims (Class 6C), and Intercompany Claims (Class 7) are classified separately due to the distinct origin of such Claims and based upon the terms of a Settlement (as further described below) with the Official Committee of Unsecured Creditors (the "Committee"). It is also my understanding that Holders of Existing Equity Interests (Class 8) and Holders of Intercompany Interests (Class 9) are classified separately for the administrative convenience of allowing the preservation of the Debtors' corporate structure after the Effective Date.

10. Accordingly, I believe that the Claims or Interests assigned to each particular Class described above are substantially similar to the other Claims or Interests in each such Class and the distinctions among Classes are based on valid business, factual, and legal distinctions. Further, I believe that the differences in classification foster the Debtors' restructuring efforts, and do not violate the absolute priority rule. I believe, and have been advised based on information from the Debtors' counsel, that the Plan fully complies with and satisfies the classification requirements of Bankruptcy Code section 1122.

B. The Plan Satisfies the Applicable Mandatory Plan Requirements of Bankruptcy Code Section 1123(a).

11. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1123(a) sets forth eight criteria that every chapter 11 plan must satisfy.[3] As set forth below, I believe that the Plan satisfies each of these requirements.

i. Designation of Classes of Claims and Interests—Section 1123(a)(1).

12. As discussed above, it is my understanding that the Plan designates eleven separate Classes and that each Class contains Claims or Interests that are substantially similar. Accordingly, I believe that Article V of the Plan properly designates Classes of Claims and Interests, satisfying Bankruptcy Code section 1123(a)(1).

ii. Specification of Unimpaired Classes—Section 1123(a)(2).

13. Based on consultation with the Debtors' counsel, I understand that the Plan identifies each Class in Article V that is Unimpaired. Specifically, Article V of the Plan identifies Class 1 (Other Secured Claims), Class 2 (Other Priority Claims), and Class 9 (Intercompany Interests) as Unimpaired, satisfying Bankruptcy Code section 1123(a)(2).

[3] I understand that Bankruptcy Code section 1123(a)(8) is inapplicable to the Plan because the Debtors are not "individuals" (as that term is defined in the Bankruptcy Code).

iii. Treatment of Impaired Classes—Section 1123(a)(3).

14. Based on consultation with the Debtors' counsel, I understand that the Plan identifies each Class in Article V that is Impaired. Specifically, Article V of the Plan identifies Class 3 (ABL Claims), Class 4 (Omega Term Loan Claims), Class 5 (Go-Forward Trade Claims), Class 6A (OpCo General Unsecured Claims), Class 6B (DivestCo General Unsecured Claims), Class 6C (Joint & Several OpCo General Unsecured Claims), Class 7 (Intercompany Claims), and Class 8 (Existing Equity Interests) as Impaired, and specifies the treatment of these Impaired Classes, satisfying Bankruptcy Code section 1123(a)(3).

iv. Equal Treatment of Similarly Situated Claims and Interests—Section 1123(a)(4).

15. The Plan provides for equal treatment for each Claim or Interest of a particular Class. As described in Article V of the Plan, I understand that Holders of Allowed Claims or Interests will receive the same rights and treatment as other Holders of Allowed Claims or Interests within such Holders' respective Class, except as otherwise agreed to by a Holder of a particular Claim or Interest, satisfying Bankruptcy Code section 1123(a)(4).

v. Adequate Means for Implementation—Section 1123(a)(5).

16. I believe that Bankruptcy Code section 1123(a)(5) has been satisfied because Article VI of the Plan (Means for Implementation of the Plan), as well as other provisions thereof, provides adequate means for the Plan's implementation. Among other things, I understand that Article VI of the Plan provides for, among other things:

a) the settlement of certain Claims and Interests, pursuant to the Settlement (as defined herein);

b) the sources of Cash required for payments to be made under the Plan on the Effective Date, as well as other sources of consideration for Plan distribution;

c) the execution and delivery of the GUC Trust Agreement and the creation of the GUC Trust;

d) the cancellation of certain existing securities and other documents evidencing or creating any indebtedness or obligation or ownership in the Debtors;

e) the authorization for the Debtors to take corporate actions necessary to effectuate the Plan;

f) the funding of the Professional Fee Reserve;

g) the assignment of D&O Claims, subject to certain limitations;

h) exemption from certain transfer taxes and recording fees; and

i) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with the Plan.

17. Based on consultation with the Debtors' counsel, I understand that the terms governing the execution of these transactions are set forth in the applicable definitive documents or forms of agreements included in the Plan Supplement. Additionally, I understand that various other provisions of the Plan, including, but not limited to, Article VII (Treatment of Executory Contracts and Unexpired Leases) and Article VIII (Provisions Governing Distributions) also provide adequate means for the Plan's implementation, further satisfying Bankruptcy Code section 1123(a)(5).

vi. Prohibition of Issuance of Non-Voting Securities—Section 1123(a)(6).

18. I am advised that section 1123(a)(6) of the Bankruptcy Code requires that a corporate debtor's chapter 11 plan of reorganization provide for the inclusion of a prohibition against the issuance of non-voting equity securities and related protections for holders of preferred shares in the reorganized debtor's charter. Based on consultation with the Debtors' counsel, I understand that Article VI.B.8 of the Plan provides that the organizational documents of the

Debtors will be amended to include, among other things, a provision prohibiting the issuance of non-voting equity securities, satisfying Bankruptcy Code 1123(a)(6).

vii. Selection of Directors and Officers—Section 1123(a)(7).

19. I understand that, pursuant to Article VI.B.9 of the Plan, on the Effective Date, any term of existing board of directors and officers will expire and new officers or directors will be appointed by the Reorganized Debtors. On the Effective Date, I understand that the existing officers and managers of the Debtors (nearly all of which are limited liability companies) will be re-appointed as officers and managers of the Reorganized Debtors, subject to the ability of the Reorganized Debtors to make any future determination with respect to such individuals pursuant to the approval of the Reorganized Debtors after the Effective Date. I further understand that Synergy is expected to provide back-office management services to the Reorganized Debtors on and after the Effective Date. Therefore, I believe that these disclosures satisfy Bankruptcy Code section 1123(a)(7).

C. The Plan Complies with the Discretionary Provisions of Bankruptcy Code Section 1123(b).

20. Based on consultation with the Debtors' counsel, I understand that Bankruptcy Code section 1123(b) sets forth various discretionary provisions that may be incorporated into a chapter 11 plan. I have been advised that pursuant to Bankruptcy Code section 1123(b), a plan may, among other things, (a) impair or leave unimpaired any class of claims or interests; (b) provide for the assumption or rejection of executory contracts and unexpired leases; (c) provide for the settlement or adjustment of any claim or interest belonging to the debtor or the estate; or (d) include any other appropriate provision not inconsistent with the applicable provisions of the Bankruptcy Code. As discussed below, based on my understanding of the Plan and discussions I have had with the Debtors' counsel, I believe that the Plan's discretionary provisions, certain of

which are discussed below, are the product of arm's-length negotiations, fair and equitable, given for valuable consideration, and in the best interests of the Debtors' estates, consistent with Bankruptcy Code section 1123(b).

i. The Plan Leaves Certain Classes of Claims Unimpaired and Impaired—Section 1123(b)(1).

21. Based on consultation with the Debtors' counsel, I understand that, under Article V of the Plan, Classes 1, 2, and 9 are Unimpaired because the Plan leaves unaltered the legal, equitable, and contractual rights of the Holders of Claims and Interests within such Classes. I also understand that Classes 3, 4, 5, 6A, 6B, 6C, 7, and 8 are Impaired since the Plan modifies the rights of Holders of Claims and Interests within such Classes as contemplated by Bankruptcy Code section 1123(b)(1).

ii. The Plan Provides for the Rejection of all Executory Contracts and Unexpired Leases—Section 1123(b)(2).

22. Based on consultation with Debtors' counsel, I understand that Article VII of the Plan provides for the rejection of all Executory Contracts and Unexpired Leases, except to the extent set forth in the Plan and Plan Supplement, satisfying Bankruptcy Code section 1123(b)(2).

iii. The Plan Provides for the Settlement or Adjustment of Any Claim or Interest Belonging to the Debtors or Their Estates—Section 1123(b)(3).

23. The Plan embodies a settlement (the "Settlement") of certain Claims and Causes of Action between the Debtors and major parties-in-interest, including the Committee, the Plan Sponsor, Omega, and the DIP Lenders. I understand that the Settlement resolves a host of potential Claims and Causes of Action, which were analyzed by the Debtors, the Committee, and their respective advisors and which, if litigated, would not result in a better recovery for creditors than as proposed under the Plan and most certainly would result in significantly delayed recoveries to creditors, if any.

24. Based on consultation with the Debtors' counsel, I understand that the Plan also contains provisions implementing certain releases and exculpations, discharging claims and interests, and permanently enjoining certain causes of action. I believe these provisions are appropriate because, among other things, they (a) are the product of extensive good faith, arm's-length negotiations, (b) were necessary for certain key stakeholders to negotiate the Settlement as well as to support and fund the Plan, (c) are supported by the Debtors and their key economic stakeholders, including the DIP Lenders, the ABL Lenders, Omega, and the Plan Sponsor, (d) are fair and equitable and in the best interests of the Debtors, their estates, and the Chapter 11 Cases, and (e) are consistent with the relevant provisions of the Bankruptcy Code and Eleventh Circuit law, as explained to me by the Debtors' legal counsel.

a. The Settlement is Appropriate and Should be Approved.

25. Based on consultation with the Debtors' counsel, I understand that Bankruptcy Code section 1123(b)(3)(A) specifically provides that a chapter 11 plan may provide for the settlement or adjustment of any claim or interest belonging to the debtor or the estate. The Plan incorporates the terms of the Settlement, which I am familiar with because I was personally involved in the negotiation and mediation process surrounding its terms.

26. The Settlement was struck after weeks of good faith negotiations between and among the Debtors, the Committee, the DIP Lenders, Omega, and the Plan Sponsor, and provides for, among other things, (a) an injection of up to $10.75 million of cash or cash equivalents into the Debtors' estate; (b) assignment of D&O Claims (subject to certain limitations) to the GUC Trust for the benefit of increased unsecured creditor recoveries; (c) assignment of Divested Accounts Receivable to the GUC Trust with a $2 million Backstop Note (and accompanying guaranty); (d) substantive consolidation among the "OpCo" silo and the "DivestCo" silo; and (e)

certain waivers of general unsecured claims from Powerback Rehabilitation and Omega for the benefit of general unsecured creditors. Each aspect of the Settlement was subject to extensive negotiation, is interdependent, and if any such aspect of the Settlement is not approved or is otherwise not incorporated into the terms of the Confirmation Order, I do not believe that the Committee, the Plan Sponsor, the DIP Lenders, or Omega will support the Plan, nor would they be required to do so.

27. Further, if the Settlement is not implemented under the Plan, I expect that the Debtors may be forced to convert to chapter 7, which may involve lengthy and protracted litigation by a chapter 7 trustee regarding various potential claims and causes of action sought to be resolved by the Settlement, among others. Not only would such litigation likely take years and substantial costs to pursue, but for the reasons described herein, I believe that such litigation—even if successful—would result in recoveries to unsecured creditors that, at best, would represent a small fraction of what is available to such creditors under the Plan. Therefore, I believe that entry into the Settlement represents a reasonable and value-accretive compromise that should be approved by this Court, as it allows the Debtors to avoid costly litigation risks, has the overwhelming support of the Debtors' key creditor constituencies, and remains the most effective option for the Debtors to responsibly reorganize and maximize value for their creditors.

28. To implement the Settlement, the Plan provides certain release and exculpation provisions, including the Debtor Release and a tailored (and consensual) Third-Party Release. These provisions are (a) integral components to the Plan and the Settlement, (b) appropriate and necessary under the facts and circumstances of these Chapter 11 Cases, and (c) being provided in exchange for substantial and valuable consideration, which would not be provided if such provisions were not approved. Based upon my discussions with the Debtors' legal counsel, I

believe that such provisions are consistent with the Bankruptcy Code and comply with applicable law.

b. The Debtor Release is Appropriate and Should be Approved.

29. It is my understanding that a plan of reorganization may provide for the settlement or adjustment of any claim or interest belonging to the debtor or the estate, and that it is well settled that debtors are authorized to settle or release their claims in a chapter 11 plan. I understand that Article X.D.1 of the Plan provides for the release (the "Debtor Release") of the Released Parties[4] of any Claims and Causes of Action held by the Debtors, the Reorganized Debtors, and their Estates, subject to the terms of the Debtor Release.

30. As discussed in the *Declaration of James D. Decker in Support of Confirmation and Final Approval of the Debtors' Second Amended Combined Disclosure Statement and Joint Chapter 11 Plan of Reorganization*, filed contemporaneously herewith, I understand that the Debtors' independent manager analyzed and considered the potential claims and causes of action the Debtors may hold against other parties-in-interest and determined that granting the Debtor Release was appropriate and necessary under the circumstances. In connection with the foregoing investigation, the Debtors, with the assistance of Ankura, prepared a summary of consideration received by the Debtors in connection with their prepetition facility divestitures (the "Divestiture Transaction Consideration Summary"), which reflected, among other things, consideration

[4] "Released Parties" is defined as (a) the Debtors and the Reorganized Debtors; (b) the Committee and each of its members (solely in their respective capacities as such); (c) Omega; (d) the ABL Secured Parties; (e) OHI DIP Lender, LLC; (f) TIX 33433 LLC; (g) the CRO; (h) the Independent Manager; and (i) with respect to each of the foregoing Entities, each such Entity's current and former affiliates, subsidiaries, officers, directors, managers, principals, members, equity investors, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals, each in their capacity as such; *provided, however*, that subject in all respects to Article IV.H hereof, the D&Os shall not be Released Parties for purposes of the D&O Claims, but shall be Released Parties for purposes of the Third-Party Releases contained in Article X.D.2 of the Plan. *See* Plan, § 1.244.

received in the form of cash, rent forgiveness, and additional operational liquidity. In sum, the Divestiture Transaction Consideration Summary illustrated that the Debtors received **over $100 million** (excluding capital infusions from their equity owners) in connection with the facility divestitures that occurred in the two years prior to the Petition Date. The Debtors shared the Divestiture Transaction Consideration Summary with the Committee in advance of mediation and with the Honorable Jeffery W. Cavender in connection with the mediation.

31. The Debtors, with the assistance of Ankura, also prepared a waterfall analysis (the "Waterfall Analysis") designed to show the recoveries that would flow to each class of creditors from proceeds of causes of action in a liquidation scenario. The Waterfall Analysis was critical to the Debtors' settlement and mediation efforts, as it allowed the Debtors to determine the recoveries that would ultimately flow to holders of general unsecured claims. The Debtors shared the Waterfall Analysis with the Committee and the mediator prior to the commencement of the formal mediation and included the Waterfall Analysis in the solicited version of the Combined Disclosure Statement and Plan.

32. At its core, the Waterfall Analysis compares the guaranteed recoveries under the Settlement and the Plan, versus recoveries that could be generated through pursuit of causes of action. As set forth therein, in order to allow first dollars to flow to general unsecured creditors in a chapter 7 scenario, the Debtors would need to generate **more than $84.2 million** in gross proceeds from causes of action, assuming certain assumptions regarding costs to pursue, appropriate discount rate, payment of fees and expenses, and other considerations. In order to generate the Plan's projected unsecured creditor recoveries, the Debtors would need to generate **over $100 million** in gross proceeds from causes of action under the same assumptions.

33. The Waterfall Analysis was instrumental in informing the Debtors' decision to enter into the Settlement, as it provides the basis for comparison between the material amounts provided to unsecured creditors under the Plan, some of which are guaranteed, on the one hand, and the greatly diminished recovery prospects for unsecured creditors through expensive and uncertain litigation, on the other hand. Based on the Waterfall Analysis, I believe that the Debtors' pursuit of any such claims or Causes of Action against the Released Parties is not in the best interests of the Estates or the Debtors' various constituencies because the costs involved would likely outweigh any potential benefit from pursuing such claims or Causes of Action. I believe that the Debtor Release reflects a reasonable balance between the possible success of litigation with respect to each of the settled claims and disputes, on the one hand, and the benefits of fully and finally resolving such claims and disputes and allowing the Debtors to exit chapter 11 expeditiously, on the other hand.

34. Given the Waterfall Analysis and the Divestiture Transaction Consideration Summary, along with the results of Mr. Decker's independent investigation, it is my view that the Debtor Release constitutes an essential and critical provision of the Plan and the Settlement and appropriately offers protection to parties that directly or constructively participated in the Debtors' restructuring efforts. Additionally, I believe that the Debtor Release represents a sound exercise of the Debtors' business judgment and is in the best interest of the Estates because the Plan, including the Debtor Release, was negotiated by sophisticated entities that were represented by skilled advisors and each conditioned its support for the Plan on, among other things, the grant of the Debtor Release.

35. Furthermore, I believe that the Debtor Release is being provided in consideration for the support of the Plan and other important contributions as set forth above in the terms of the

Settlement that those Released Parties who are affiliated with the Debtors have made to the Debtors' restructuring and chapter 11 efforts. I believe that the resulting compromise reflects a true arm's-length negotiation process and I do not believe that the Debtors and their stakeholders would have been able to secure the substantial benefits provided by the Plan and the Settlement absent the Debtor Release. Specifically, I believe that the Debtor Release is provided in exchange for the valuable consideration provided by the Released Parties, and followed extensive, arm's-length negotiations between sophisticated parties represented by able counsel and advisors. The Debtor Release appropriately offers protection to parties that participated in the Debtors' restructuring process, and was negotiated in exchange for substantial consideration flowing to the Debtors' estates, for the benefit of holders of the General Unsecured Claims.

36. Accordingly, I believe that the Debtor Release represents a valid exercise of the Debtors' business judgment, is consistent with applicable law, represents a valid and good faith settlement and compromise of the Claims and Causes of Action released by the Debtors, and should be approved.

c. The Third-Party Release is Appropriate and Should be Approved.

37. In addition to the Debtor Release, I understand that Article X.D.2 of the Plan provides for a customary, consensual third-party release with respect to specified types of Claims or Causes of Action (the "Third-Party Release") against the Released Parties, which is integral to the Plan and given in exchange for consideration. I believe that the Third-Party Release is a necessary and integral element of the Plan and is tailored to reflect the arm's-length, good-faith negotiations that resulted in the Plan, which is in the best interest of the Debtors and their estates. Further, it is my understanding that the Third-Party Release is consensual under controlling precedent as to those Releasing Parties that did not specifically and timely object or otherwise

reject the Plan and affirmatively opt out from the Third-Party Release and is specific in language and scope.

38. I believe that the solicitation materials and other noticing materials filed and served in connection with the Combined Disclosure Statement and Plan provided recipients with timely, sufficient, appropriate and adequate notice of the Third-Party Release, including that all Holders of Claims that voted to accept the Plan would grant the Third-Party Release and all other Holders of Claims or Interests that voted to reject the Plan or were not entitled to vote on the Plan would grant the Third-Party Release **unless** they elected on their Ballot to opt out of the Third-Party Release or opted out by objecting to confirmation of the Plan. I believe that such parties were properly informed that the Holders of Claims against or Interests in the Debtors that did not check the "Opt Out" box on the applicable Ballot or Opt Out Form, returned in advance of the Voting Deadline, would be deemed to have consented to the release and discharge of all Claims and Causes of Action against the Debtors and the Released Parties. Additionally, the release provisions of the Plan were conspicuous and emphasized with boldface type in the Plan, the Disclosure Statement, the Ballots, the Non-Voting Status Notice, and the Combined Hearing Notice.

39. Accordingly, for all of the above reasons, I believe that the Debtors have a good faith basis for including the Third-Party Release in the Plan, that it is reasonable and appropriate in light of the unique circumstances of these Chapter 11 Cases, satisfies all applicable requirements of the Bankruptcy Code, and should be approved.

d. The Exculpation is Appropriate and Should be Approved.

40. I understand that Article X.E of the Plan contains an exculpation provision (the "Exculpation"), which exculpates only certain estate fiduciaries including (a) the Debtors; (b) the Committee and each member thereof (solely in its capacity as such); (c) each of the Patient Care

Ombudspersons; (d) any retained Professional of the Debtors, and the Committee; and (e) the Debtors' directors and officers who served in such capacity during the pendency of the Chapter 11 Cases, including the CRO and the Independent Manager (collectively, the "Exculpated Parties"), from certain acts or omissions, except for any acts or omissions that constitute gross negligence, fraud, or willful misconduct. Based on consultation with the Debtors' counsel, I understand that the Exculpation does not affect the liability of third parties, but sets a standard of care in future litigation by a non-releasing party against an exculpated party for acts arising out of the Debtors' restructuring.

41. Based on consultation with the Debtors' counsel, I believe the Exculpated Parties are Estate fiduciaries that played a critical role in negotiating, formulating, and implementing the Combined Disclosure Statement and Plan and related documents in furtherance of the Debtors' restructuring efforts. I believe that the Exculpated Parties participated in good faith in formulating and negotiating the Plan as it relates to the Debtors, and should therefore be entitled to protection from exposure to any lawsuits filed by disgruntled creditors or other unsatisfied parties. Further, it is my understanding that the Exculpation is also tailored to exclude acts of fraud, gross negligence, or willful misconduct, relates only to acts or omissions in connection with, or arising out of, the Debtors' reorganization, and ultimately inures to the benefit only of those parties in their capacity as estate fiduciaries. As such, I believe the Exculpation is reasonable and appropriate, and should be approved.

e. The Injunction is Appropriate and Should be Approved.

42. I understand that Article X.F of the Plan implements the Plan's release and exculpation provisions, in part, by permanently enjoining all entities from, with respect to any claims or interests released or settled pursuant to the Plan (the "Injunction"). Additionally, I

understand that the Injunction provides that no enjoined party may commence, continue, or otherwise pursue any claim or cause of action of any kind against the Debtors, the GUC Trustee, the Exculpated Parties, the Released Parties, or the Debtor Professionals that arose from or is related to any right, claim, or Cause of Action or the Chapter 11 Cases without this Court (a) first determining after notice and a hearing that such Claim or Causes of Action (i) represents a colorable claim against the Debtors, the GUC Trustee, the Exculpated Parties, the Released Parties, or the Debtor Professionals and (ii) was not otherwise released or transferred to the Reorganized Debtors or the GUC Trust under the terms hereof and (b) specifically authorizing such enjoined party to bring such Claim or Cause of Action against any such party. *See* Plan, Art. X.F.

43. In sum, I believe that the Injunction is a key provision of the Plan because it enforces the Debtor Release, the Third-Party Release, and the Exculpation that are integral to the Plan and is tailored to achieve its purpose. As such, to the extent that the Court finds that the Debtor Release, Third-Party Release, and Exculpation are appropriate, I believe the Injunction is also necessary and should be approved.

iv. The Plan Modifies the Rights of Certain Classes—Section 1123(b)(5).

44. In accordance with Bankruptcy Code section 1123(b)(5), I understand that Article V of the Plan modifies the rights of Holders of Claims in Classes 3, 4, 5, 6A, 6B, 6C, 7, and 8, while the Plan leaves unaffected the rights of Holders of Claims in Classes 1, 2, and 9. Thus, after consultation with the Debtors' counsel, I believe that the Plan satisfies Bankruptcy Code section 1123(b)(5).

D. Cure of Defaults—Section 1123(d).

45. Based on consultation with the Debtors' counsel, I believe that the Plan complies with Bankruptcy Code section 1123(d), as the Plan provides for the satisfaction of monetary

defaults under each Executory Contract and Unexpired Lease to be assumed under the Plan (if any) in Cash on the Effective Date, in the ordinary course of business, or on such other terms as the parties may otherwise agree, subject to the limitations described in Article VII of the Plan.

II. The Plan Satisfies the Other Confirmation Requirements Found in Bankruptcy Code Section 1129(a).

A. The Debtors Complied with the Bankruptcy Code—Section 1129(a)(2).

46. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(a)(2) requires a plan proponent to comply with the disclosure and solicitation requirements set forth in Bankruptcy Code sections 1125 and 1126. To the best of my knowledge and belief, based on discussions with the Debtors' legal counsel, and as evidenced by the Solicitation Procedures Order, prior orders of the Court, and the filings submitted by the Debtors, I believe that the Debtors have complied with Bankruptcy Code sections 1125 and 1126 regarding disclosure and Plan solicitation.

i. The Debtors Complied with Bankruptcy Code Section 1125.

47. Based on consultation with the Debtors' counsel, I believe that the Debtors complied with the requirements of Bankruptcy Code section 1125. By entry of the Solicitation Procedures Order on October 1, 2024, the Court conditionally approved the Disclosure Statement as containing "adequate information" pursuant to Bankruptcy Code section 1125(b). As set forth in the Voting Declaration, as well as various affidavits of service filed with this Court, it is my understanding that on October 7, 2024, the Debtors, with the assistance of Kurtzman Carson Consultants, LLC d/b/a Verita Global (the "Solicitation Agent"), distributed solicitation packages, including (a) the Disclosure Statement and all exhibits attached thereto (including the Plan), (b) a letter in support of the Plan from the Committee, (c) the applicable ballot for Holders of Claims in Class 3, 4, 5, 6A, 6B, and 6C (collectively, the "Ballots"), (d) the Solicitation Procedures Order

(without exhibits), and (e) the Combined Hearing Notice, to Holders of Claims entitled to vote to accept or reject the Plan as of September 27, 2024 (the "Voting Record Date"). In compliance with Bankruptcy Code section 1125(b), I understand that the Debtors did not solicit acceptances of the Plan from any Holder of a Claim or Interest prior to entry of the Solicitation Procedures Order. Moreover, I understand that no party has objected to the Debtors' solicitation process and compliance with Bankruptcy Code section 1125.

48. Based on consultation with the Debtors' counsel, I believe that the Debtors complied with the notice requirements, the tabulation procedures, and the forms of ballots set forth in the Solicitation Procedures Order. First, it is my understanding that the Debtors caused the Solicitation Agent to distribute the Solicitation Packages to Holders of Claims entitled to vote to accept or reject the Plan as of the Voting Record Date, as authorized by the Solicitation and Procedures Order. Additionally, it is my understanding that the Debtors also caused the Solicitation Agent to mail the Combined Hearing Notice to creditors and notice parties by first-class mail and/or electronic mail. Finally, it is my understanding that the forms of Ballots used to solicit votes to accept or reject the Plan comply with the Bankruptcy Rules and were approved by the Court pursuant to the Solicitation Procedures Order. Based on the foregoing, I believe the Debtors complied with the notice requirements and the forms of ballots set forth in the Solicitation Procedures Order.

49. Furthermore, I believe that the Debtors' solicitation period complied with the Solicitation Procedures Order and Bankruptcy Rule 3018(b). First, I understand that the Combined Disclosure Statement and Plan was transmitted to all Holders of Claims entitled to vote on the Plan. Second, I believe that the solicitation period, which lasted from October 7, 2024 until November 4, 2024, complied with the Solicitation Procedures Order and was adequate under the

particular facts and circumstances of the Chapter 11 Cases, as the Voting Classes were afforded 28 days to vote on the Plan. Thus, I believe the Debtors complied with the Solicitation Procedures Order and satisfied the requirements of Bankruptcy Rule 3018(b).

50. Moreover, I understand that the Solicitation Agent reviewed all Ballots received in accordance with the procedures approved in the Solicitation Procedures Order.

51. Finally, I believe that the Debtors at all times engaged in good-faith, arms'-length negotiations with key stakeholders and took appropriate actions in connection with the solicitation of the Plan in compliance with Bankruptcy Code section 1125(e).

52. Therefore, I believe that the Debtors complied with and satisfied the requirements outlined in Bankruptcy Code section 1125.

ii. The Debtors Complied with Bankruptcy Code Section 1126.

53. Based on consultation with the Debtors' counsel, I understand that Bankruptcy Code section 1126(a) specifies that only holders of allowed claims and allowed interests in impaired classes of claims or interests that will receive or retain property under a plan on account of such claims or interests may vote to accept or reject such a plan. As discussed above, I understand that on October 7, 2024, the Debtors, with the assistance of the Solicitation Agent, solicited acceptances or rejections of the Plan from the Holders of Allowed Claims in Classes 3, 4, 5, 6A, 6B, and 6C, but did not solicit votes from Holders of Claims in Classes 1, 2, 7, 8 and 9. It is my understanding that four of the six Classes of Claims entitled to vote on the Plan did so in sufficient number and by sufficient amount, as Classes 3, 4, 6A, and 6C voted to accept the Plan in more than two-thirds in amount and one half in number of Claims, pursuant to Bankruptcy Code section 1126(c). I also understand that no votes were cast in Class 5 (Go-Forward Trade Claims), as the Holder of Claims in Class 5 elected to receive treatment in Classes 6A and 6B and cast its

vote accordingly. Additionally, I understand that Class 6B (DivestCo General Unsecured Claims) voted to reject the Plan. As such, I believe that the Debtors have satisfied the requirements of Bankruptcy Code section 1129(a)(2).

B. The Debtors Proposed the Plan in Good Faith—Section 1129(a)(3).

54. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(a)(3) requires that a chapter 11 plan be proposed in good faith and not by any means forbidden by law. Based on my knowledge of and involvement in the Debtors' negotiations with the various creditor constituencies, I believe that the Plan was negotiated, developed, and proposed in good faith by the Debtors with the legitimate and honest purpose of deleveraging the Debtors' balance sheet while maximizing recoveries to the Debtors' creditors and ensuring continuity of resident care. The Debtors sought to conduct an expeditious chapter 11 process that would appropriately balance the Debtors' financial and operational restructuring goals, the health and safety of the Debtors' residents, and notice and due process considerations. The Plan and the related transactions put the Debtors on a path to continue to provide healthcare to residents without any facility closures, thereby striking such a balance.

55. The Plan is the outcome of extensive, good-faith, arm's-length negotiations with, and is supported by, the Committee, the Plan Sponsor, Omega, and the DIP Lenders, among others. Moreover, I believe that the Plan fairly achieves a result consistent with the objectives and purposes of the Bankruptcy Code. The significant settlements and agreements that are embodied in the Plan, including the Settlement, and the resulting support that has been garnered to date from the Committee, Omega, the DIP Lenders, and all of the voting classes is a testament to the overall fairness of the Plan and an acknowledgement that the Plan has been proposed in good faith and for proper purposes.

56. Furthermore, nothing in the Plan encourages misconduct on the part of the Debtors. The principal purpose of the Plan is not to avoid taxes or the avoidance of the application of section 5 of the Securities Act of 1933 (15 U.S.C. § 77(e)). Finally, the Plan achieves fundamental fairness as no party is receiving more than what it is entitled to and the Plan is built on concessions and good-faith give-and-take by all parties involved.

57. Therefore, I believe that, throughout the negotiation of the Plan and the Chapter 11 Cases, the Debtors upheld their fiduciary duties to stakeholders, acted in good faith at all times, and protected the interests of all constituents with an even hand. Accordingly, I believe that the Plan complies with and satisfies the requirements of Bankruptcy Code section 1129(a)(3).

C. The Debtors' Payment of Professional Fees and Expenses is Subject to Court Approval—Section 1129(a)(4).

58. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(a)(4) requires that certain fees and expenses paid by the plan proponent, by a debtor, or by a person receiving distributions of property under the plan, be approved by the Court as reasonable or remain subject to approval by the Court as reasonable.

59. I believe that the Plan satisfies Bankruptcy Code section 1129(a)(4), as Professional Fee Claims and corresponding payments are subject to prior Court approval and the reasonableness requirements under Bankruptcy Code sections 328 and 330. Moreover, I understand that Article IV.C.2 of the Plan provides that all final requests for payment of Professional Fee Claims shall be filed no later than 45 days after the Effective Date, thereby providing an adequate period of time for interested parties to review such Professional Fee Claims. Finally, I understand that, per Article IV.C.1 of the Plan, as of the Effective Date, funds in the Professional Fee Reserve shall be held in trust solely for the Allowed Professional Fee Claims and maintained by the GUC Trust. Therefore, I believe the Plan complies with the requirements of Bankruptcy Code section 1129(a)(4).

D. The Plan Complies with Governance Disclosure Requirements—Section 1129(a)(5).

60. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(a)(5) requires a proponent of a plan to disclose the identity and affiliations of the proposed officers and directors of the Reorganized Debtors. In accordance with Article VI.B.9 of the Plan, on the Effective Date, I understand that the existing officers and managers of the Debtors (nearly all of which are limited liability companies) will be re-appointed as officers and managers of the Reorganized Debtors, subject to the ability of the Reorganized Debtors to make any future determination with respect to such individuals pursuant to the approval of the Reorganized Debtors after the Effective Date. I further understand that Synergy is expected to provide back-office management services to the Reorganized Debtors on and after the Effective Date. Therefore, I believe that the above facts and circumstances satisfy Bankruptcy Code section 1129(a)(5).

E. The Plan Does Not Require Governmental Regulatory Approval—Section 1129(a)(6).

61. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(a)(6) permits confirmation only if any regulatory commission that has or will have jurisdiction over a debtor after confirmation has approved any rate change (*e.g.*, the price of utility services) provided for in the plan. I understand that no such rate changes are provided for in the Plan, making Bankruptcy Code section 1129(a)(6) inapplicable to the Chapter 11 Cases.

F. The Plan Satisfies the Best Interest Test—Section 1129(a)(7).

62. Based on consultation with the Debtors' counsel, I understand that Bankruptcy Code section 1129(a)(7), commonly known as the "best interests test," requires that each holder

of an impaired claim or interest either (i) accept the plan or (ii) receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the value such holder would receive if the debtor was liquidated under chapter 7 of the Bankruptcy Code. Relying on information from the Debtors' advisors and my own personal knowledge, I have reviewed the classification of Claims and Interests under the Plan and the proposed distributions to each Class of Claims and Interests. Based on my review, to the best of my knowledge, information, and belief, I believe that the Plan satisfies the "best interests test" with respect to all Classes of Claims and Interests because each of the Holders of Claims and Interests in such Classes has either (a) voted to accept the Plan or (b) is expected to receive a higher recovery under the Plan than under a hypothetical chapter 7 liquidation.

63. In order to determine whether the Plan satisfies the "best interests test", the Debtors, with Ankura's assistance, prepared a liquidation analysis, which is attached to the Disclosure Statement as Exhibit A (the "Liquidation Analysis"). I assisted with and oversaw the preparation of the Liquidation Analysis and worked closely with a team of Ankura staff on its development. The Liquidation Analysis was completed after due diligence by the Debtors and Ankura and is based on, but not merely the product of, a variety of assumptions, which I believe are reasonable.

64. The Liquidation Analysis compares the projected recoveries that would result from the liquidation of the Debtors in a hypothetical conversion to chapter 7 of the Bankruptcy Code on November 1, 2024 (the "Conversion Date") with the estimated recoveries to holders of Allowed Claims and Interests under the Plan. The Liquidation Analysis is based on the Debtors' projected cash balance and assets as of the Conversion Date and incorporates various estimates and assumptions, and the projected costs associated with the administration of the estate and the wind-down of the Debtors' operations in a hypothetical conversion to a chapter 7 liquidation.

65. A comparison of the range of estimated liquidation recoveries to the estimated Plan recoveries indicates that each holder of an Impaired Claim or Interest will receive or retain under the Plan property with a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Specifically, the projected recoveries under the Plan and the results of the Liquidation Analysis for all Holders of Claims and Interests are as follows:

Class	Claim/Interest	Projected Plan Recovery (Low)	Projected Plan Recovery (High)	Projected Liquidation Recovery
1	Other Secured Claims	100%	100%	0%
2	Other Priority Claims	100%	100%	0%
3	ABL Claims	TBD	TBD	93.1-96.5%
4	Omega Term Loan Claims	TBD	TBD	0%
5	Go-Forward Trade Claims	0%	0%	0%
6A	OpCo General Unsecured Claims	10.8%	10.8%	0%
6B	DivestCo General Unsecured Claims	1.2%	10.0%	0%
6C	Joint & Several OpCo General Unsecured Claims	1%	1%	0%
7	Intercompany Claims	0%	0%	0%
8	Existing Equity Interests	0%	0%	0%
9	Intercompany Interests	0%	0%	0%

66. Based on the Debtors' and their advisors' Plan valuation and recoveries set forth in the Plan, the chapter 7 liquidation recoveries for unsecured creditors are substantially lower than the recoveries provided by the Plan. Accordingly, I believe that the Plan satisfies the "best interests test" of Bankruptcy Code section 1129(a)(7).

G. The Plan Has Been Accepted by Certain Impaired Classes Entitled to Vote—Section 1129(a)(8).

67. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(a)(8) requires that each class of claims or interests under a plan has either accepted the plan or is not impaired under the plan. As discussed above, Holders of Claims

in Class 3 (ABL Claims), Class 4 (Omega Term Loan Claims), Class 5 (Go-Forward Trade Claims), Class 6A (OpCo General Unsecured Claims), Class 6B (DivestCo General Unsecured Claims), and Class 6C (Joint & Several OpCo General Unsecured Claims) are Impaired and entitled to vote on the Plan. I understand that Classes 3, 4, 6A, and 6C voted to accept the Plan and that no votes were cast in Class 5.

68. I also understand that Class 6B (DivestCo General Unsecured Claims) voted to reject the Plan and Class 7 (Intercompany Claims) and Class 8 (Existing Equity Interests) are deemed to have rejected the Plan, and thus, were not entitled to vote.

69. Accordingly, I believe that, while the Plan does not satisfy Bankruptcy Code section 1129(a)(8) of the Bankruptcy Code with respect to Classes 6B, 7, and 8 (collectively, the "Rejecting Classes"), the Plan is confirmable nonetheless because it satisfies the "cramdown" requirements in Bankruptcy Code sections 1129(a)(10) and 1129(b), as discussed below.

H. The Plan Provides for Payment in Full of All Allowed Priority Claims—Section 1129(a)(9).

70. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(a)(9) generally requires that holders of certain priority claims must be repaid in full in cash or receive certain other specified treatment. I believe that Article IV.A of the Plan satisfies Bankruptcy Code section 1129(a)(9)(A) because it provides that each Holder of an Allowed Administrative Expense Claim will receive Cash equal to the amount of such Allowed Administrative Expense Claim either in the ordinary course of business or on the later of the Effective Date and the date on which such Claim becomes an Allowed Claim (or as soon as reasonably practicable thereafter). In addition, I believe that the Plan satisfies Bankruptcy Code section 1129(a)(9)(B) because no Holders of the Claims specified in section 1129(a)(9)(B) are Impaired under the Plan. Finally, I understand that Article IV.B of the Plan specifically provides

that Holders of Allowed Priority Tax Claims shall be treated in accordance with the terms of Bankruptcy Code section 1129(a)(9)(C). Therefore, I believe that the Plan satisfies Bankruptcy Code section 1129(a)(9).

I. At Least One Class of Impaired, Non-Insider Claims Accepted the Plan—Section 1129(a)(10).

71. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(a)(10) provides that, to the extent there is an impaired class of claims, at least one impaired class of claims must accept the plan "without including the acceptance of the plan by any insider." It is my understanding that Holders of Claims in Class 3, 4, 6A, and 6C voted to accept the Plan independent of any insiders' votes, thereby satisfying Bankruptcy Code section 1129(a)(10).

J. The Plan is Feasible—Section 1129(a)(11).

72. Based on consultation with the Debtors' counsel, I understand that to satisfy the feasibility requirement of Bankruptcy Code section 1129(a)(11), a debtor must demonstrate that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor. I believe that the Plan satisfies this requirement by providing for a clear path to emergence from these chapter 11 cases and the ability of the Debtors to satisfy all of their obligations under the Plan. The Plan will result in the Debtors being a viable business upon emergence, and will not be followed by liquidation or the need for further financial reorganization. The Debtors project that their highly deleveraged capital structure and exit financing will be sufficient to operate their businesses, and will position the Reorganized Debtors for post-emergence success. In connection with proposing the Plan, the Debtors and their advisors analyzed their ability post-Confirmation to meet their

obligations under the Plan and continue as a going concern without the need for further financial restructuring.

73. Moreover, as set forth in Exhibit B to the Combined Disclosure Statement and Plan, the Debtors prepared projections of the Debtors' financial performance through the end of 2027 (the "Financial Projections") for the annual periods ending November 30, 2024 through November 30, 2027. The Financial Projections reflect a series of realistic assumptions regarding the Debtors and their industry and demonstrate the Debtors' ability to generate sufficient Cash to meet the ongoing financial obligations of the business and otherwise meet their obligations under the Plan. I believe that the Financial Projections are reasonable and demonstrate that the Debtors will be well-positioned when they emerge from bankruptcy to execute their business plan and to service their debt obligations. In addition, upon the Effective Date, I understand that the Debtors expect to have sufficient funds to make all payments contemplated by the Plan as a result of, among other things, the Plan Sponsor Contribution and cash generated by the ongoing operation of the Debtors' business.

74. Accordingly, I believe that the Plan is feasible and that Confirmation will not be followed by a liquidation, satisfying Bankruptcy Code section 1129(a)(11).

K. The Plan Provides for Payment of All Fees—Section 1129(a)(12).

75. Based on consultation with the Debtors' counsel, I understand that Article XVI.C of the Plan provides that all fees and charges under 28 U.S.C. § 1930(a), to the extent not previously paid and due and owing, will be paid for each quarter (or any fraction thereof) until the applicable chapter 11 case of the Debtors is converted, dismissed, or closed, whichever occurs first. Therefore, I believe that the Plan satisfies Bankruptcy Code section 1129(a)(12).

L. Inapplicable Provisions—Section 1129(a)(13)-(16).

76. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(a)(13) is inapplicable because the Debtors do not provide "retiree benefits" within the meaning of Bankruptcy Code section 1114. It is also my understanding that Bankruptcy Code section 1129(a)(14) relates to the payment of domestic support obligations. Since the Debtors are not subject to any domestic support obligations, it is my understanding that the requirements of Bankruptcy Code section 1129(a)(14) do not apply. Likewise, Bankruptcy Code section 1129(a)(15) applies only in cases in which the debtor is an "individual" as the term is defined in the Bankruptcy Code. Because the Debtors are not "individuals," it is my understanding that the requirements of Bankruptcy Code section 1129(a)(15) do not apply. Finally, the Debtors are not nonprofit corporations and, therefore, I understand that Bankruptcy Code section 1129(a)(16) does not apply.

III. The Plan Satisfies the "Cram Down" Requirements of Bankruptcy Code Section 1129(b).

77. Based on consultation with the Debtors' counsel, it is my understanding that Bankruptcy Code section 1129(b)(1) provides that, if all applicable requirements of Bankruptcy Code section 1129(a) are met other than Bankruptcy Code section 1129(a)(8), a plan may be confirmed so long as the requirements set forth in Bankruptcy Code section 1129(b) are satisfied. To do so, the plan proponent must show that the plan does not "discriminate unfairly" and is "fair and equitable" with respect to the non-accepting impaired classes. For the reasons set forth below, I believe that the Plan satisfies Bankruptcy Code section 1129(b).

78. I understand Classes 3, 4, 6A, and 6C, all of which are Impaired, voted to accept the Plan. I understand that the only Holder of Claims in Class 5 (Go-Forward Trade Claims) elected to receive treatment in Class 6A and Class 6B, as applicable, meaning that there were no

votes cast in Class 5. It is my understanding that the Plan is nonetheless confirmable because, as discussed in greater detail below, it satisfies the "cramdown" requirements of Bankruptcy Code section 1129(b) with respect to Classes 6B, 7, and 8.

A. The Plan Does Not Discriminate Unfairly with Respect to Impaired Classes that Have Not Voted to Accept the Plan—Section 1129(b)(1).

79. Based on consultation with the Debtors' counsel, it is my understanding that a plan unfairly discriminates where similarly-situated classes are treated differently without a reasonable basis for the disparate treatment. I believe that the Plan does not discriminate unfairly with respect to Class 6B (DivestCo General Unsecured Claims), Class 7 (Intercompany Claims), and Class 8 (Existing Equity Interests) because there is a reasonable and nondiscriminatory reason for the separate classification of these Impaired Classes. It is my understanding that (a) Holders of Claims in Class 6B (DivestCo General Unsecured Claims) consist of all General Unsecured Claims against the DivestCo Debtors; (b) Holders of Claims in Class 7 consist of all Intercompany Claims against the Debtors; and (c) Holders of Interests in Class 8 consist of all Existing Equity Interests. As such, I believe that any disparate treatment between Classes under the Plan is attributable to key differences between such Classes. No Class of equal priority is receiving more favorable treatment, and no Class that is junior to the Rejecting Classes will receive or retain any property on account of the Claims or Interests in such Rejecting Classes. Accordingly, I believe that the Plan does not discriminate unfairly with respect to the Classes 6B, 7, and 8 and the Plan may be confirmed notwithstanding the rejection or deemed rejection, as applicable, by the Rejecting Classes.

B. The Plan is Fair and Equitable—Section 1129(b)(2)(B)(ii).

80. Based on consultation with the Debtors' counsel, my understanding is that a plan is considered "fair and equitable" pursuant to Bankruptcy Code sections 1129(b)(2)(B)(ii) and

1129(b)(2)(C)(ii) if, with respect to a class of impaired unsecured claims or interests, the plan provides that either (a) an impaired rejecting class of claims or interests be paid in full or (b) a class junior to the impaired rejecting class not receive any distribution under a plan on account of its junior claim or interest. I understand this is referred to as the "absolute priority rule," which requires that if the holders of claims in a particular rejecting class receive less than full value for their claims, no holders of claims or interests in a junior class may receive any property under the plan. I believe that the Plan is fair and equitable because, under the Plan, no Holder of a Claim or Interest junior to an Impaired rejecting Class of Claims or Interests will receive any recovery under the Plan on account of such Claim or Interest.

81. In addition, I understand that no Class is receiving more than the value of its Claims in exchange for such Claims. In particular, no Holders of Claims or Interests junior to Class 6B, Class 7, or Class 8 will receive or retain any property under the Plan. Accordingly, I believe that the Plan is "fair and equitable" with respect to the Rejecting Classes and satisfies Bankruptcy Code section 1129(b).

IV. The Plan Compiles with the Other Provisions of Bankruptcy Code Section 1129—Sections 1129(c)-(e).

82. Based on consultation with the Debtors' counsel, I believe that the Plan satisfies the remaining provisions of Bankruptcy Code section 1129. First, Bankruptcy Code section 1129(c), which prohibits confirmation of multiple plans, is not implicated here because the Plan is the only plan filed in the Chapter 11 Cases. Second, I understand that the purpose of the Plan is not to avoid taxes or the application of section 5 of the Securities Act of 1933 and no government unit or any other party has requested that the Court decline to confirm the Plan on such grounds, satisfying Bankruptcy Code section 1129(d). Finally, I understand that Bankruptcy Code section

1129(e) is inapplicable because the Chapter 11 Cases is not a "small business case." Therefore, the Plan satisfies the remaining provisions of Bankruptcy Code section 1129(c)-(e).

V. Modification of the Plan—Section 1127.

83. As the Debtors continue to resolve remaining Plan objections and clarify non-material issues, certain additional modifications may be reflected in a further amended Plan filed with the Court or referenced on the record during the Combined Hearing. It is my understanding that the modifications to the Plan are not adverse to the creditors who were solicited to vote on the Plan. The modifications either improve or are effectively neutral with respect to creditor treatment, address specific concerns raised by particular Holders of Claims and Interests, memorialize key settlements, and/or clarify existing Plan provisions. Accordingly, I believe that all modifications to the Plan are non-material or improve creditor treatment. As a result, I have been advised that the Debtors are not required to resolicit Plan acceptances and all Holders who previously accepted the Plan should be deemed to accept the Plan, as modified.

VI. Substantive Consolidation is Appropriate

84. I understand that the Plan contemplates entry of an order (a) substantively consolidating the OpCo Debtors' Estates (but not the OpCo Debtors themselves, except to the extent set forth in the Restructuring Transactions Memorandum) and Chapter 11 Cases for purposes of voting, distribution, and confirmation, and, separately, (b) substantively consolidating the DivestCo Debtors' Estates (but not the DivestCo Debtors themselves, except to the extent set forth in the Restructuring Transactions Memorandum) and Chapter 11 Cases for purposes of voting, distribution, and confirmation. *See* Plan, Arts. III.F, V.A.

85. Based on my discussions with the Debtors' counsel, I understand that a proponent of substantive consolidation must show that (a) there is substantial identity between the entities to

be consolidated and (b) consolidation is necessary to avoid some harm or to realize some benefit. Based upon my knowledge of the Debtors' business operations and my discussions with the Debtors' counsel, I believe that the Plan satisfies the relevant standards for substantive consolidation in this district, as discussed in greater detail below.

86. *First*, I believe that there is substantial identity between the OpCo Debtors and between the DivestCo Debtors. With respect to the OpCo Debtors, I understand that the OpCo Debtors consist of the Debtor entities that will be operating and managing the go-forward facilities (42 in total)[5] of the Debtors. The Debtors as a whole, including the OpCo Debtors, have consolidated financial statements and utilize a consolidated cash management system for collection and disbursement activities with respect to the OpCo Debtors. The OpCo Debtors also engage in voluminous intercompany transactions with one another on a daily basis. It is my understanding that the Debtors' largest trade vendors, including Powerback and HSG, operate through consolidated contracts with the OpCo Debtors and each of the OpCo Debtors receives management services through Debtor CMC II and back-office services from non-Debtor Synergy, including IT infrastructure, banking support, and other support. I understand that the OpCo Debtors are all directly or indirectly owned by Debtor LaVie Care Centers, LLC and the governing body of each of the OpCo Debtors was indirectly provided through the Board of Directors of non-Debtor FC XXI. I also understand that substantially all of the OpCo Debtors are joint and several co-obligors and/or guarantors under the ABL Exit Facility, the DIP Facility, and the Omega Term Loan Credit Agreement, as well as certain of the Debtors' master leases and prepetition settlement agreements with the United States.

[5] As set forth in the Confirmation Brief, the Debtors intend to reject the lease with respect to their remaining Florida facility, Harts Harbor, and subsequently transfer facility operations to a new operator.

87. With respect to the DivestCo Debtors, I understand that the DivestCo Debtors consist of the Debtor entities which, among other things, previously operated facilities that were divested in advance of the Chapter 11 Cases. Like the OpCo Debtors, the DivestCo Debtors are all directly or indirectly owned by Debtor LaVie Care Centers, LLC and the governing body of each of the DivestCo Debtors was indirectly provided through the Board of Directors of non-Debtor FC XXI. The DivestCo Debtors have consolidated financial statements and also utilize the Debtors' consolidated cash management system in collecting accounts receivable. Additionally, it is my understanding that virtually all of the Debtors' operations transfer agreements involving the DivestCo Debtors contain intercorporate guarantees on the obligations contained in those agreements. I understand that the DivestCo Debtors are all also obligors under the DIP Facility and certain of the DivestCo Debtors are obligors under the Omega Term Loan Facility and/or the ABL Credit Facility.

88. *Second*, I believe that substantive consolidation of the OpCo Debtors and substantive consolidation of the DivestCo Debtors is necessary to avoid harm to the Debtors' Estates. Absent substantive consolidation, I believe that the substantial contributions made by the Released Parties, including the Plan Sponsor, would not be available, and that the support of the Committee would not have been obtained. I also believe that consolidation of the OpCo Debtors and substantive consolidation of the DivestCo Debtors is beneficial to the Debtors' Plan confirmation and distribution process, as it will avoid the administrative cost and burden of obtaining confirmation of a chapter 11 plan proposed by each individual Debtor, tabulating votes on a debtor-by-debtor basis, and distributing funds to creditors on a debtor-by-debtor basis.

89. Accordingly, based on the discussions with the Debtors' counsel and my understanding of the relevant factors applied in this district, I believe that substantive consolidation

of the OpCo Debtors' Estates and substantive consolidation of the DivestCo Debtors' Estates for voting, distribution, and confirmation purposes only is appropriate, reasonable, and necessary.

CONCLUSION

90. As evidenced by the foregoing, I believe that the Plan and the compromises and agreements embodied therein have been structured to accomplish the Debtors' goal of maximizing estate value. I believe that the significant settlements achieved, as set forth herein, further reflects the overall fairness and reasonableness of the Plan and that the Plan has been proposed in good faith and for proper purposes. As a result, I believe that the Plan presents the best (and only) option for the Debtors, is in the best interest of creditors, and should be confirmed. I hereby reserve my right to amend the testimony set forth herein as necessary at the Combined Hearing.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: November 12, 2024

/s/ M. Benjamin Jones
M. Benjamin Jones
Chief Restructuring Officer
LaVie Care Centers, LLC