

ACKNOWLEDGEMENT AGREEMENT

This Acknowledgement is made effective this day, 14th of April, 2025, by the Rhode Island Office of the Attorney General (“Attorney General”) and the Rhode Island Department of Health (“RIDOH”).

WITNESSETH

WHEREAS, in 2021, the Attorney General and RIDOH issued decisions with respect to Prospect Medical Holdings, Inc. and certain of its affiliates (“Prospect”) governing the buyout of certain shareholders, including Prospect’s then-private equity investor (the “2021 Decisions”);

WHEREAS, in November 2022, Prospect entered into an Asset Purchase Agreement with The Centurion Foundation, Inc. (“Centurion”), which was further amended in April 2023 and November 2023 (“APA”), pursuant to which Prospect agreed to sell, and Centurion agreed to, acquire the assets and business of two Rhode Island hospitals and related assets (“CharterCARE System”);

WHEREAS, Centurion and Prospect submitted an application to the Attorney General and RIDOH for approval of the transactions contemplated by the APA, pursuant to the Hospital Conversions Act, R.I. Gen. Laws § 23-17.14-1 *et seq.*;

WHEREAS, the Attorney General issued a decision approving the transaction pursuant to the Hospital Conversions Act, subject to Conditions, on June 20, 2024, which was further amended on November 14, 2024 (“AG HCA Decision”);

WHEREAS, RIDOH issued a decision approving the transaction pursuant to the Hospital Conversions Act, subject to Conditions, on June 20, 2024, which was thereafter further clarified through various correspondence (“RIDOH HCA Decision”);

WHEREAS, RIDOH issued a Change in Effective Control decision on November 25, 2024, approving the transaction, subject to Conditions, pursuant to the Health Care Facility Licensing Act of Rhode Island, R.I. Gen. Laws § 23-17-1 *et seq.* (“RIDOH CEC Decision”);

WHEREAS, in January 2025, Prospect and certain of its affiliates filed voluntary petitions under chapter 11 of the United States Bankruptcy Code (“Bankruptcy Cases”) in the U.S. Bankruptcy Court for the Northern District of Texas (“Bankruptcy Court”), *In re: Prospect Medical Holdings, Inc. et al.*, Case No. 25-80002 (SGJ);

WHEREAS, in February 2025, Prospect entered into an Amended Asset Purchase Agreement (“Amended APA”) with Centurion for the sale of the CharterCARE System to Centurion (the “Transaction”);

WHEREAS, on February 12, 2025, the Bankruptcy Court entered an order approving the sale of the CharterCARE System to Centurion, pursuant to the Amended APA (“Sale Order”);

WHEREAS, pursuant to the terms of the Sale Order, Prospect and Centurion have notified the Attorney General and RIDOH of Conditions of the AG HCA Decision, the RIDOH HCA

Decision, and the RIDOH CEC Decision, which may require waiver or amendment so that a closing may occur; and

WHEREAS, pursuant to the terms of the Sale Order and through this writing (“Acknowledgement”), the Attorney General and RIDOH expressly waive, amend, and clarify certain Conditions of the AG HCA Decision, the RIDOH HCA Decision, and the RIDOH CEC Decision that have been superseded, mooted and/or made impossible by the Prospect Bankruptcy Cases and/or the resulting Sale Order, for the limited purpose of and only to the extent necessary to facilitate the closing of the Transaction and the issuance of bond financing to fund the Transaction.

ACKNOWLEDGMENT

NOW, THEREFORE, the Attorney General and RIDOH hereby acknowledge and state as follows:

1. Except to the extent expressly set forth in this Acknowledgement, no Condition of the AG HCA Decision, the RIDOH HCA Decision, and the RIDOH CEC Decision is waived or amended, and the Attorney General and RIDOH maintain and re-aver each Condition of the AG HCA Decision, the RIDOH HCA Decision, and the RIDOH CEC Decision. The Attorney General and RIDOH further reserve their full regulatory and enforcement authority with respect to each component of each Condition of the AG HCA Decision, the RIDOH HCA Decision, and the RIDOH CEC Decision, subject to the express terms of this Acknowledgement.
2. This Acknowledgement is issued pursuant to the Sale Order in anticipation of the closing of the Transaction. As described in the Sale Order, such closing is contingent upon (i) compliance with all Conditions of the AG HCA Decision, the RIDOH HCA Decision, and the RIDOH CEC Decision and (ii) transfer of the Escrow Funds to the Pass Through Account (where “Escrow Funds” and “Pass Through Account” have the meanings ascribed to such terms in the Sale Order). This Acknowledgement shall cease to be in effect and/or shall otherwise be void in its entirety if the sale from Prospect to Centurion under the Amended APA and pursuant to the Sale Order is not consummated for any reason whatsoever by May 30, 2025.
3. The Attorney General and RIDOH provide this Acknowledgement for the limited purpose of facilitating Centurion’s acquisition of the CharterCARE System, pursuant to the Sale Order, by waiving and/or modifying certain expressly identified rights and remedies of the Attorney General and RIDOH against Centurion and the CharterCARE System arising from non-compliance with the 2021 Decisions, Conditions of the AG HCA Decision, the RIDOH HCA Decision, and the RIDOH CEC Decision. Nothing contained herein shall in any way waive, modify and/or otherwise impair any of the rights and remedies of the Attorney General or RIDOH against Prospect including, without limitation, those arising from Prospect’s non-compliance with the 2021 Decisions, the

Conditions of the AG HCA Decision, the RIDOH HCA Decision, and the RIDOH CEC Decision, all of which are expressly reserved.

4. **Attorney General Conditions (AG HCA Decision).** The Attorney General addresses requests for waiver or amendment of the following Conditions: 1, 2, 3, 6, 7, 8, 13 (b.), 13 (c.), 13 (i.), 15, 16 and 30 of the AG HCA Decision. To the extent that waiver is not granted, the Attorney General offers the following clarification or amendments.

a. No waiver or modification is necessary with respect to the following Conditions: 3, 6 and 30, but the following is provided for clarification, and is intended to eliminate any barrier to closing:

- i. **Condition 3: “Subordinated Debt”** will not attach to the Transaction, so long as no payment is being made to Prospect for obligations owed by Centurion after closing. This Condition does not apply to payment made to Prospect in exchange for services rendered under the Transition Services Agreement (TSA) or Operations Transfer Agreement (OTA) or any other payments made contemporaneously with closing, pursuant to the Sale Order.
- ii. **Condition 6: “Pre-Closing Obligations,”** as amended in November 2024, indicates that payment for the expenses “may come from the existing pre-closing PACE escrow amount.” Condition 6 will remain in full force and effect to the extent that the Attorney General requires confirmation prior to closing that the PACE funds are sufficient to perform the repairs required by CMS. It is further acknowledged that such confirmation will be provided by Centurion, rather than Prospect.
- iii. **Condition 30: “Employee Benefits,”** does not require waiver or amendment.

b. Certain components of Conditions 1, 2, 7, 8, 13 (b.), 13 (c.), 13 (i.), 15, and 16 are waived, subject to the express reservations and clarifications set forth below.

- i. **Condition 1: “Consistent with Application”** is waived for the limited purpose, and only to the extent, set forth in Paragraph 3 above, and then only to the extent that there are changes to the Transaction from the APA set forth in the Amended APA and/or the Sale Order. Except as expressly waived in this Acknowledgement, Condition 1 remains in full force and effect.
- ii. **Condition 2: “Notice of Change”** is waived only for the limited purpose, and only to the extent, set forth in Paragraph 3 above and with respect to the Amended APA that was submitted and approved by the Bankruptcy Court pursuant to the Sale Order. Except as expressly waived in this Acknowledgement, Condition 2 remains in full force and effect.
- iii. **Condition 7: “Compliance with 2021 Decision”** is waived for the limited purpose, and only to the extent, set forth in Paragraph 3 above.

- iv. **Condition 8: “Payment of Costs”** is waived for the limited purpose, and only to the extent, set forth in Paragraph 3 above, and then only to the extent that outstanding costs to RSM US LLP, as well as any additional monitoring and enforcement costs that are incurred prior to closing, will be paid by Prospect directly or from the closing settlement amount, prior to or contemporaneously with closing. Except as expressly waived in this Acknowledgement, Condition 8 remains in full force and effect.
- v. **Condition 13(b.): “Hospital Fund”** is amended for the limited purpose, and only to the extent, set forth in Paragraph 3 above, as follows: The Attorney General acknowledges that the Hospital Fund will be funded post-closing, in part, with monies that will come from the Pass Through Account, as defined in the Sale Order. It is expressly clarified that Prospect and/or Centurion continue to be obligated to fund the remainder of the Hospital Fund, beyond the amount contributed by the Pass Through Account, prior to or contemporaneously with closing, which may include bond financing proceeds. Except as expressly amended in this Acknowledgement, Condition 13(b.) remains in full force and effect.
- vi. **Condition 13(c.): “Hospital Fund”** is clarified for the limited purpose, and only to the extent, set forth in Paragraph 3 above as follows. The Attorney General expressly clarifies that Prospect and/or Centurion continue to be obligated to fund the remainder of the Hospital Fund, beyond the amount contributed by the Pass Through Account, prior to or contemporaneously with closing, which may include bond financing proceeds. Except as expressly clarified in this Acknowledgement, Condition 13(c.) remains in full force and effect.
- vii. **Condition 13(i.) “Hospital Fund”** is waived for the limited purpose, and only to the extent, set forth in Paragraph 3 above, and then only to the extent that the Sale Order effectuates any component of Condition 13(i.). Except as expressly waived in this Acknowledgement, Condition 13(i.) remains in full force and effect.
- viii. **Condition 15: “MPT Release”** is waived for the limited purpose, and only to the extent, set forth in Paragraph 3 above and insofar as the termination of MPT’s interests, liens, and/or pledges shall now occur pursuant to the Bankruptcy Cases, specifically the Sale Order. Except as expressly waived in this Acknowledgement, Condition 15 remains in full force and effect.
- ix. **Condition 16: “Corporate Services Agreement Fee”** is waived for the limited purpose, and only to the extent, set forth in Paragraph 3 above and only insofar as Centurion’s Corporate Services Agreement Fee shall not be made contingent upon Prospect’s compliance with any Conditions of the AG HCA Decision. Except as expressly waived in this Acknowledgement, Condition 16 remains in full force and effect.

5. **RIDOH Conditions (RIDOH HCA Decision; RIDOH CEC Decision).**¹ RIDOH addresses requests for waiver or amendment of the following Conditions: 2, 6, 7, 15, 23, 24, 26, 28, 30, 34, 35(d) and (f), 36, 41, 43, and 45 of the RIDOH HCA Decision and 1 of the CEC Decision. To the extent that waiver is not granted, RIDOH offers the following clarification or amendments.
- a. **No waiver or modification is necessary with respect to the following Conditions: CEC Condition 1, HCA Conditions 2, 15, 23, 24, 26, 28, 30, 35(d) and (f), 41 and 43, but clarification, intended to eliminate any barrier to closing, is provided as follows:**
- i. **CEC Condition 1** requires no waiver or amendment. It is acknowledged that the transaction shall be implemented in accordance with the Amended APA approved by the Sale Order and any supplemental information to the HCA and CEC Applications, as may be reviewed and approved by RIDOH.
 - ii. **HCA Condition 2** requires no waiver or amendment. It is expressly clarified that as a result of the Amended APA approved by the Sale Order, that no “Assignment” is necessary, and this Condition no longer applies.
 - iii. **HCA Condition 15** requires no waiver or amendment as Centurion’s obligations with staffing begin at closing and in accordance with the rules and regulations of *Licensing of Hospitals* (216-RICR-40-10-4).
 - iv. **HCA Conditions 23 and 24** require no waiver or amendment, however, it is acknowledged that outstanding plans will be provided by Centurion, rather than Prospect. It is restated that Conditions 23 and 24 remain in full force and effect.
 - v. **HCA Condition 30** requires no waiver or amendment, insofar as the default on the PACE loan will be waived as a result of the closing.
 - vi. **HCA Condition 35, (d) and (f)** requires no waiver or amendment. These Conditions may be satisfied upon notice of consent from the PACE loan lender and compliance with the Sale Order.
 - vii. **HCA Conditions 26 and 28** are not waived; however, RIDOH does not object to the New CharterCARE System, as defined in the RIDOH HCA Decision, providing the funds to satisfy the requirements of Condition 26 and 28.
 - viii. **HCA Conditions 41 and 43** are not waived; however, RIDOH does not object to the New CharterCARE System providing the funds to satisfy the requirements of Conditions 41 and 43. The Reimbursement and Escrow Agreement executed on June 13, 2024 by and between Centurion and RIDOH remains in full force and effect.
- b. **Certain components of Conditions 6, 7, 8, 34, 36 and 45 are waived or modified, subject to the express reservations and clarifications set forth below.**

¹ All conditions are stated in the RIDOH HCA Decision and CEC Decision, and in any responses thereto.

- i. **HCA Condition 6** is waived for the limited purpose, and only to the extent, set forth in Paragraph 3 above and then only to the extent that no closing escrow shall be required for any net cash payable to Prospect at the closing of the Transaction. It is further restated that Conditions 1, 23, 24, 25, 27, and 30 must be fully complied with, subject to this Acknowledgement. Except as expressly waived in this Acknowledgement, Condition 6 remains in full force and effect.
- ii. **HCA Condition 7** is waived for the limited purpose, and only to the extent, set forth in Paragraph 3 above. RIDOH considers the Amended APA, Sale Order, and any and all other representations made by the Transacting Parties in bankruptcy court as an update to the HCA Application.
- iii. **HCA Condition 34** is waived for the limited purpose, and only to the extent set forth in Paragraph 3 above, and then only to the extent that there are any existing liens against the real estate that would have been subject to this Condition but for the fact that they will be released simultaneously with closing pursuant to the Sale Order. It is expressly clarified that this Condition does not apply to the new mortgage liens that will be placed on the real estate pursuant to the New CharterCARE System's financing of the Transaction. It is further clarified that the Transacting Parties are subject to prior review and approval of affirmative action from the owner of the respective property, or its affiliates, that would result in a sale, sale and leaseback, lien, mortgage, or other encumbrance on the real estate. Any liens or encumbrances placed on the real estate by third parties are not subject to review and approval by RIDOH but do require notice to RIDOH within thirty (30) days after the lien or encumbrance is recorded.
- iv. **HCA Condition 36** is not waived, but shall be modified for the limited purpose, and only to the extent, set forth in Paragraph 3 above, and then only to the extent that the requirements of Appendix E shall be amended as follows: The Centurion Foundation, Inc. shall provide audited financial statements, or should The Centurion Foundation, Inc. not produce audited financial statements in a given year, The Centurion Foundation, Inc. shall provide unaudited financial statements prepared by an otherwise independent third party Certified Public Accountant in compilation form accompanied by an attestation in accordance with the requirements of Condition 37. It is expressly acknowledged by RIDOH that the reporting requirements of Appendix E may be reconsidered after six (6) months following the close of the proposed transaction. All other requirements of Condition 36, including the reporting requirements of Appendix E, shall remain in full force and effect.
- v. **HCA Condition 45** is waived for the limited purpose, and only to the extent set forth in Paragraph 3 above, and then only except for the requirements of Condition 33 of the June 1, 2021 Decision for Approval

with Conditions on the Hospital Conversions Act Application and the Change in Effective Control application of Chamber, Inc.; Ivy Holdings, Inc.; Ivy Intermediate Holdings, Inc.; Prospect Medical Holdings, Inc.; Prospect East Holdings, Inc.; Prospect East Hospital Advisory Services, LLC; Prospect CharterCARE, LLC; Prospect CharterCARE SJHSRI, LLC; and Prospect CharterCARE RWMC, LLC (“RIDOH 2021 HCA Decision”) and pursuant to the terms of Paragraph 36 of the Sale Order. Otherwise, all other Conditions of the RIDOH 2021 HCA Decision are waived or are no longer applicable.

6. This Acknowledgement constitutes all of the terms and conditions of the Acknowledgement, as defined by the Sale Order, put forth by the Attorney General and RIDOH, and supersedes any and all prior statements, writings, or understandings, if any, with respect to the matters set forth herein. This Acknowledgment shall only be modified, changed, and/or amended through a formal written amendment signed by the Attorney General and RIDOH.

IN WITNESS WHEREOF, the undersigned cause this Acknowledgement to be executed as of the day and year first written above to evidence execution of the terms and provisions of this Acknowledgement.

Rhode Island Office of the Attorney General

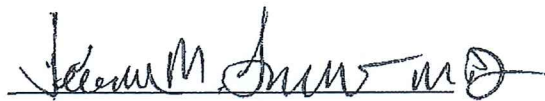


Name: Peter F. Neronha, JD

Title: Attorney General

Date: 4/14/2025

Rhode Island Department of Health



Name: Jerome M. Larkin, MD

Title: Director, RIDOH

Date: 4/14/25