

this determination, the parties shall take into account budget data provided by Lessee and such other information as may be relevant.

(ii) With respect to each three Lease Year period after the Initial Period (each, a "Determination Period"), the parties shall meet no later than six months before the end of the period for which Alternative Minimum Participating Rent has last been determined, and shall endeavor to agree upon amounts that fairly represent the Participating Rent that is then projected to be payable by Lessee for each month during the next Determination Period. In making this determination, the parties shall take into account the Annual Budgets and other budget data provided by Lessee, historical data concerning Participating Rent previously paid by Lessee (except for Participating Rent paid by Lessee during the first 12 months of the Initial Period, which shall not be taken into account), and such other information as may be relevant.

(iii) Upon determining the Alternative Minimum Participating Rent for each month of the Initial Period, or any subsequent Determination Period, the parties shall execute an addendum to this Lease, letter agreement or other writing memorializing their agreement. In the event there is a Casualty or Appropriation and the Restoration Period will extend beyond the then-current Determination Period, the Alternative Minimum Participating Rent for the duration of the Restoration Period shall be the Alternative Minimum Participating Rent that was in effect for the last month of the Determination Period, adjusted as follows: in the event the Alternative Minimum Participating Rent for the Determination Period incorporates an escalation feature (*e.g.*, the Alternative Minimum Participating Rent increases by two percent every 12 months during the Determination Period), the Alternative Minimum Participating Rent for the duration of the Restoration Period shall incorporate the same. For example, if the Alternative Minimum Participating Rents for the Determination Period 2010-2012 were \$200,000 per month during Lease Year 2010, \$204,000 per month during Lease Year 2011 and \$208,080 during Lease Year 2012, and a Casualty occurred in November, 2011 for which a 30-month Restoration Period were anticipated, the Alternative Minimum Participating Rent for the Restoration Period would be as follows:

<u>Restoration Period</u>	<u>Alternative Minimum Participating Rent</u>
November - December, 2011	\$204,000/month
January - December, 2012	\$208,080/month
January - December, 2013	\$212,242/month
January - April, 2014	\$216,486/month

(iv) If the parties are unable to agree on the Alternative Minimum Participating Rent for the Initial Period, or any subsequent Determination Period, within three months after the date they begin discussions with respect to such Determination Period, the amount(s) shall be determined pursuant to the provisions of Section 7.12 by an Arbitrator having at least 15 years of experience in the operation of CCRCs. The expenses of such determination shall be borne equally between Lessor and Lessee.

17.9 Right to Participate in Settlement. Lessee shall have the sole right to negotiate, settle and compromise any insurance claim for \$2,000,000 or less. Lessor and Lessee shall both have the right to participate in the negotiation, settlement or compromise of any insurance claims in excess of \$2,000,000, and in all Awards, except to the extent otherwise provided in Section 17.4(e) with respect to temporary Appropriation Awards. Lessee shall have the sole right to negotiate, settle and compromise any Award for a temporary Appropriation (so long as the temporary Appropriation is not deemed a Total Appropriation pursuant to Section 17.4(e), and Lessor does not elect to seek recovery of Lessor's Share pursuant to Section 17.4(e) in the event that the assignment thereunder by Lessor to Lessee is not fully effective or enforceable). The \$2,000,000 threshold amount set forth in this Section 17.9 shall be adjusted on the fifth anniversary of the Development Plan Modification Approval Date, and every five years thereafter during the Term, by a percentage equal to the percentage change in the CPI over the five-year period immediately preceding the date of the adjustment.

17.10 Disputes. In the event the parties are unable to agree upon: (a) the equitable abatement or reduction of Construction Period Rent, Annual Base Rent and/or Alternative Minimum Participating Rent, as applicable; (b) whether the conditions provided in this Article 17 for the termination of this Lease by either party have been satisfied; or (c) the amount of Proceeds to be paid to either party under this Article 17, the matter(s) in dispute shall be decided through arbitration in accordance with the provisions of Section 7.12 of this Lease by an

Arbitrator having at least ten years of experience in commercial ground lease transactions and experience with First Class CCRCs.

17.11 Survival. Lessor's, Lessee's and any Lender's rights and obligations under this Article 17, including without limitation their rights to receive Proceeds, shall survive any termination of this Lease.

ARTICLE 18

PURCHASE AND SALE OF PROJECT

18.1 Lessor's Right to Purchase Project. Lessor shall have the right, exercisable for any or no reason at any time after the 15th anniversary of the Initial Occupancy Date, to purchase Lessee's leasehold estate under this Lease (which includes without limitation Lessee's interest in the Improvements and FF&E) upon 180 days' written notice to Lessee (the "Exercise Notice"). If Lessor exercises this purchase right, Lessor shall pay Lessee the consideration, and Lessee shall surrender and deliver to Lessor this Lease, the Premises, Improvements and FF&E and certain related assets (which Lease, Premises, Improvements, FF&E and related assets are referred to in this Article 18 as the "Assets"), as provided in the following sections of this Article 18.

18.2 Closing.

(a) The closing ("Closing") shall occur through an escrow with Chicago Title Company, or such other title company as the parties may agree, on the date ("Closing Date") that is 180 days after the date Lessor delivers the Exercise Notice to Lessee (the "Exercise Date"), subject to extension pursuant to Section 18.3(d), Section 18.4 or the parties' mutual agreement as to a different Closing Date. Lessor shall open the escrow within ten days after the Exercise Date by delivering a copy of the Exercise Notice, a copy of this Lease and an earnest money deposit in the amount of \$1,000,000 (the "Deposit") to the Title Company. The Deposit shall be invested in an interest-bearing account as directed by Lessor, and all interest earned on the Deposit while in escrow shall be added to and constitute a part of the Deposit. The \$1,000,000 prescribed Deposit amount shall be adjusted on the fifth anniversary of the Development Plan Modification Approval Date, and every five years thereafter until the 45th anniversary of the Initial

Occupancy Date, by a percentage equal to the percentage change in the CPI over the five-year period immediately preceding the date of the adjustment.

(b) At Closing, Lessor shall pay Lessee the consideration required by Section 18.3(a) below, shall deliver to Lessee reasonable evidence that the Lessor Loan has been paid in full, and shall assume the following obligations, but only to the extent they accrue or otherwise are required to be performed on and after the Closing Date (collectively, the "Assumed Obligations"): (i) all obligations to Residents under the Residence and Services Agreements and Rental Leases, if any; (ii) all obligations under the agreements and instruments evidencing or relating to any Loan that Lessor has elected to assume, if the Lender consents to Lessor's assumption of the Loan and agrees to release Lessee and any guarantors and other obligors from any further liabilities or obligations under the Loan from and after the Closing Date; (iii) all obligations under such Service Contracts as Lessor may elect in its sole discretion to assume upon written notice to Lessee within 90 days after the Exercise Date; provided, however, that Lessor may not assume any Service Contract with a Hyatt Affiliate unless the Hyatt Affiliate so agrees in the exercise of its sole discretion; and (iv) all Permitted Exceptions. Lessee shall terminate, effective on or before the Closing Date, all other obligations relating to the Premises or the Project, and shall deliver the Assets to Lessor or Lessor's nominee by appropriate instruments of conveyance (including without limitation an assignment of this Lease) free and clear of all claims, liens, encumbrances, easements and third party interests of any sort (including without limitation all Loans that are not being assumed by Lessor), except for the Assumed Obligations. There shall be a holdback from the purchase price delivered to Lessee at Closing, in an amount to be reasonably estimated by the parties (the "Holdback"), sufficient to fund: (1) any contingent Entrance Fee refund obligations that may become payable after the Closing Date during the Refund Period that is applicable to any Residence and Services Agreement executed prior to the Closing Date; and (2) all Impositions and other Project Costs that are not otherwise paid by Lessee prior to the Closing Date and that are allocable to the period prior to the Closing Date, prorated to the Closing Date. On the Closing Date, Lessor shall deposit the full amount of the Holdback with the Title Company with instructions to deposit such funds in an interest bearing escrow account with a federally-insured reputable banking institution. The Holdback funds shall be disbursed from such escrow account by the Title Company from time to time on account of the obligations specified in clauses (1) and (2) above as such obligations become due

and payable, and the parties shall provide such instructions to the Title Company to authorize such disbursements as the Title Company shall customarily require. Any unexpended Holdback amounts, together with any interest earned thereon, shall be disbursed by the Title Company to Lessee on the first anniversary of the Closing Date.

(c) At Closing, each party shall deliver to the other a release (which release shall include an express waiver of the protections provided by Civil Code Section 1542), indemnity and covenant not to sue in accordance with the following:

(i) At Closing, Lessor shall release and indemnify Lessee, in form reasonably satisfactory to Lessee, against any claims, damages, losses, liabilities and costs (including without limitation reasonable attorneys' fees, costs and disbursements) arising after the Closing in connection with the Assumed Obligations, or that are otherwise attributable to acts or events arising out of the operation of the Premises and the Project occurring after the Closing; provided, however, that in no event shall Lessor be liable to Lessee for any employment-related claims (including without limitation claims relating to severance, benefits, wrongful termination or discrimination), except as expressly provided in Section 18.2(e) below, or for any punitive, consequential or other speculative damages.

(ii) At Closing, Lessee shall release and indemnify Lessor, in form reasonably satisfactory to Lessor, against any claims, damages, losses, liabilities and costs (including without limitation reasonable attorneys' fees, costs and disbursements) attributable to acts or events arising out of the operation of the Premises and the Project occurring prior to the Closing, including without limitation any employment-related claims (including without limitation claims relating to severance, benefits, wrongful termination or discrimination), except to the extent expressly provided elsewhere in this Lease (*e.g.*, in Section 18.2(e) below with respect to the obligations of Lessor set forth therein); provided, however, that in no event shall Lessee be liable to Lessor for any punitive, consequential or other speculative damages.

(d) Lessee shall deliver to Lessor at Closing the documents and other materials required by Section 8.4(b) to be delivered upon the surrender of the Premises, and Lessor shall deliver to Lessee at Closing the funds, documents and other materials required by

this Article 18 to be delivered by Lessor. Lessor shall pay all escrow and recording fees, title insurance premiums, documentary transfer taxes, and other costs of Closing. The parties shall bear their own attorneys' and consultants' fees and costs. Each party shall execute such further instruments of assignment, conveyance and assumption, and such escrow instructions, as may be reasonably required to consummate the transfer of the Assets in accordance with this Article 18.

(e) Lessor shall retain, or cause an assignee or operator to commit to retain, a sufficient number of Lessee's employees (except that Lessor shall not under any circumstances be obligated to retain any employee of Lessee who is at the level of assistant to the department head or higher), for a sufficient period after the Closing, so that Lessee shall not have any obligations or liability under the Worker Adjustment and Retraining Notification (WARN) Act, or any amended, similar or subsequent Applicable Law of similar effect; provided, however, that the foregoing obligation is made expressly conditioned upon and subject to the parties' express agreement that Lessor shall not under any circumstances be obligated to assume, or be deemed by this Section or any other provision of this Lease to have assumed or otherwise be subject to any obligations or liabilities under or in connection with any collective bargaining agreement or other agreement with any labor organization entered into with respect to the Project.

(f) Lessor shall be responsible for the satisfaction of all filing, reporting, clearance and like requirements of Applicable Law (e.g., Hart-Scott-Rodino, if applicable) that may apply to the transaction but do not apply solely to Lessee. Lessor shall prepare, submit and prosecute, at its sole cost but with Lessee's reasonable cooperation upon request, any such required filings, reports and applications. Lessor also shall be responsible for procuring all permits and licenses that may be required for the operation of the Project after the Closing Date. Lessee shall provide reasonable cooperation to Lessor upon request, and Lessor shall reimburse Lessee for all costs reasonably incurred in providing such cooperation.

(g) Lessor and Lessee shall use diligent efforts to finalize the forms of all agreements, instructions, instruments and other documents that are necessary to close the transaction (collectively, "Closing Documents") within 90 days after the Exercise Date. In the event the forms of any Closing Documents have not been finalized 90 days before the Closing Date, either party may elect to have any unresolved issues pertaining to the forms of the Closing Documents resolved through arbitration, in accordance with the provisions of Section 7.12

above, by an Arbitrator having at least 15 years of experience as an attorney handling sophisticated real estate transactions.

18.3 Consideration to Lessee.

(a) Consideration Amount. As Lessee's sole and exclusive consideration for conveying the Assets to Lessor pursuant to this Article 18, Lessor shall pay the Purchase Price to Lessee at Closing. For purposes of this Article 18, the "Purchase Price" shall be the Fair Market Value (as defined in Section 18.3(b) below), less credits in the amount of (i) the aggregate outstanding indebtedness under any Loan(s), to the extent assumed by Lessor at Closing; and (ii) the Replacement Cost of the Marked Personal Property as determined pursuant to Section 18.3(e) below; provided, however, that in no event shall the cash consideration payable to Lessee for the Assets at Closing be less than the Aggregate Loan Obligation Amount. For purposes of this Article 18, the "Aggregate Loan Obligation Amount" shall mean and include all sums required to be paid to discharge all indebtedness of Lessee under all Loans that are not being assumed by Lessor at Closing, but only up to the maximum aggregate amount permitted by Section 15.5(b) (inclusive of accrued and unpaid interest, late charges and penalties). In addition, Lessor shall pay any charges or premiums that may be payable on account of the prepayment of any Loans that are not being assumed by Lessor at Closing.

(b) Fair Market Value Defined. For purposes of this Article 18, "Fair Market Value" shall mean the cash price which a willing, financially capable and sophisticated purchaser would pay, as of the date of the Exercise Notice, for: (i) all of Lessee's rights, title and interest under this Lease with respect to the Premises, the Improvements and the FF&E (including without limitation the Marked Personal Property), subject to all Assumed Obligations other than the Loans; plus (ii) if (but only if) both Lessee and the Manager are then Hyatt Affiliates, all of the Manager's rights, title and interest under the Management Contract; plus (iii) if (but only if) both Lessee and the Marketing Company are then Hyatt Affiliates, all of the Marketing Company's rights, title and interest under the Marketing Contract. A sophisticated purchaser shall be one who would: (1) take into account the nature, condition, scope, extent, maturity or expiration dates and other terms of this Lease and the other Assets and the Assumed Obligations, whether fixed or contingent (including without limitation any holdbacks and prorations); and (2) take into account any terms (e.g., the fee structure, the contract term, etc.) of

the Management Contract and Marketing Contract that might favorably or adversely affect the value of the Lease by, for example and not by way of limitation, imposing above-market or below-market operating costs (*e.g.*, due to an above-market or below-market fee structure) or precluding the buyer from earning management or marketing fees (*e.g.*, due to a non-market contract term or lock-in feature). The parties shall take into account any then-customary method (or methods) of determining fair market value by appraisal in determining Fair Market Value.

(c) **Determination of Fair Market Value.** The parties first shall endeavor to agree upon the Fair Market Value. If the parties are unable to agree within 30 days after the Exercise Date, each party shall select one appraiser within 45 days after the Exercise Date and the two appraisers shall meet promptly to select a neutral third appraiser (the "Referee"). Each of the initial two appraisers then shall furnish the parties with a written determination of the Fair Market Value within 120 days after the Exercise Date. If only one appraisal is submitted within the requisite time period, the Fair Market Value determination contained in the appraisal shall be final and binding on the parties. If both appraisals are timely submitted and they differ by less than five percent of the lower of the two, the average of the two determinations shall be the Fair Market Value and shall be final and binding on the parties. If the two appraisals differ by more than five percent of the lower of the two, the parties shall deliver copies of both appraisals to the Referee, and the Referee shall select, within ten days after receipt, the appraisal which it believes more accurately represents the Fair Market Value and the appraisal so selected shall be final and binding on the parties. All appraisers appointed pursuant to this Article 18 shall be investment banking firms with not less than ten years' experience appraising assets similar to the Assets, and none shall have advised or otherwise acted for or represented either party in any transaction during the five-year period immediately preceding its selection.

(d) **Closing Estimate.** If the parties have been unable to agree upon Fair Market Value and the appraisers will not be able to conclude their work by the Closing Date, the Closing Date shall be extended (by no more than 60 days) until the date that is five business days after the date the Fair Market Value and Purchase Price have been determined; provided, however, that the Closing shall occur no later than 240 days after the Exercise Date (subject to extension pursuant to Section 18.4), and in the event the appraisers have not completed their work within 240 days after the Exercise Date, the transaction shall Close, the two initial appraisers shall make a good faith estimate of the minimum consideration that will be payable by

Lessor and Lessor shall pay such amount at Closing; provided, however, that in no event shall the amount paid at Closing be less than the Aggregate Loan Obligation Amount. Once the Fair Market Value and Purchase Price have been determined, Lessor shall pay the balance due, if any, within five business days after receipt of the appraisers' or Referee's notification, with interest thereon from the Closing Date until the date paid at the Interest Rate, or, if Lessor overpaid, Lessee shall pay Lessor the amount of the overpayment within five business days after receipt of the appraisers' or Referee's notification, together with interest thereon from the Closing Date until the date paid at the Interest Rate.

(e) **Marked Personal Property.** Lessee shall remove all Marked Personal Property at or before the Closing Date, pursuant to a schedule reasonably agreed upon with Lessor that will enable Lessor to arrange for the replacement thereof without inconvenience or interruption in service to the Residents. Lessee shall provide Lessor with a complete and reasonably descriptive list of all Marked Personal Property, including quantities, within 30 days after the Exercise Date. Lessor shall be entitled to receive a credit against the Purchase Price in an amount equal to the cost to Lessor of replacing all of the Marked Personal Property with new, unmarked personal property of equivalent quality, utility and value within the scheduled time frame (the "Replacement Cost"). Lessor and Lessee shall endeavor to agree on the Replacement Cost within the 90-day period after the Exercise Date. If they are unable to so agree, either party may elect to have the Replacement Cost determined through arbitration, in accordance with the provisions of Section 7.12 above, by an Arbitrator having at least ten years of experience in the management of First Class CCRCs.

18.4 **Failure to Close.**

(a) If the purchase transaction described in this Article 18 fails to close by the Closing Date due to delays caused by Lessor's inability, despite using diligent commercially reasonable efforts, to procure Operating Licenses, procure consents from public agencies with jurisdiction or complete other steps necessary to Close, Lessor may either: (i) terminate this transaction, in which case it shall pay Lessee liquidated damages as provided in Section 18.4(d)

below; or (ii) extend the Closing Date one or more times, for a reasonable period not to exceed a total of 180 days, upon at least 30 days' advance written notice to Lessee; provided, however, that: (A) Lessor may not so extend the Closing Date if the reason it is not ready to close is its inability to fund the Purchase Price and closing costs, or its inability to obtain the consent of any Lender to an assumption of such Lender's Loan and/or the release from such Lender of any further liability on the part of Lessee or any guarantor or other obligor on such Loan; and (B) the extended Closing Date shall be the last business day of a month (but if the 180th day of the extension period is not the last business day of a month, Lessee shall either waive this requirement or extend the Closing Date until the last business day of the month in which the 180th day occurs).

(b) If the purchase transaction described in this Article 18 fails to close by the Closing Date due solely to a default by Lessee which is not cured within ten business days after written notice from Lessor, then the Purchase Price shall be reduced by liquidated damages in an amount ("Lessor's Liquidated Damages") equal to the greater of: (i) one one-hundredth of one percent (.01%) of the Purchase Price per day; or (ii) \$5,000 per day, for each day that the Closing is delayed by Lessee's default. Lessee's obligations hereunder shall be specifically enforceable.

(c) If Lessor is not ready to close by the end of the extension period or periods provided in Section 18.4(a)(ii) above, Lessor may either: (i) terminate this transaction, in which case it shall pay Lessee liquidated damages as provided in Section 18.4(d) below; or (ii) if Lessor satisfies the requirements for an extension set forth in Section 18.4(a) above, Lessor may extend the Closing Date again, in accordance with the requirements of Section 18.4(a), but only for a maximum of 90 additional days, in which case the Purchase Price shall be increased by an amount equal to the product of: (A) the number of additional days the Closing Date is delayed; times (B) the greater of one one-hundredth of one percent (.01%) of the Purchase Price or \$5,000. If the purchase transaction described in this Article 18 fails to close by the Closing Date due solely to a default by Lessor which is not cured within ten business days after written notice

from Lessee, then Lessee shall have the right, as its sole and exclusive remedy against Lessor on account of such default, to terminate this transaction and recover liquidated damages in an amount ("Lessee's Liquidated Damages") equal to the greater of: (i) one percent (1%) of the Purchase Price; or (ii) \$500,000.

(d) Upon any termination of this transaction by Lessor pursuant to Section 18.4(a) or Section 18.4(c), Lessor shall pay Lessee's Liquidated Damages to Lessee. In addition, if the purchase transaction described in this Article 18 fails to close due to Lessor's termination pursuant to Section 18.4(a) or Section 18.4(c) or default pursuant to Section 18.4(c), Lessor shall not exercise its purchase right for a period of six months after the date the liquidated damages are paid to Lessee. Notwithstanding anything herein to the contrary, in no event shall either Lessor or Lessee be liable to the other for any punitive, consequential or other speculative damages on account of any default by such party under this Article 18.

EACH PARTY EXPRESSLY ACKNOWLEDGES THE PROVISIONS FOR LIQUIDATED DAMAGES SET FORTH IN THIS SECTION 18.4 AND AGREES THAT: (A) IN THE EVENT OF ANY DEFAULT BY LESSOR UNDER THIS ARTICLE 18, LESSEE'S ACTUAL DAMAGES WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE, AND BY THEIR INITIALS BELOW THE PARTIES ACKNOWLEDGE AND AGREE THAT THE AMOUNT OF LESSEE'S LIQUIDATED DAMAGES HAS BEEN AGREED UPON, AFTER NEGOTIATIONS, AS THE PARTIES' REASONABLE ESTIMATE OF LESSEE'S DAMAGES; AND (B) IN THE EVENT OF ANY DEFAULT BY LESSEE UNDER THIS ARTICLE 18, LESSOR'S ACTUAL DAMAGES WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE, AND BY THEIR INITIALS BELOW THE PARTIES ACKNOWLEDGE AND AGREE THAT THE AMOUNT OF LESSOR'S LIQUIDATED DAMAGES, PER DAY, HAS BEEN AGREED UPON, AFTER NEGOTIATIONS, AS THE PARTIES' REASONABLE ESTIMATE OF LESSOR'S DAMAGES.

LESSOR: LRH

LESSEE: PSP

18.5 Assignment: Subsequent Sale.

(a) Lessor may elect, in its sole discretion, to assign, convey, exchange or otherwise transfer (any of the above being referred to herein as a "Lessor Transfer") its rights hereunder to: (i) an Affiliate; (ii) a holding company formed by Lessor or an Affiliate of Lessor pursuant to Internal Revenue Code section 501(c)(25); or (iii) any other nominee; provided, however, that the Lessor Transfer shall not release Lessor from its obligations under this Lease. In the event Lessor: (1) enters into a Lessor Transfer of its rights under this Article 18 with any Person which is not an Affiliate of Lessor on or before the Closing Date; or (2) enters into a Lessor Transfer of the Lease or the Project with any Person which is not an Affiliate of Lessor during the one year period immediately following the Closing Date (the "Restriction Period") (either of the foregoing being referred to herein as a "Lessor Non-Affiliate Transfer"), Lessor shall pay to Lessee an amount equal to 50% of the Net Gain; provided, however, that this obligation shall terminate on the 45th anniversary of the Initial Occupancy Date and Lessor shall have no obligation to pay Lessee any portion of the Net Gain Lessor may receive after such date.

(b) For purposes of this Section 18.5:

(i) "Affiliate" shall have the special definition set forth in Exhibit B attached;

(ii) "Net Gain" shall mean the positive difference, if any, between: (A) the total consideration (including cash and the reasonable value of any non-cash consideration) received by Lessor in connection with a Lessor Non-Affiliate Transfer, including the present value of all deferred payments, after reducing such amount by the sum of all out-of-pocket third party costs reasonably incurred by Lessor in connection with such transaction, including without limitation brokers' or investment bankers' fees, attorneys' fees, closing costs, due diligence and consulting costs and the like; and (B) the sum of: (1) the total consideration paid by Lessor to Lessee (or payable by the assignee to Lessee, as applicable) at Closing pursuant to this Article 18; plus (2) the aggregate outstanding indebtedness on the Closing Date under any Loan(s) assumed by Lessor at

Closing; plus (3) all out-of-pocket third party costs reasonably incurred by Lessor in connection with this transaction between Lessor and Lessee, including without limitation attorneys' fees, closing costs, due diligence and consulting costs, appraisers', Referee's and Arbitrator's fees and the like; and

(iii) A Lessor Non-Affiliate Transfer shall be deemed to have occurred during the Restriction Period if, upon or in connection with the Closing or at any time thereafter during the Restriction Period, Lessor shall enter into any transaction or arrangement with any Person who is not an Affiliate of Lessor (a "Non-Affiliate Transferee") that: (A) creates the economic equivalent of a Transfer (e.g., a 75-year management contract where the control rights and management fees and other economic benefits provided to such Non-Affiliate Transferee under such contract are substantially equivalent to the control rights and economic benefits that would customarily be provided to a ground lessee or joint venture partner); or (B) grants any right or option to a Non-Affiliate Transferee or imposes any obligation upon a Non-Affiliate Transferee to acquire any right, title or interest in or to the Premises or the Project which, if such right or option were to be exercised or such obligation were to become effective within the Restriction Period, would constitute a Transfer.

(c) In the event of any dispute between the parties relating to the amount of or Lessee's entitlement to a sharing of Net Gain, the matter(s) in dispute shall be decided through arbitration in accordance with the provisions of Section 7.12 of this Lease by an Arbitrator who is a member of a reputable investment banking firm which has not advised, represented or otherwise acted for either Lessor or Lessee within the immediately preceding five-year period, and who has at least ten years of experience in commercial real estate purchase transactions. The provisions of this Section 18.5 shall survive the conveyance of the Assets to Lessor.

18.6 Casualty or Appropriation. In the event of any Casualty or Appropriation or threatened Appropriation of all or any part of the Premises or the Project between the Exercise Date and the Closing Date, the following terms and conditions shall apply:

(a) **Material Part.** If the Casualty or Appropriation affects a Material Part (as defined below) of the Premises or the Project, Lessor shall have the right to rescind its election to purchase the Assets by giving written notice of such rescission to Lessee within 30 days following the determination that a Material Part of the Premises or the Project has been affected by the Casualty or Appropriation, in which case this Lease shall continue in full force and effect (and the rights of the parties with respect to such Casualty or Appropriation, and with respect to any Casualty Proceeds or Awards, shall be governed by the provisions of Article 17).

(b) **No Material Part.** If the Casualty or Appropriation does not affect a Material Part of the Premises or the Project, or if the Casualty or Appropriation does affect a Material Part of the Premises or the Project but Lessor does not rescind its election to purchase the Assets in a timely manner pursuant to Section 18.6(a) above, the transaction shall proceed with no adjustment to the consideration to be paid to Lessee at Closing, subject to the following:

(i) In the case of a Casualty, Lessee shall (subject to the rights of the Lender in connection with any Loan that is assumed by Lessor at Closing): (A) deliver to Lessor at Closing all Casualty Proceeds received by Lessee on account of such damage; (B) assign to Lessor at Closing all of Lessee's right, title and interest in all unrecovered Casualty Proceeds under any insurance policies covering such damage; and (C) have deducted from the consideration otherwise to be paid by Lessor to Lessee at Closing an amount equal to all amounts self-insured by Lessee with respect to any coverage that Lessee is required by this Lease to maintain (whether by virtue of deductibles or other express self-insurance mechanisms approved by Lessor, or by virtue of Lessee's failure to maintain any insurance required by this Lease); and

(ii) In the case of an Appropriation, Lessee shall (subject to the rights of the Lender in connection with any Loan that is assumed by Lessor at Closing): (A) deliver to Lessor at Closing all Awards and other proceeds received by Lessee in connection with the Appropriation; and (B) assign to Lessor at Closing Lessee's entire right, title and interest in all Awards payable to Lessee on account of the Appropriation.

(c) **Material Part Defined.** For purposes of this Section 18.6, a "Material Part" of the Premises or the Project shall be deemed affected by the Casualty or Appropriation if:

(i) more than 25% of the Units in the Residential Complex or the Health Center that were in

service prior to the Casualty or Appropriation are damaged or otherwise affected such that the same are not habitable and can not feasibly be restored to habitability (using commercially reasonable diligence) within the 12 month period immediately following the date of the Casualty or Appropriation, as the case may be; or (ii) the estimated cost of repairing the damage (whether or not insured), or restoring the Project after the Appropriation, as the case may be, will equal or exceed \$2,000,000. The \$2,000,000 threshold amount shall be adjusted on the fifth anniversary of the Development Plan Modification Approval Date, and every five years thereafter during the Term, by a percentage equal to the percentage change in the CPI over the five-year period immediately preceding the date of the adjustment.

ARTICLE 19

GENERAL PROVISIONS

19.1 **Notices.** All notices, requests, approvals and invoices required or permitted under this Lease: (a) shall be in writing; (b) shall be delivered, given or made to the following addresses, or to such other addresses as the parties may designate in writing from time to time; and (c) shall be deemed to have been duly delivered, given or made: (i) upon delivery; or (ii) upon the date delivery was attempted, if delivery is prevented by the refusal of the addressee to accept delivery or the failure by the addressee to be open for business at the specified address during regular business hours on regular business days:

If to Lessor:	Stanford Management Company 2770 Sand Hill Road Menlo Park, CA 94025 Attention: Managing Director of Real Estate
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with a copy to:	Stanford University Office of the General Counsel Building 170 Stanford University Stanford, CA 94305 Attention: General Counsel
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(provided that except as otherwise requested in writing by Lessor, copies of any plans, specifications or drawings included in any requests for approvals or other notices given to Lessor need not be included in the copy provided to the Office of the General Counsel as specified above)

If to Lessee: CC-Palo Alto, Inc.
200 W. Madison Street, Suite 3700
Chicago, IL 60606-3416
Attention: President

with a copy to: Classic Residence by Hyatt
200 W. Madison Street, Suite 3700
Chicago, IL 60606-3416
Attention: General Counsel

19.2 Estoppel Certificates. Within 20 days after receipt of a written request from time to time, either party shall execute and deliver to the other a written statement certifying: (a) the Expiration Date; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect, and stating the date and nature of such modifications); (c) the date to which Rent has been paid; (d) that there are no current defaults under this Lease by either Lessor or Lessee (or, if defaults are asserted, so describing with reasonable specificity); and (e) such other matters as may be reasonably requested. Lessor and Lessee intend that any statement delivered pursuant to this Section may be relied upon by any auditor, prospective Transferee, prospective Lender or purchaser of the Premises or any interest therein.

19.3 Nonrecourse to Lessor. Lessor shall have no personal liability under this Lease, and Lessee shall look solely to the value of Lessor's interest in the Premises (as encumbered by this Lease), the Improvements and the FF&E for the satisfaction of any claim Lessee may have against Lessor, except as follows:

(a) If Lessee obtains a Judgment at any time during the Term, then without limiting Lessee's right to proceed against the value of Lessor's interest in the Premises, the Improvements and the FF&E, Lessee shall have the right to proceed against any other assets of Lessor in order to recover an amount equal to the lesser of: (i) all Annual Base Rent and Participating Rent amounts paid by Lessee to Lessor during the period between the date the event giving rise to the Judgment occurred and the date of the Judgment; or (ii) all amounts payable by Lessor to Lessee pursuant to the Judgment (including without limitation interest at the rate provided therein); and

(b) If: (i) Lessee terminates this Lease prior to the Term Commencement Date due to a default by Lessor in the performance of Lessor's obligations under Section 6.4 of the Project Development Rider that materially and adversely affects the value of the Premises; and (ii) Lessee obtains a Judgment for damages suffered on account of Lessor's default; and (iii) the amount payable by Lessor to Lessee pursuant to the Judgment (including without limitation interest at the rate provided therein) exceeds the reasonably estimated fair market value of the Premises, then without limiting Lessee's right to proceed against the value of Lessor's interest in the Premises, the Improvements and the FF&E, Lessee shall have the right to proceed against any other assets of Lessor in order to recover all amounts payable by Lessor to Lessee pursuant to the Judgment (including without limitation interest at the rate provided therein).

Save for the two limited exceptions set forth in subsections (a) and (b) above, the exculpation of personal liability set forth in this Section 19.3 shall be absolute and without any exception whatsoever.

19.4 Attorneys' Fees. In the event of any legal or equitable proceeding (other than an arbitration) in connection with this Lease, the prevailing party in such proceeding, or the nondismissing party where the dismissal occurs other than by reason of a settlement, shall be entitled to recover its reasonable costs and expenses, including without limitation reasonable attorneys' fees, costs and disbursements paid or incurred in good faith at the pre-trial, trial and appellate levels, and in enforcing any award or judgment granted pursuant thereto. Any judgment or order entered in any such proceeding shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing any award or judgment, including without limitation: (a) post-award or post-judgment motions; (b) contempt proceedings; (c) garnishment, levy, and debtor and third party examinations; (d) discovery; and (e) bankruptcy litigation. In the event of any arbitration between the parties pursuant to Section 7.12 of this Lease, an award of attorneys' fees shall be made, if at all, in the discretion of the Arbitrator as provided in Section 7.12(b). The "prevailing party," for purposes of this Agreement, shall be deemed to be that party which obtains substantially the result sought, whether by dismissal or by judgment.

19.5 **No Waiver.** No delay or omission by either party in exercising or enforcing any right, remedy, election or option accruing upon the noncompliance or failure of performance by the other party under the provisions of this Lease, and no acceptance of full or partial Rent by Lessor during the period of any such non-compliance or failure of performance, shall constitute an impairment or waiver of any such right, remedy, election or option. No alleged waiver shall be valid or effective unless it is set forth in a writing executed by the party against whom the waiver is claimed. A waiver by either party of any of the covenants, conditions or obligations to be performed by the other party shall not be construed as a waiver of any subsequent breach of the same or any other covenants, conditions or obligations.

19.6 **Amendment.** This Lease may not be amended by oral agreement. It may be amended only by a written agreement signed by both Lessor and Lessee.

19.7 **Successors and Assigns.** Subject to and without affecting the limitations herein with respect to Transfers, this Lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.

19.8 **No Joint Venture.** Nothing contained herein shall be construed as creating a joint venture, agency, or any other relationship between the parties hereto other than that of landlord and tenant.

19.9 **Severability.** If any term or condition of this Lease, or the application thereof to any particular person or circumstance, is found by a court of competent jurisdiction to be invalid or unenforceable, then all other terms and conditions of this Lease, and the application of the term or condition in question to persons or circumstances other than those as to which it was held invalid or unenforceable, shall not be affected thereby, and shall be valid and enforceable to the full extent permitted by law.

19.10 **No Recordation: Quitclaim.** This Lease shall not be recorded. Lessee shall deliver to Lessor, within ten days after the Termination Date, a duly executed and acknowledged quitclaim deed sufficient to release to Lessor all of Lessee's rights, title and interest in the Premises, the Memorandum of Lease and the Addendum to the Memorandum of Lease; provided, however, that if a Leasehold Mortgage is outstanding on the Termination Date, Lessor shall not record such quitclaim deed unless the 60-day period provided in Section 15.6(g) above

has elapsed and the Lender has not entered into a new lease for the Premises as provided for therein. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

19.11 Interpretation. The provisions of this Lease shall be construed as a whole, according to their common meaning, and not strictly for or against either party. The parties acknowledge that each party and its counsel have reviewed and participated in the drafting of this Lease, and therefore that the rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed or applied in the interpretation of this Lease. The captions inserted in this Lease are for convenience only and shall not in any way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease:

19.12 Entire Agreement. This Lease, with exhibits, is a fully-integrated agreement which contains all of the parties' representations, warranties, agreements and understandings with respect to the Premises. All correspondence, memoranda, discussions, negotiations, drafts and agreements originating before the Effective Date with respect to the Premises, whether written or oral, including without limitation that certain letter of intent dated September 15, 1998 and executed by Lessee on September 17, 1998, and that certain License Agreement dated November 3, 1998, as extended by those certain letter agreements dated June 17, 1999 and July 30, 1999, are superseded and replaced in their entirety by this Lease. No prior drafts of this Lease shall be used or referred to in resolving any questions arising as to the parties' intent.

19.13 Governing Law and Forum. This Lease shall be governed by and construed in accordance with the laws of the State of California, without giving effect to any conflicts of laws principles that would cause the application of the laws of any other jurisdiction. Any action brought by any party against the other arising out of this Lease that is not expressly required by this Lease to be arbitrated shall be brought in the Superior Court of Santa Clara County, State of California, or in the United States District Court for the Northern District, California. Subject to the provisions of this Lease expressly requiring arbitration of specified disputes, Lessor and Lessee hereby consent to the jurisdiction of such courts, and waive any objection to venue based on forum non conveniens or any other grounds.

19.14 Brokers. Each party represents and warrants for the benefit of the other that it has not engaged the services of any broker, finder or other person who may claim any commission, fee or other compensation in connection with this Lease. Each party shall indemnify, defend and hold the other harmless from and against any claims, damages, losses, liabilities or costs (including without limitation reasonable attorneys' fees, costs and disbursements) arising out of any agreement or action alleged on the part of such first-mentioned party to entitle any broker, finder or other person to a commission, fee or other compensation in connection with this Lease; provided, however, that in no event shall Lessor or Lessee be liable to the other for any punitive, consequential or other speculative damages.

19.15 No Dedication. This Lease shall not be, nor be deemed or construed to be, a dedication to the public of all or any portion of the Premises, any Improvements or any areas in which the Premises are located.

19.16 No Third Party Beneficiaries. Except for the rights of the Lender provided in Section 15.6 above, this Lease shall not be deemed or construed to confer any rights, title or interest upon any person or entity other than the parties hereto, including without limitation any third party beneficiary status or right to enforce any provision of this Lease.

19.17 Limitation on Effect of Approvals. All rights of Lessor to review, comment upon, approve, inspect or take any other action with respect to the Premises or the Project are specifically for the benefit of Lessor and no other party. No review, comment, approval or inspection, right or exercise of any right to perform Lessee's obligations, or similar actions required or permitted by, of, or to Lessor hereunder, or actions or omissions of Lessor's employees, agents or trustees, or other circumstances, shall give or be deemed to give Lessor any liability, responsibility or obligation for, in connection with, or with respect to, the design, construction, maintenance or operation of the Premises, the Project or any Improvements or FF&E, nor shall any such approval, actions, information or circumstances relieve or be deemed to relieve Lessee of any of its obligations under this Lease, other than the matter so approved.

19.18 Time of the Essence. Time is of the essence in the performance of each party's obligations under this Lease. Each party shall be temporarily excused from the performance of its non-monetary obligations under this Lease (Lessee's obligation to pay Rent shall be excused only to the extent expressly provided in Article 17 above) during the period such party's

performance is prevented or delayed solely by a Force Majeure cause; provided, however, that Force Majeure shall not extend the Term of this Lease or any of the time frames set forth in Article 17 above.

19.19 Termination not Merger. The voluntary sale or other surrender of this Lease by Lessee to Lessor, mutual cancellation of this Lease or termination of this Lease by Lessor pursuant to any provision contained herein shall not work a merger unless Lessor so elects in its sole discretion and each Lender has consented thereto in writing.

19.20 Deemed Consent. Lessor shall not unreasonably withhold its consent or approval, except to the extent that this Lease expressly provides that Lessor's consent or approval may be withheld in Lessor's sole discretion. In cases where Lessor's consent or approval may not be unreasonably withheld, any notice of disapproval given by Lessor shall contain a reasonably detailed explanation of the reason(s) for disapproval and, if reasonably feasible at no material cost to or other material burden on Lessor, a statement of what changes or refinements in Lessee's request or submission could be made in order to obtain Lessor's consent or approval. Lessor's failure to advise Lessee in writing of its approval or disapproval of any request, submission or other item or matter submitted to Lessor for approval within 30 days (or such longer or shorter period -- *e.g.*, a Reasonable Review Period -- as may be applicable under any express provision of this Lease) after Lessor's receipt of all information necessary to evaluate the request, submission or other item or matter shall be deemed a waiver by Lessor of its consent or approval right, but only with respect to such request, submission or other item or matter and not with respect to any other request, submission or other item or matter, however similar. Nothing in this Section 19.20 shall be deemed to limit Lessor's review period to 30 days if a Reasonable Review Period would be longer than 30 days, or to extend Lessor's review period to 30 days if a Reasonable Review Period would be shorter (or if the Lease specifies a particular number of days). With respect to Lessor's approval of Alterations pursuant to Article 11, Lessee shall provide Lessor with at least 15 days' advance written notice that a package will be submitted for approval so that Lessor can schedule its consultants. If Lessor disapproves, pursuant to this Lease, any proposed submission to a public agency or any other item or matter submitted by Lessee to Lessor for approval, Lessee shall use commercially

reasonable and diligent efforts to modify or supplement such submission or other item or matter to satisfy the objections of Lessor.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease by proper persons thereunto duly authorized as of the date first above written.

LESSEE

CC-PALO ALTO, INC.

By: Penny Pritzker
Penny Pritzker, Chairperson

LESSOR

THE BOARD OF TRUSTEES OF THE
LELAND STANFORD JUNIOR
UNIVERSITY

By: The Stanford Management Company
By: Laurance R. Hoagland, Jr.
Its: President & CEO

LIST OF EXHIBITS

<u>Exhibit A</u>	Description of Premises
<u>Exhibit B</u>	Defined Terms
<u>Exhibit C</u>	Project Development Rider
<u>Exhibit D-1</u>	RMH Lease and Grant of Easement
<u>Exhibit D-2</u>	RMH Assignment and Assumption Agreement
<u>Exhibit E</u>	Lessee-RMH Project Cooperation Agreement
<u>Exhibit F</u>	First CHC Lease Amendment
<u>Exhibit G</u>	Memorandum of Lease
<u>Exhibit H</u>	Addendum to Memorandum of Lease
<u>Exhibit I</u>	Form of Promissory Note for Lessor Loan
<u>Exhibit J</u>	Form of Assignment of Participating Rents
<u>Exhibit K-1</u>	Archaeological Preserve Zone
<u>Exhibit K-2</u>	Archaeological Preserve Zone Encroachment Area
<u>Exhibit K-3</u>	Alternative Archaeological Preserve Zone Encroachment Area
<u>Exhibit L</u>	Allocation of Obligations Under Development Agreement
<u>Exhibit M</u>	Development Agreement Assignment and Assumption Agreement
<u>Exhibit N</u>	Description of Program and Common Areas
<u>Exhibit O</u>	Preference Program for Stanford Seniors ✓
<u>Exhibit P</u>	Form of Approved Residence and Services Agreement
<u>Exhibit Q-1</u>	Approved Format of Monthly Report
<u>Exhibit Q-2</u>	Lessee's Standard Reports
<u>Exhibit Q-3</u>	Approved Format of Quarterly Report

Don't
have

EXHIBIT A

Description of Premises

That certain real property located in the City of Palo Alto, County of Santa Clara, State of California, described as follows:

Lots 5 and 6, as shown in that certain subdivision map entitled "Tract No. 9139 Stanford West" recorded in the Official Records of the County on May 26, 1999 in Book 716 of Maps at Pages 10 through 18, inclusive.

The Premises also includes all present and future rights, privileges, hereditaments and easements appurtenant to the above-described real property and not expressly reserved by Lessor pursuant to the Lease, including without limitation all entitlements, development rights and credits and air rights relating to the above-described real property to the extent provided for in this Lease and not expressly reserved by Lessor, and any rights-of-way or other appurtenances now or hereafter used in connection with the beneficial use and enjoyment of the above-described real property to the extent provided for in this Lease and not expressly reserved by Lessor.

EXHIBIT B

Defined Terms

Affiliate

with respect to any Person: (i) any constituent partner or member at any level holding a ten percent or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest in such Person; (ii) any officer, director or shareholder holding a ten percent or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest in such Person; (iii) any partnership, limited liability company, corporation or other entity in which the Person is a partner, member, shareholder, or stakeholder, as applicable, holding a ten percent or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest; (iv) any Person that is under the control of any Person described in clauses (i)-(iii) above; (v) any Person that controls any Person described in clauses (i)-(iii) above; and (vi) any Person that is under common control with any Person described in clauses (i)-(iii) above. For purposes of this definition, "control" means the direct or indirect ownership of 50% or more of the beneficial interest in a Person, or the direct or indirect power to control the management policies of such Person, whether through ownership, by contract or otherwise.

*Affiliate --
Section 7.8 only*

FOR SECTION 7.8 ONLY. "AFFILIATE" SHALL HAVE THE FOLLOWING MEANING: with respect to any Person: (i) any constituent partner or member at any level holding a 25% or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest in such Person; (ii) any officer, director or shareholder holding a 25% or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest in such Person; (iii) any partnership, limited liability company, corporation or other entity in which the Person is a partner, member, shareholder, or stakeholder, as applicable, holding a 25% or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest; (iv) any Person that is under the control of any Person described in clauses (i)-(iii) above; (v) any Person that controls any Person described in clauses (i)-(iii) above; and (vi) any Person that is under common control with any Person described in clauses (i)-(iii) above. For purposes of this definition, "control" means the direct or indirect ownership of 50% or more of the beneficial interest in a Person, or the direct or indirect power to control the management policies of such Person, whether through ownership, by contract or otherwise.

*Affiliate --
Section 18.5 only*

FOR SECTION 18.5 ONLY, "AFFILIATE" SHALL HAVE THE FOLLOWING MEANING: with respect to any Person: (i) any constituent partner or member at any level holding a 50% or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest in such Person; (ii) any officer, director or shareholder holding a 50% or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest in such Person; (iii) any partnership, limited liability company, corporation or other entity in which the Person is a partner, member, shareholder, or stakeholder, as applicable, holding a 50% or greater equity or profit interest, voting power (whether direct or indirect) or other beneficial interest; (iv) any Person that is under the control of any Person described in clauses (i)-(iii) above; (v) any Person that controls any Person described in clauses (i)-(iii) above; and (vi) any Person that is under common control with any Person described in clauses (i)-(iii) above. For purposes of this definition, "control" means the direct or indirect ownership of 50% or more of the beneficial interest in a Person, or the direct or indirect power to control the management policies of such Person, whether through ownership, by contract or otherwise.

Alterations

any Improvements other than the Initial Improvements; and any alterations, renovations, reconstructions, replacements or modifications of any Initial Improvements, subsequently constructed Improvements or FF&E.

Annual Base Rent

is defined in Section 3.2.

Annual Report

is defined in Section 7.9(d).

Applicable Laws

all present and future laws, statutes, ordinances, resolutions, Entitlements, codes, orders, rules, regulations and requirements of all federal, state, and municipal governments, and the departments, commissions, boards and offices thereof, that are applicable at any time between the Effective Date and the Surrender Date to Lessee, the Premises or the Project, as the context may require, including without limitation the Development Agreement, all Operating Licenses, all Development Approvals and other Entitlements, all Environmental Laws, the Americans With Disabilities Act, the Fair Housing Acts and Title 22 of the California Code of Regulations.

<i>Appropriate or Appropriation</i>	(i) any taking by exercise of the power of condemnation (direct or inverse) or eminent domain; (ii) any requisitioning by military or other public authority for any purpose arising out of a temporary emergency or other temporary circumstance; or (iii) any conveyance under threat of any such taking or requisitioning.
<i>Archaeological Preserve Zone</i>	that portion of the Premises indicated as the "Archaeological Preserve Zone" on the site plan attached as <u>Exhibit K-1</u> , as may be modified by the City pursuant to the Development Agreement.
<i>Assisted Living Facility or ALF</i>	is defined in Section 7.2(b).
<i>Award</i>	any awards and other compensation paid by the Appropriating authority as a result of an Appropriation, including without limitation damages and interest.
<i>Building</i>	any structure that contains Units, Common Area, the ALF or the SNF.
<i>Casualty</i>	is defined in Section 17.2(a).
<i>CCRC</i>	a continuing care retirement community -- that is, a retirement community that offers long term residence, dining, laundry, housekeeping, recreation and other like services and facilities, and varying levels of assisted living services, personal care and health care along the full continuum from fully independent living to full-time skilled nursing care.
<i>CHC</i>	is defined in Section 1.8.
<i>CHC Lease</i>	is defined in Section 1.8.
<i>City</i>	the City of Palo Alto, California.
<i>Common Areas</i>	those portions of the Project that are available for the common use by the Residents (such as the lobbies, dining rooms, fitness center and pool) or are allocated for the provision of services to the Residents (such as the kitchens, laundry and maintenance areas), as described in <u>Exhibit N</u> attached.

Conditions of Approval all those certain Conditions of Approval contained in or referenced by the Development Agreement, including without limitation the Mitigation Measures and the Mitigation Monitoring Plan.

Construction Period is defined in Section 3.1.

Construction Period Rent is defined in Section 3.1.

County the County of Santa Clara, California.

CPI the Consumer Price Index published by the U.S. Department of Labor Bureau of Labor Statistics (San Francisco-Oakland-San Jose, All Urban Consumers, All Items), or if such index is discontinued, such successor index measuring the rate of inflation in the San Francisco Bay Area as may be published by an agency of the United States, and if there is none, then such other index measuring the rate of inflation in the San Francisco Bay Area as the parties may agree.

Debt Service Coverage Ratio for any specified period, the ratio of: (i) the sum of: (A) Lessee's Net Entrance Fee Income (defined below); plus (B) Lessee's net income/loss, determined under generally accepted accounting principles, but excluding depreciation, amortization, Entrance Fees and Repayments; to (ii) the maximum principal and interest payments, reserves, extension fees and other charges, costs and amounts of any nature that could be due and payable during the applicable period in connection with any outstanding Loans and other Project-related debt of Lessee, but excluding any liabilities arising with respect to Resident Loans.

For purposes of determining Debt Service Coverage Ratio, "Lessee's Net Entrance Fee Income" shall mean and be equal to $[X + Y - Z]$, where:

"X" is equal to the product of: (a) .71% times each month in the measuring period (e.g., if the measuring period were one year, the percentage would be 8.5%, and if the measuring period were a Fiscal Quarter, the percentage would be 2.125%); (b) the total number of Units in the Project; and (c) the average actual selling price of all Units during the immediately preceding Lease Year;

"Y" is equal to the product of: (a) .71% times each month in the measuring period (e.g., if the measuring period were one year, the percentage would be 8.5%, and if the measuring period were a Fiscal Quarter, the percentage would be 2.125%); (b) the total number of Units in the Project; (c) the average actual second occupant charge for all Units

during the immediately preceding Lease Year; and (d) the percentage of Units with second occupants on the date of determination; and

"Z" is equal to the product of: (a) .71% times each month in the measuring period (e.g., if the measuring period were one year, the percentage would be 8.5%, and if the measuring period were a Fiscal Quarter, the percentage would be 2.125%); (b) the number of Units; and (c) the average of all the Repayments owed for all Units which are occupied on the date of determination.

Design Documents

is defined in Section 11.2(c).

Development Agreement

that certain Development Agreement between Lessor and the City dated June 30, 1997 and recorded in the Official Records of the County on December 3, 1997 as Document No. 13962429, including without limitation all Conditions of Approval contained therein or referenced thereby.

Development Agreement Assignment and Assumption Agreement

that certain Assignment and Assumption Agreement between Lessor and Lessee, approved by the City on March 27, 2000, concerning certain aspects of the Development Agreement.

Development Materials

those engineering plans and specifications, development plans, site plans, architectural drawings, specifications and other plans for the Project, surveys, soils tests, water and water well tests, zoning materials, title reports, instruments of record, architectural studies, endangered species studies, drainage studies, engineering studies and planning and zoning studies, engineering, design and other consulting and construction contracts relating to the Premises or the Project or the infrastructure improvements required under the Development Agreement, and all other agreements, reports or documents that are material to the proposed development of the Project and are within Lessor's possession, or the possession of Lessor's consultants, as of the Effective Date.

Development Plan Modification Approval Date

the date the City's approval of the Development Plan Modification (as described and defined in Section 8.5 of the Project Development Rider) becomes final and unappealable without a challenge or appeal having been brought, or, if a challenge or appeal has been brought, the date the challenge or appeal is finally disposed of in a manner that upholds the City's approval. The Development Plan Modification Approval Date will be memorialized for reference purposes in the Memorandum of Lease.

Exhibit B

<i>DSS</i>	the State of California Department of Social Services, or any successor agency or department.
<i>Effective Date</i>	the date so specified on the first page of this Lease.
<i>Entitlements</i>	all present and future approvals, permits, licenses and other entitlements, including without limitation Operating Licenses, Development Approvals and the Development Agreement, that are required at any time between the Development Plan Modification Approval Date and the Surrender Date in connection with the development, use, ownership, management, marketing, operation or occupancy of the Premises or the Project.
<i>Entrance Fee</i>	any consideration payable by a Resident upon or in connection with the execution of the Residence and Services Agreement by such Resident, or otherwise in connection with the granting to such Resident of the right to occupy a Unit, whether such consideration is payable in a lump sum or in installments, and whether such consideration is characterized as a fee, loan, deposit, contribution or other type of payment, but excluding, however, consideration payable by such Resident for monthly or other services.
<i>Environmental Laws</i>	all present and future federal, state and local laws, statutes, ordinances, regulations, rules, judicial and administrative orders and decrees, permits, licenses, approvals, authorizations and similar requirements of all federal, state and local governmental agencies or other governmental entities with legal authority pertaining to the protection of human or wildlife health and safety or the environment.
<i>Expiration Date</i>	is defined in Section 2.3.
<i>Event of Default</i>	is defined in Section 14.1.
<i>FF&E</i>	all furniture, fixtures, equipment, appliances, machinery, apparatus and other personal property owned or leased by Lessee or its agents or Affiliates and used or required in connection with the operation of the Project pursuant to this Lease (except for consumable supplies).
<i>Final Map</i>	that certain subdivision map entitled "Tract No. 9139 Stanford West" recorded in the Official Records of the County on May 26, 1999 in Book 716 of Maps at Pages 10 through 18, inclusive, as amended, modified or superseded from time to time, with Lessee's reasonable consent, by new or amended subdivision maps, parcel maps and/or lot line adjustments.

*First Class; or
First Class Standard*

WITH RESPECT TO INITIAL IMPROVEMENTS AND FF&E: First class quality of construction, furnishings, fixtures, finishes and equipment commensurate with that of: (i) other high end CCRCs in the vicinity of the Premises that provide a comparable demographic group (*i.e.*, active, upscale, well-educated high-net worth seniors) with similar amenities, facilities, care and services; and (ii) those Hyatt hotels (including without limitation the "Park Hyatt" hotels, excluding only the Park Hyatt Chicago) first constructed in the late 1990's and early 2000's in the continental United States, but only as reasonably applicable to a CCRC (*i.e.*, the level of quality, not the specific function). Lessor's approval of the final Design Documents for the Initial Improvements shall be deemed its acknowledgment that the design of the Initial Improvements satisfies the First Class Standard.

WITH RESPECT TO REPLACEMENTS AND UPGRADES: Lessee shall implement a commercially reasonable program to refurbish, renovate, replace and/or upgrade the Improvements and FF&E, before they become aesthetically unattractive or functionally obsolete, with Improvements and FF&E of a kind and quality at least equivalent to that which the applicable Improvements and FF&E had when new so that the Project shall at all times have an upscale and first class (*e.g.*, not worn) appearance and function. Lessee shall use commercially reasonable efforts to refurbish, renovate, replace and upgrade with Improvements and FF&E at least equivalent to the kind and quality of new improvements, furnishings, fixtures and equipment then being constructed, installed in or provided for other high end CCRCs that provide a comparable demographic group (*i.e.*, active, upscale, well-educated high-net worth seniors) with similar amenities, facilities, care and services, but Lessee shall not be required to upgrade the Project to the "state-of-the-art" for such new facilities where it is not feasible in Lessee's reasonable business judgment, taking into account such factors as site and structural constraints, cost efficiency, and the age and functional obsolescence of the Project (*e.g.*, the inability of the Improvements to support a new technology).

WITH RESPECT TO MAINTENANCE AND REPAIR: First class level of maintenance and quality of repair commensurate with that of: (i) other high end CCRCs in the vicinity of the Premises that provide a comparable demographic group (*i.e.*, active, upscale, well-educated high-net worth seniors) with similar amenities, facilities, care and services; and (ii) those U.S. Hyatt Resorts and Park Hyatt hotels that maintain a "four-star" rating from *Michelin Guide* and *Zagat's U.S. Hotel, Resort and Spa Guide* or, if either such rating service is discontinued, another equivalent national or international high end hotel and resort rating

service agreed upon by the parties; provided, however, that if such Hyatt Resorts or Park Hyatt hotels cease to maintain such a four-star rating, then the First Class Standard shall mean a first class level of maintenance and quality of repair commensurate with that of other four-star hotels in the San Francisco Bay Area. It is acknowledged that until such time as a component of the Improvements or FF&E is subject to replacement or upgrade pursuant to the immediately preceding paragraph, the efficacy of the maintenance and repair efforts may be a function of the age of the Improvements and FF&E in certain cases.

WITH RESPECT TO OPERATIONS: The management, marketing, staffing and operation of the Project, including without limitation the provision of facilities, amenities, care and services (e.g., the Program, food service, health care and physical and social activities) shall be at a first class level of quality and service equal to or better than that of: (i) other high end CCRCs in the vicinity of the Premises that provide a comparable demographic group (i.e., active, upscale, well-educated high-net worth seniors) with similar amenities, facilities, care and services; and (ii) other high end CCRCs in demographically comparable areas, such as Hilton Head, S.C. and Scottsdale, AZ, that provide a comparable demographic group (i.e., active, upscale, well-educated high-net worth seniors) with similar amenities, facilities, care and services; provided, however, that subject to the express requirements of this Lease, Lessee shall not be required by the First Class Standard to provide amenities or services (e.g., tennis, dance lessons or private car services) that: (a) are not offered by other high end CCRCs in the vicinity of the Premises; (b) are offered by only a small minority of other high end CCRCs; or (c) a majority of the Residents have indicated they do not want to pay for.

EXAMPLES: Examples of First Class projects in the vicinity of the Premises as of the Effective Date include The Forum (Cupertino), The Stratford (San Mateo) and Peninsula Regent (San Mateo).

RENTAL PROJECT: When "First Class" or "First Class Standard" is used with respect to the Rental Project, the term "CCRC" shall be deemed to mean and refer to a luxury senior rental retirement community.

Fiscal Quarter

each successive three month period, commencing January 1, April 1, July 1 and October 1; provided, however, that the first Fiscal Quarter shall commence on the Term Commencement Date and the last Fiscal Quarter shall end on the Termination Date.

Force Majeure

fire, earthquake, flooding, acts of God, wars, riots, legal challenges, unanticipated delays caused by the City or any other public agency with jurisdiction (but only to the extent that any such delay caused by the City or any other public agency is not attributable to the failure of the party whose performance is delayed to conform to submission or other timing requirements reasonably imposed by the City or such other public agency in connection with approvals or permits being sought by such party), delays caused by any consultants (including without limitation any unanticipated requirements imposed by the archaeological consultant), mediations or arbitrations between Lessor and Lessee with respect to disputes arising out of the Lease, delays caused by the other party's failure to comply with its obligations under the Lease, delays caused by the necessity to respond to the presence at the Premises of Hazardous Materials, and other events or circumstances outside the reasonable control, prevention and foreseeability of the party affected by the delay.

*Full Insurable
Replacement Value*

is defined in, and determined in accordance with, Section 10.1(a).

Gross Receipts

all gross income, revenues, receipts, barter, concessions and other consideration, of whatever form or nature and from any and all sources (including without limitation Residents, non-Residents using the Health Center, invitees, guests, subtenants, licensees or concessionaires):

(a) that are received by or paid to or for the account or benefit of Lessee in connection with the Premises or the Project, or that otherwise flow or result from or are otherwise attributable in any respect to the use, ownership, management, marketing, operation or occupancy of the Premises or the Project; or (b) that are received by or paid to or for the account or benefit of any Affiliate of Lessee (except as expressly excluded below) in connection with the Premises or the Project; all determined on the basis of sound cash basis accounting principles consistently applied, including without limitation (but without duplication) any and all of the following: (i) Entrance Fees, contribution amounts, deposits (but only upon release from any escrow or other depository in which they may be held pursuant to the requirements of State law), transfer fees and all other amounts paid upon the initial sales or resales of the Units (including without limitation the proceeds of Residents Loans, if and when made by Residents); (ii) gross, fixed, minimum, guaranteed and other rentals and reimbursements received from tenants or occupants of the Rental Project, and from the sublessee under the Health Center Sublease; (iii) amounts received from Residents or other Persons on account of maintenance or service charges, upgrades or options for the improvement or decoration of Units, ground rents, insurance, taxes, assessments, utilities, air conditioning, heating, food service, maid service, security services, recreational services and other administrative, management, operating, leasing and maintenance expenses for the Project (but excluding such amounts if received by concessionaires and sublessees who are not Affiliates of Lessee), including without limitation all deferred charges received (whether in the form of a credit against the Repayment obligation, an offset against a Residents Loan or otherwise); (iv) monthly fees, medical expense fees, direct entry fees, payments for optional services or miscellaneous expenses, physical therapy and home health fees, administration fees, application fees, late payment charges, and interest (including without limitation interest on deferred charges); (v) rents and receipts from licenses, concessions, retail or financial services provided by third parties, vending machines and similar items; (vi) parking fees and rentals; (vii) proceeds received from any rental or business interruption insurance; and (viii) reimbursements or direct payments for nursing care (including without limitation physical therapy), personal care, food service, maid service, security services, recreational services, and other administrative, management, operating, leasing and maintenance expenses for the SNF/ALF.

Exhibit B

Notwithstanding the foregoing, Gross Receipts shall not include: (A) security deposits until applied to amounts due and owing for items other than repairs to a Resident's Unit; (B) sales or use taxes which are paid by Residents and passed through by Lessee to governmental authorities; (C) Awards; (D) proceeds of insurance other than rental or business interruption insurance; (E) proceeds of Loans (other than Residents Loans, if any) or Short Term Loans, or capital contributions or unsecured capital loans made to Lessee by the holder of an equity interest in Lessee; (F) refunds of Impositions previously paid by Lessee; (G) proceeds from the sale by Lessee of any FF&E that has been used by Lessee in the Project and has since been replaced or is being replaced by new FF&E; (H) amounts received by Lessee from Lessor pursuant to any indemnification provision of this Lease; (I) the proceeds of any Transfer of Lessee's interest in or under this Lease which is made in accordance with the provisions of Section 13.1 of this Lease; (J) the consideration paid by Lessor to Lessee pursuant to Section 13.6 or Article 18 of this Lease; and (K) amounts paid to Affiliates of Lessee pursuant to the Management Contract or Marketing Contract, or to an Affiliate of Lessee for the provision of purchasing services for procurement of the FF&E.

In addition, Gross Receipts shall not include: (1) any development fees paid by Lessee to any Affiliate of Lessee for or in connection with the development of the Initial Improvements or any Alterations; or (2) any internal accounting transfers of money or credits or other contractual payments that may occur between Lessee and any of its Affiliates (or between any two Affiliates of Lessee) in connection with the provision of goods or services to or for the benefit of the Project, but only if and to the extent that the transferred money or credits or other contractual payments either have been previously included in Gross Receipts or would not otherwise by definition be included in Gross Receipts. For example, transfers of money by Lessee to an Affiliate to pay for food service would not be included because the transferred moneys were funded from monthly fees which previously were included in Gross Receipts, and transfers of money by the Marketing Company to an Affiliate would not be included because the transferred moneys were funded from payments by Lessee to the Marketing Company that are excluded from the definition of Gross Receipts.

Hazardous Materials any substance which is or at any time becomes: (i) defined under any Environmental Law as a hazardous substance, hazardous waste, hazardous material, pollutant or contaminant; (ii) a petroleum hydrocarbon, including crude oil or any fraction thereof; (iii) a hazardous, toxic, corrosive, flammable, explosive, infectious, radioactive, carcinogenic or a reproductive toxicant; or (iv) otherwise regulated pursuant to any Environmental Law.

Historical Resources is defined in Section 6.5(b).

Hyatt Affiliate (i) all lineal descendants of Nicholas J. Pritzker, deceased, and all spouses and adopted children of such descendants; (ii) all trusts for the benefit of any Person described in clause (i), and the trustees of such trusts (but only in their capacities as trustees of such trusts); (iii) all legal representatives of any Person described in clauses (i) or (ii) (but only in their capacities as legal representatives); (iv) all partnerships, corporations, limited liability companies or other entities controlled by any one or more Persons described in clauses (i), (ii) or (iii); and (v) all partnerships, corporations, limited liability companies or other entities controlling, controlled by, or under common control with any one or more Persons described in clauses (i), (ii), (iii) or (iv). "Control" for these purposes shall mean the direct ownership of 50% or more of the beneficial interest of, or either the majority voting power or the power to otherwise control the management policies of, any specified Person or Persons.

Impositions all real property taxes and assessments; personal property taxes; use and occupancy taxes; privilege taxes; business and occupation taxes; gross sales taxes; occupational license taxes; water and sewer charges; charges for public utilities; excises; levies; license and permit fees; transit taxes; and all other governmental impositions and charges of every name, kind and nature whatsoever, whether or not now customary or within the contemplation of Lessor and Lessee, and regardless of whether the same shall be extraordinary or ordinary, general or special, unforeseen or foreseen, or similar or dissimilar to any of the foregoing, which, at any time during the Term may be levied, assessed, charged or imposed or become due and payable upon or in connection with the ownership, development, marketing, use, operation or occupancy of the Project or the Premises; or upon the rent or income of Lessee; or upon this transaction, this Lease or any document creating or transferring an estate or interest of Lessee in the Premises (including without limitation any documentary transfer taxes, except as otherwise provided in Section 18.2); or upon any Improvements or FF&E; or upon the leasehold of Lessee or upon the estate hereby created; or upon Lessor by

reason of its ownership of the fee underlying this Lease. If at any time during the Term, the present method of taxation or assessment shall be changed such that there shall be substituted for the whole or any part of the Impositions now or hereafter levied, assessed and/or imposed any capital levy or other tax or assessment, then the term "Impositions" also shall mean and include such capital levy or other tax or assessment. The term "Impositions" shall not include any municipal, state or federal income taxes levied against Lessor, any income, profits or revenues tax, assessment or charge imposed upon the Rent received by Lessor under this Lease, any estate, gift, succession, inheritance or transfer taxes of Lessor, or any business and occupational tax attributed and imposed upon Lessor for work, business or income not related or attributable to the Premises.

Improvements

all Buildings, utilities, monuments, fences, walls, driveways, landscaping and other structures and facilities that are constructed, planted or installed on, under or within the Premises, whether as part of the Initial Improvements or subsequent Alterations.

*Independent
Accountant*

any one of the five largest national or international public accounting or multi-disciplinary firms that are then providing public accounting services for CCRCs of comparable size in comparable locations within the United States, or any other independent public accounting firm reasonably acceptable to Lessor and Lessee.

Initial Improvements

all of the Improvements constituting the Project to be developed, designed, constructed, planted or installed pursuant to the Project Development Rider.

*Initial Occupancy
Date*

is defined in Section 2.3.

Initial Resident

a Resident who takes occupancy of a Unit in the Project that has never before been occupied, pursuant to a Residence and Services Agreement entered into within three years after Substantial Completion of the Initial Improvements.

Interest Rate

two percent above the discount rate announced from time to time by the Federal Reserve Bank of San Francisco or, if less, the maximum amount to which the parties may legally agree by contract.

Judgment

is defined in Section 3.7.

Lease

this Ground Lease and all Exhibits attached hereto.

Exhibit B

<i>Lease Year</i>	each successive twelve month period commencing on January 1 and ending on December 31; provided, however, that the first Lease Year shall commence on the Development Plan Modification Approval Date and the last Lease Year shall end on the Surrender Date.
<i>Leasehold Mortgage</i>	is defined in Section 15.5.
<i>Lender</i>	is defined in Section 15.5.
<i>Lender Affiliate</i>	any partnership, limited liability company, corporation or other entity that controls, is controlled by, or is under common control with any Lender. "Control" for these purposes shall mean the direct ownership of 50% or more of the beneficial interest of, or either the majority voting power or the power to otherwise control the management policies of, any specified partnership, limited liability company, corporation or other entity.
<i>Lessor Indemnitees</i>	(i) Lessor; (ii) all Affiliates of Lessor; and (iii) all trustees, directors, officers, employees and agents of any of them.
<i>Lessor Loan</i>	is defined in Article 4.
<i>Letter of Credit</i>	is defined in Section 9.2.
<i>Loan</i>	is defined in Section 15.5.
<i>Manager</i>	is defined in Section 7.3.
<i>Marked Personal Property</i>	personal property, but not furniture, fixtures, equipment, appliances, machinery or apparatus, that displays in a conspicuous location the logo, monogram or other proprietary mark of Lessee (or an Affiliate of Lessee), such as china, stemware, flatware and linens.
<i>Marketing Company</i>	is defined in Section 7.4.
<i>Operating Licenses</i>	all permits, licenses, certificates, accreditations, approvals and other consents from any State, County, City or other public agencies with jurisdiction that may be necessary to market, use, operate and maintain the Project in the manner prescribed in this Lease, including without limitation the preliminary licensing approvals from the DSS and the Department of Health Services, a permit to sell deposit subscriptions, a license to operate a RCFE, a license to operate the SNF, all other licenses

required to operate adult community care facilities, and the provisional certificate of authority and certificate of authority.

Participating Rent is defined in Section 3.3.

Penalty Interest Rate five percent above the discount rate announced from time to time by the Federal Reserve Bank of San Francisco or, if less, the maximum amount to which the parties may legally agree by contract.

Permitted Exceptions (i) the lien for Impositions not yet due and payable; and (ii) any third party rights in the nature of easements, leases, agreements or encumbrances affecting the Premises that either existed on the Effective Date or were created or consented to in writing in accordance with the provisions of Section 1.5 or Section 6.8 of the Lease.

Person any individual, trust, partnership, corporation, limited liability company or other entity.

Premises is defined in Exhibit A attached.

Proceeds is defined in Section 17.5(b).

Program is defined in Section 7.2(b) and Exhibit N attached.

Project (i) the development and operation on the Premises of a licensed, First Class CCRC in accordance with the requirements of this Lease; and (ii) all tangible and intangible assets held by or on behalf of Lessee in connection with the development, ownership, operation, occupancy and use of such First Class CCRC, including without limitation the leasehold interest in the Premises, all Improvements and FF&E, all Operating Licenses, and all Residence and Services Agreements, Rental Leases, Service Contracts and other agreements.

Project Closeout Reserve is defined in Section 8.1(d).

Project Costs is defined in Section 5.2.

Project Development Rider the Rider, attached as Exhibit C to this Lease, that sets forth certain terms and conditions relating to the initial development, financing, construction and marketing of the Project.

<i>Project Documents</i>	is defined in Section 7.6.
<i>Project Stabilization</i>	the date on which: (i) Substantial Completion of the Initial Improvements has occurred; and (ii) the entire Residential Complex shall have achieved and maintained an occupancy rate of at least 95% for one year.
<i>Quarterly Report</i>	is defined in Section 7.9(c).
<i>Reasonable Review Period</i>	a reasonable period of time under the circumstances, taking into account the nature, complexity and scope of the submittal or other item, the level of expertise required for review, the number of other submittals (by Lessee or Lessor, as applicable) then under review by the reviewing party, the quality and completeness of the submittal and any other relevant factors.
<i>Release</i>	any accidental or intentional spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping or disposing into the air, land, surface water, ground water or the environment of any Hazardous Materials (including without limitation the abandonment or discarding of receptacles containing any Hazardous Materials).
<i>Rent</i>	is defined in Section 3.5.
<i>Rental Lease</i>	is defined in Section 8.2.
<i>Rental Project</i>	is defined in Section 8.2.
<i>Repayment</i>	that portion of the Entrance Fee which Lessee is obligated to return to a Resident pursuant to the Residence and Services Agreement or any other arrangement, after the full amortization of all amounts that Lessee would be entitled to retain. For example, if a Residence and Services Agreement provides that the portion of the Entrance Fee to be returned to the Resident upon termination will decline by two percent per month until it reaches a minimum amount equal to 50% of the Entrance Fee, the term "Repayment" shall mean and refer to 50% of such Entrance Fee, and not such greater portion of the Entrance Fee as the Resident would receive if the Residence and Services Agreement were terminated prior to the 26th month.
<i>Reserves</i>	is defined in Section 7.5.

<i>Residence and Services Agreement</i>	a contract between Lessee and a Resident as described in Section 7.2(c).
<i>Resident</i>	a person who is entitled to live in the Project pursuant to a Residence and Services Agreement or Rental Lease.
<i>Residential Complex</i>	is defined in Section 7.2(b).
<i>RMH Lease and Grant of Easement</i>	is defined in Section 1.7.
<i>Service Contracts</i>	all contracts and other agreements of any kind entered into by or on behalf of Lessee or Lessee's agents that contemplate the provision of any goods or services for or in connection with the operation of the Premises or the Project, including without limitation the Management Contract and the Marketing Contract.
<i>Short Term Loan</i>	unsecured loans taken out by Lessee from Affiliates or others to fund: (i) short term operating deficits (including without limitation Health Center operating deficits); or (ii) installation of additional facilities (e.g., an additional tennis court): (A) that are not required to be installed by Lessee to satisfy the First Class Standard; and (B) for which Residents have expressly agreed to fund the cost.
<i>Skilled Nursing Facility or SNF</i>	is defined in Section 7.2(d).
<i>Stanford Seniors</i>	current and retired members of the faculty and staff of Stanford University.
<i>State</i>	the State of California, and all of its agencies, departments and divisions.
<i>Substantial Completion</i>	(i) the completion of any Improvements substantially in accordance with and without material deviation from approved plans, applicable contract requirements and the terms and conditions of this Lease, except only for punch-list items that do not impair the use of the Improvements for their intended purpose; and (ii) issuance of all certificates of occupancy (which may be temporary or conditional) and other permits that are required for the lawful use and occupancy of the applicable Improvements pursuant to local zoning, building, and health, fire and safety codes.

<i>Surrender Date</i>	the later of: (i) the Termination Date; or (ii) the date Lessee fully quits and surrenders the Premises and the Project to Lessor in accordance with the applicable requirements of this Lease.
<i>Term</i>	is defined in Section 2.1.
<i>Term Commencement Date</i>	is defined in Section 2.2.
<i>Termination Date</i>	is defined in Section 2.3.
<i>Transfer</i>	<p>any sublease (excluding a Health Center Sublease entered into in accordance with all the requirements of Section 13.9, and all Residence and Services Agreements and Rental Leases entered into in accordance with all the requirements of this Lease), sale, assignment, conveyance, exchange or other transfer, voluntary or involuntary, by operation of law or otherwise, of all or any portion of Lessee's estate or interest in the Premises, this Lease or the Project; provided, however, that minor subleases, licenses or concessions (e.g., to a bank, beauty salon or newsstand), and Leasehold Mortgages that are granted in accordance with all the requirements of Article 15, shall not be deemed Transfers. "Transfer" also shall mean and include any of the following transactions: (i) if Lessee is a corporation with fewer than 500 shareholders, an assignment, sale, conveyance, exchange or other transfer of more than 5% of the stock or voting rights of Lessee; (ii) if Lessee is a trust, an assignment, sale, conveyance, exchange or other transfer of more than 5% of the beneficial interest of Lessee; or (iii) if Lessee is a limited liability company, partnership or joint venture, any assignment, sale, conveyance, exchange or other transfer of any membership, general partnership or joint venture interest of Lessee. "Transferee" shall mean and include any sublessee (other than the sublessee under a Health Center Sublease entered into in accordance with all the requirements of Section 13.9, and any Resident pursuant to a Residence and Services Agreement or Rental Lease), purchaser, assignee or other transferee or recipient of all or any portion of Lessee's estate or interest in the Premises, this Lease or the Project, pursuant to a Transfer.</p>