

EXHIBIT C

REAL ESTATE EXCHANGE AGREEMENT

THIS REAL ESTATE EXCHANGE AGREEMENT (“**Agreement**”) is entered into this 18th day of May, 2015 by and between **LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT**, acting by and through its Economic Development Department, with an office located at 444 S. Fifth Street, Suite 600, Louisville, Kentucky 40202 (“**Louisville**”) and **KINDRED HEALTHCARE OPERATING, INC.**, a Delaware corporation, with its principal office address located at 680 South Fourth Street, Louisville, Kentucky 40202 (“**Kindred**”).

WITNESSETH:

WHEREAS, Kindred’s headquarters office is located at 680 South Fourth Street in downtown Louisville (“**Office**”); and

WHEREAS, Kindred intends to expand its Office by constructing a new building north of its current building (“**Expansion Project**”); and

WHEREAS, Kindred owns most of the real property needed for the Expansion Project, but needs to acquire some additional real property that is owned by Louisville (“**Louisville Property**”); and

WHEREAS, the Louisville Property consists of an unnamed public right of way, shown as Area 1 on Exhibit A, attached hereto (“**Alley Property**”) and a landscaped plaza currently known as Theater Square (“**Theater Square Property**”), shown as Areas 2 and 3 on Exhibit A; and

WHEREAS, Louisville, in order to induce Kindred to undertake the Expansion Project, is willing to convey the Alley Property and a portion of the Theatre Square Property, shown as

Area 2 on Exhibit A (“**Surplus Theater Square Property**”) to Kindred in consideration of the obligations to be undertaken by Kindred pursuant to the terms and conditions of this Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties, Louisville and Kindred agree as follows:

ARTICLE I

OBLIGATIONS OF KINDRED

Section 1.01. Construction of Expansion Project and New Building. Kindred, at its sole expense, agrees to construct the Expansion Project, consisting of (i) a building containing a minimum of four (4) stories and approximately 20,000-24,000 square feet per floor, containing offices and other facilities related to its business, including approximately 7,000 square feet of retail space located on the ground floor facing the new plaza (as defined below) suitable for leasing to retail tenants (“**New Building**”), (ii) the relocation of the Alley and construction of the New Alley as provided in Section 1.02 of this Agreement, and (iii) the construction of the New Plaza as provided in Section 1.03 of this Agreement. The design of the New Building shall be consistent with best architectural practices and appropriate urban design principles. Kindred shall provide preliminary plans for the New Building to Louisville for review. Kindred agrees to obtain all necessary approvals for construction of the New Building including approval from the Downtown Development Review Overlay District Committee (“**DDROC**”). Subject to Section 3.10 of this Agreement, Kindred shall use its best efforts to (i) commence construction of the New Building no later than December 31, 2015 and (ii) complete construction no later than December 31, 2017.

Section 1.02. Construction of New Alley. Kindred, at its sole expense, shall construct a new alley (“**New Alley**”) in the location shown on Exhibit A as Area 4A (“**New Alley Parcel**”) to replace the existing alley on the Alley Property and in Area 5 shown on Exhibit A. The New

Alley shall be approximately 30 feet wide (subject, however, to the approval of Public Works) and shall be constructed in accordance with Louisville public rights of way standards. The construction plans for the New Alley shall be approved by Louisville's Department of Public Works. Kindred shall be responsible for the costs of relocating or deactivating any public utilities in the existing alley on the Alley Property and in Area 5 shown on Exhibit A. Subject to Section 3.10 of this Agreement, Kindred shall use its best efforts to (i) commence construction of the New Alley no later than December 31, 2015 and (ii) complete construction of the New Alley no later than December 31, 2017. Upon completion of the construction of the New Alley, Kindred shall convey fee simple title to the New Alley to Louisville by special warranty deed for the sum of \$1.00.

Section 1.03. Construction of New Plaza. Kindred, at its sole expense, shall design and construct a new plaza (the "**New Plaza**") on that portion of the Theatre Square Property that is not conveyed to Kindred as the Surplus Theater Square Property pursuant to Section 2.01 of this Agreement ("**Remaining Theater Square Property**") and on the portion of the property owned by Kindred shown as Area 4B on Exhibit A and on the property owned by Louisville shown as Area 5 on Exhibit A ("**Additional Plaza Property**"). Collectively, the Remaining Theater Square Property and the Additional Plaza Property shall constitute the "**New Plaza Property**". The design of the New Plaza shall be substantially similar to the rendering attached hereto as Exhibit B. Representatives of Louisville, Kindred and Kindred's architect shall meet regularly during design development for the New Plaza to review the plans and shall work cooperatively to develop a design for the New Plaza that is of the highest quality but cost efficient and reasonable for Louisville to maintain. Prior to Kindred submitting the final design of the New Plaza to DDROC, Louisville shall have approved said final design. As part of its approval of the final design, Louisville shall approve the design of the water feature as shown on Exhibit B

("Water Feature"). Kindred shall submit detailed mechanical, electrical and plumbing drawings and schematics and manufacturers' specifications for the Water Feature and its components to enable Louisville to determine if the Water Feature will have a reasonable service life and that Louisville will be able to operate and maintain the Water Feature in a reasonably cost efficient manner. Any changes to the final design after such approval shall be reviewed by Louisville. As part of its obligation to construct the New Plaza, Kindred, at its sole expense, shall demolish all existing improvements on the Theater Square Property. Prior to demolition of the existing improvements by Kindred, Louisville, at its sole cost, shall dismantle the "Derby Clock" and move it to a location determined by Louisville. Kindred shall have no obligation to dismantle, relocate, reconstruct or repair the Derby Clock nor shall Kindred be required to pay for the costs associated therewith. It is acknowledged that Louisville is planning to make certain improvements to the public rights of way abutting the New Plaza ("**Fourth Street Improvements**") and that such project is being managed by the Downtown Development Corporation ("**DDC**"). Kindred agrees to coordinate its design of the New Plaza with the design of the Fourth Street Improvements; provided, however, such coordination shall not be required if it would cause a delay in the obligation of Kindred to commence or complete construction of the New Plaza. Kindred shall obtain all necessary approvals for the construction of the New Plaza including approval from the DDROC. Subject to Section 3.10 of this Agreement, Kindred shall use its best efforts to (i) commence construction of the New Plaza no later than December 31, 2015 and (ii) complete construction no later than December 31, 2017.

Upon completion of the construction of the New Plaza, (i) Kindred shall convey fee simple title to the Additional Plaza Property to Louisville by special warranty deed for the sum of \$1.00, (ii) Louisville agrees to dedicate the New Plaza Property to public use, and (iii) Louisville agrees not to construct any permanent structure on the New Plaza Property (the "New

Louisville Structure) without the prior written approval of Kindred, which approval shall not be unreasonably withheld; provided, however, such approval may be withheld by Kindred if (i) the New Louisville Structure is more than 30 feet in height or (ii) if, in Kindred's reasonable opinion, the New Louisville Structure would either (A) interfere with the New Plaza Property being used primarily as a public space or (B) substantially and unreasonably interferes with the view of the New Building from Fourth Street or (C) interfere with the access to the New Building from Fourth Street. The New Louisville Structure, if approved by Kindred, shall be designed by Louisville and shall be consistent with best architectural practices, appropriate urban design principles and shall be compatible with the New Building and New Plaza, which design shall also be approved by Kindred, which approval shall not be unreasonably withheld.

Section 1.04. Constructions, Permits, Approvals and Minor Subdivision Plat

A. Louisville is a consolidated local government duly formed and validly existing under the laws of the Commonwealth of Kentucky with the power and authority to enter into this agreement.

B. Kindred shall ensure that all construction on all elements of the Expansion Project shall be of high quality, free of defects and undertaken in a workman-like manner in accordance with all applicable laws, codes, permits and approvals.

C. At its sole expense, Kindred shall prepare and obtain approval from the Louisville Planning Commission of a minor subdivision plat and consolidation plat creating and consolidating the various parcels of real property to be conveyed between Louisville and Kindred as required by this Agreement.

D. Kindred grants to Louisville, its agents and employees a right of entry upon the New Alley Parcel and the New Plaza Property at all reasonable times during construction of the

New Alley and the New Plaza to inspect the ongoing construction for compliance with the terms of this Agreement.

E. Louisville grants to Kindred, its agents, contractors and employees a right of entry upon the Alley Property, the Theatre Square Property and the Louisville Property, and any adjoining property owned by Louisville, for the purpose of all construction work to be performed by Kindred in connection with the Expansion Project, the New Building, the New Alley, the New Plaza and any and all other obligations of Kindred under this Agreement, including but not limited to the right to use the Louisville Property, the Theatre Square Property and the New Alley Property for the staging and storage of materials and equipment necessary for such construction. In addition, Louisville shall grant to Kindred such easements over the Louisville Property, the Theatre Square Property and the Alley Property as may be necessary for the construction of the foundations for the New Building and as may be necessary for the continuing and on-going repair and maintenance of the New Building.

Section 1.05. Performance Bond. Kindred, prior to commencing construction of the New Alley and the New Plaza, shall provide to Louisville a performance bond in an amount equal to 100% of the contract cost for construction of the New Alley and New Plaza.

Section 1.06. Employment Regulations: Affirmative Action. In the construction of the Project, Kindred, its contractors and subcontractors, shall not refuse to hire or employ, nor bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions or privileges of employment because of sex, race, creed, color, national origin, sexual orientation or disability. At all times during the construction of the Expansion Project, Kindred shall use its best efforts to ensure that its employees and the employees of its contractors and subcontractors are treated during employment without regard to their sex, race, creed, color or national origin. This requirement shall apply to, but not be limited to, the following:

employment, upgrading, demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training.

Section 1.07. Environmental Testing and Remediation.

A. Each property conveyed between the parties as provided in this agreement shall be conveyed by the respective grantor to the respective grantee “AS IS”, “WITH ALL FAULTS” in its current condition without any warranties, express or implied regarding such properties condition.

B. Kindred shall be solely responsible for performing any testing, assessments or other examinations to determine whether Hazardous Materials (as defined below) are present in, or under any of the properties to be conveyed under this Agreement including, but not limited to, a Phase I environmental report (“**Environmental Testing**”). Louisville shall conduct, at Louisville’s sole cost and expense, any remediation or management of Hazardous Materials disclosed by the Environmental Testing as Kindred may reasonably determine is necessary (“**Remedial Measures**”). Following the completion of such Environmental Testing, Kindred shall obtain a reliance letter addressed to both Kindred and Louisville for any and all environmental reports obtained by Kindred. In the event it is necessary, in Kindred’s reasonable discretion, for Kindred to obtain a Phase II environmental report, the cost of such report shall be shared by Kindred and Louisville in proportion to their share of ownership of the property covered by the Phase II environmental report and such report shall be addressed to both Kindred and Louisville. As used herein, the term “**Hazardous Material**” means any hazardous or toxic substance, material or waste which is or becomes regulated by any applicable federal, state or local government agency or authority. The term “**Hazardous Material**” includes, without limitation, any material or substance which is (i) petroleum, (ii) designated as a “hazardous

substance” pursuant to Section 311 of the Federal Water Pollution Control Act (33 USC Section 1317), (iv) defined as “hazardous waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act (42USC Section 6903), (v) defined as “hazardous substance” pursuant to Section 101 (14) of the Comprehensive Environmental Response Compensation and Liability Act (“CERCLA”) (42 USC Section 9601), or (vi) defined as a “pollutant” or “contaminant” pursuant to Section 101 (33) of CERCLA.

Section 1.08. Additional Representations and Covenants of Kindred. Kindred represents and covenants as follows:

A. Kindred is a corporation duly formed and validly existing under the laws of the State of Delaware with the power and authority to enter into this Agreement.

B. Kindred is not a “foreign person” as that term is defined in Section 1445 of the Internal Revenue Code, and applicable regulations.

C. The execution of this Agreement and the construction of the Expansion Project by Kindred will not violate any applicable statute, law ordinance, code, rule or regulation or any restriction or agreement binding upon or otherwise applicable to Kindred.

D. Kindred, in this Agreement, has not made any untrue statement of a material fact or failed to state material fact.

E. To Kindred’s knowledge, there are no actions, suits or proceedings pending or threatened against Kindred which would, if adversely determined, affect Kindred’s ability to enter into this Agreement or construct, operate and convey the various elements of the Expansion Project in accordance with the Agreement.

ARTICLE II

OBLIGATIONS OF LOUISVILLE

Section 2.01. Conveyance of Louisville-Owned Properties to Kindred. Within thirty (30) days of Kindred obtaining all necessary approvals for the minor subdivision plat as provided in Section 1.04, Louisville shall convey to Kindred, by deeds of special warranty, fee simple title to the Alley Property and the Surplus Theatre Square Property.

Section 2.02. Acceptance and Maintenance of New Plaza Property. Upon completion of construction of the New Plaza as provided in Section 1.03 of this Agreement, Louisville shall (i) maintain the New Plaza Property and all elements of the New Plaza in good condition and repair, free of debris and trash, to the reasonable satisfaction of Kindred and (ii) pay the cost of all utilities required for the operation of the New Plaza Property including, but not limited to, electricity, water, and sewer services. All trees, shrubbery and plant materials located on the New Plaza Property shall be regularly watered, fertilized and trimmed by Louisville as necessary to maintain them in a healthy and safe condition, and any dead or dying trees, shrubbery or plant materials shall be promptly replaced by Louisville.

Section 2.03. Encroachment Permit for Retail Use. Except as otherwise provided in Section 1.03 and this Section 2.03, the New Plaza shall be open to public use at all times. Notwithstanding the foregoing (i) the New Plaza may be closed on a limited basis for private events, repairs and maintenance, and (ii) that portion of Area 3 designated on Exhibit A as “**Outdoor Eating Space**” shall be reserved exclusively for use by tenants of retail space located in the New Building, and Louisville agrees to permit use of the Outdoor Eating Space by tenants of retail space located in the New Building pursuant to an Encroachment Permit and subject to the usual and customary restrictions and provisions of such permit. The Encroachment Permit

shall be obtained by Kindred or any tenant of retail space located in the New Building, as determined by Kindred.

Section 2.04. Acceptance and Maintenance of New Alley; Closure of Existing Alley.

Upon completion of construction of the New Alley as provided in Section 1.02 of this Agreement, Louisville shall (i) accept the New Alley and take fee simple title to the New Alley Property and (ii) take such action as is necessary to permanently close the existing alley located on the Alley Property and in Area 5 shown on Exhibit A. The New Alley shall be dedicated as a public right of way and shall be maintained at the sole expense of Louisville.

Section 2.05. Parking for Kindred. Prior to demolition of the existing improvements on the Theater Square Property by Kindred, Louisville, in cooperation with its Parking Authority of River City (“PARC”) shall prepare and present to Kindred, for Kindred’s approval, which approval may be granted or withheld in Kindred’s sole discretion, a parking plan which obligates Louisville to identify and assist in obtaining parking for Kindred’s employees, guests and invitees in garages or surface parking lots owned and operated by PARC or third party private operators which is adequate to support Kindred’s Office and the Expansion Project, which plan must satisfy the following requirements:

(i) all parking spaces shall be located within two (2) blocks of Kindred’s Office and the Expansion Project;

(ii) all parking spaces to be in an existing garage, in a new garage to be constructed by Louisville, or on surface parking lots approved by Kindred in its sole discretion;

(iii) if all or any part of the parking spaces are to be located in a newly constructed garage, the cost of construction shall be solely that of Louisville or a third party provider at Louisville’s expense;

(iv) the total number of parking spaces shall equal the greater of (A) the number required to meet applicable zoning and land use codes and regulations and (B) the number reasonably determined by Kindred to meet its operational needs;

(v) all such parking spaces shall be available for Kindred's use no later than the date on which a Certificate of Occupancy is issued for the New Building; and

(vi) the monthly rate for each parking space to be paid by Kindred shall not be greater than the then current market rate charged for an unreserved parking space within the two (2) block area surrounding Kindred's Office and Expansion Project.

Section 2.06. Approval by Metro Council. The parties acknowledge that the real property transactions contemplated by this Agreement must be approved by Louisville's Metro Council. Louisville agrees to present a resolution (the "**Resolution**") to the Metro Council declaring the Existing Alley Property and the Theater Square Surplus Property surplus to the needs of Louisville and authorizing their conveyance to Kindred, authorizing the acquisition of the New Alley Parcel and the Additional Plaza Property from Kindred, all in accordance with the terms of this Agreement. The failure of Louisville to obtain approval of the Resolution from the Metro Council shall not constitute a default under this Agreement.

Section 2.07. Right of Entry.

A. Louisville hereby grants to Kindred, its contractors and suppliers, a right of entry over the Remaining Theatre Square Property for the purpose of constructing the New Plaza and conducting all necessary investigations and testing, prior to construction, commencing on the effective date of this agreement and terminating on the date of completion of construction of the New Plaza.

B. During construction of the New Plaza, Kindred agrees to indemnify Louisville against any third party claim or filing of any lien on any part of the Remaining Theatre Square

Property as a result of Kindred's construction of the New Plaza and shall hold Louisville harmless from any and all such third party claims or liens, except to the extent any such third party claim or lien is caused by the negligent act or omission or intentional or willful misconduct of Louisville or any of its employees or agents.

Section 2.08. Additional Representations and Covenants of Louisville. Louisville represents and covenants as follows:

A. Louisville is a consolidated local government duly formed and validly existing under the laws of the Commonwealth of Kentucky with the power and authority to enter into this agreement.

B. Louisville is not a "foreign person" as that term is defined in Section 1445 of the Internal Revenue Code, and applicable regulations.

C. The execution of this Agreement and performance of its obligations here under will not violate any applicable statute, law, ordinance, code, rule or regulation or any restriction or agreement binding upon or otherwise applicable to Louisville.

D. Louisville, in this Agreement, has not made any untrue statement of a material fact or failed to state a material fact.

E. To Louisville's knowledge, there are no actions, suits or proceedings pending or threatened against Louisville which would, if adversely determined, affect Louisville's ability to enter into the Agreement or perform its obligations hereunder.

ARTICLE III

ADDITIONAL PROVISIONS

Section 3.01. Notices. Any notice to be given herein by either party to the other shall be given in writing by personal delivery or first class mail, to the persons and addresses below, until notification of change of such address.

If to Louisville: Department of Economic Department
444 South 5th Street, Suite 600
Louisville, KY 40202
Attn: Director

If to Kindred: Kindred Healthcare, Inc.
680 S. Fourth Street
Louisville, KY 40202
Attn: Douglas L. Curnutte,
Senior Vice President of Facilities and Real Estate

Section 3.02. Termination.

A. Either party may terminate this Agreement if the other party fails to perform its material contractual duties and obligations under this Agreement.

B. If either party is determined to be in default, the non-defaulting party shall notify the defaulting party of the determination in writing, and the defaulting party shall have thirty (30) days to cure the identified deficiencies. The non-defaulting party may proceed with termination if the defaulting party fails to cure the deficiencies within the specified time. In addition, the non-defaulting party may exercise its rights under law or in equity against the defaulting party.

Section 3.03. Time and Essence. Time is of the essence to this Agreement.

Section 3.04. Entire Agreement. This Agreement, together with any exhibits hereto, which are deemed to be incorporated by reference as if set forth at length herein, shall constitute the entire written understanding of the parties and shall supersede all oral and written understanding of the parties, all of which are deemed to be merged herein. This Agreement may

not be modified or amended except in writing, signed by each of the parties hereto, their successors or assigns.

Section 3.05. Governing Law. This Agreement and obligations of the parties hereunder shall be governed in all respects by the laws of Commonwealth of Kentucky.

Section 3.06. No Assignment. Kindred shall not assign or transfer any interest under this Agreement without prior written consent of Louisville which consent shall not be unreasonably withheld, delayed or denied; provided, however, no such consent shall be required if such assignment or transfer is to an affiliate of Kindred.

Section 3.07. Brokers. Louisville and Kindred each shall be responsible solely for paying any broker's commissions incurred by them, respectively, in connection with this Agreement and shall hold the other party harmless from any claims for broker's commissions.

Section 3.08. Survival. All warranties, covenants and other obligations set forth herein shall be deemed satisfied by closing of the sale and delivery of the deeds and the closings, except as to customary warranties contained in the Deed.

Section 3.09. Date of Agreement. Louisville and Kindred or their authorized representatives have executed this Agreement as of the day and year first above written but actually on the dates set forth below.

Section 3.10. Force Majeure. Neither Kindred nor Louisville shall be deemed in default for failure to perform any duties pursuant to this Agreement where such failure is the result of causes that are beyond the reasonable control and without the fault or negligence of the party failing to perform ("Force Majeure"). The term "Force Majeure" shall be deemed to include, but not be limited to, acts of God, the public enemy or any governmental or military entity, including applicable laws, rules and regulations, insurrection or riots, strikes, boycotts, embargoes, organizational attempts or other labor disputes, shortages of supplies, equipment or

transportation, fires, explosions or floods, high or low water, breakdown or damage to plants, equipment or facilities, any exigency of generating electricity, or other causes of a similar nature.

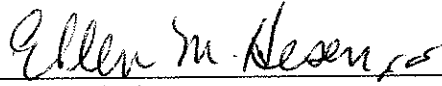
Section 3.11. Costs. Unless otherwise expressly provided herein, Kindred shall pay all costs and expenses incurred by Kindred with respect to Kindred's obligations and duties under this Agreement, including but not limited to any surveys, investigations, reports, title examinations, title insurance premiums, the preparation of any deeds, documents and other instruments to be provided by Kindred, together with any applicable transfer taxes and recording fees, and legal fees of its counsel. Unless otherwise expressly provided herein, Louisville shall pay all costs and expenses incurred by Louisville with respect to Louisville's obligations and duties under this Agreement, including but not limited to any surveys, investigations, reports, title examinations, title insurance premiums, the preparation of any deeds, documents and other instruments to be provided by Louisville, together with any applicable transfer taxes and recording fees, and legal fees of its counsel.

Witness the signatures of the authorized representatives of the parties.


“LOUISVILLE”

**LOUISVILLE JEFFERSON COUNTY
METRO GOVERNMENT**

Approved as to form:

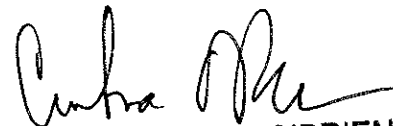
By: 
Greg Fischer
Mayor

Date: 5/15/15, 2015

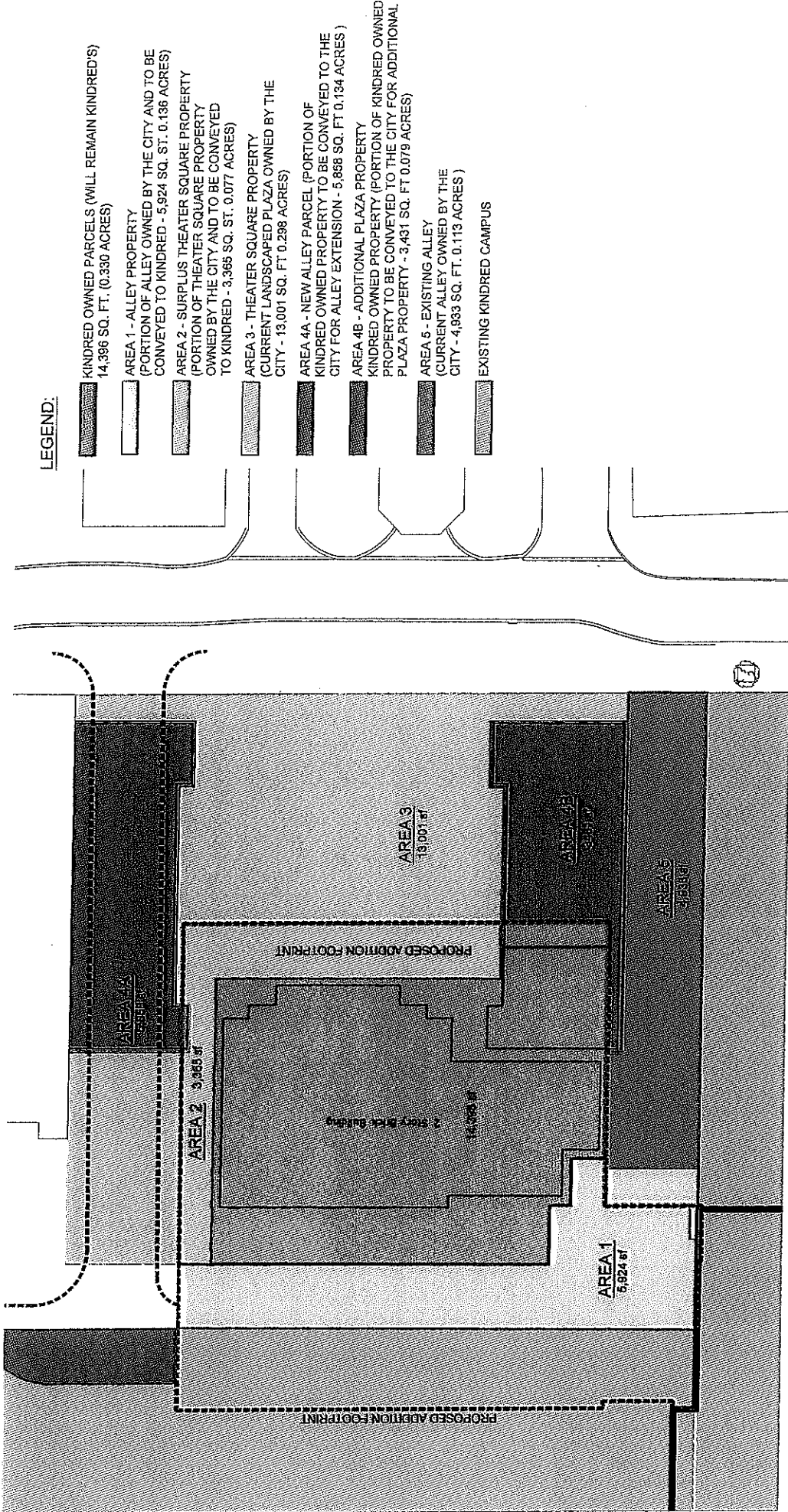

Assistant Jefferson County Attorney

“KINDRED”

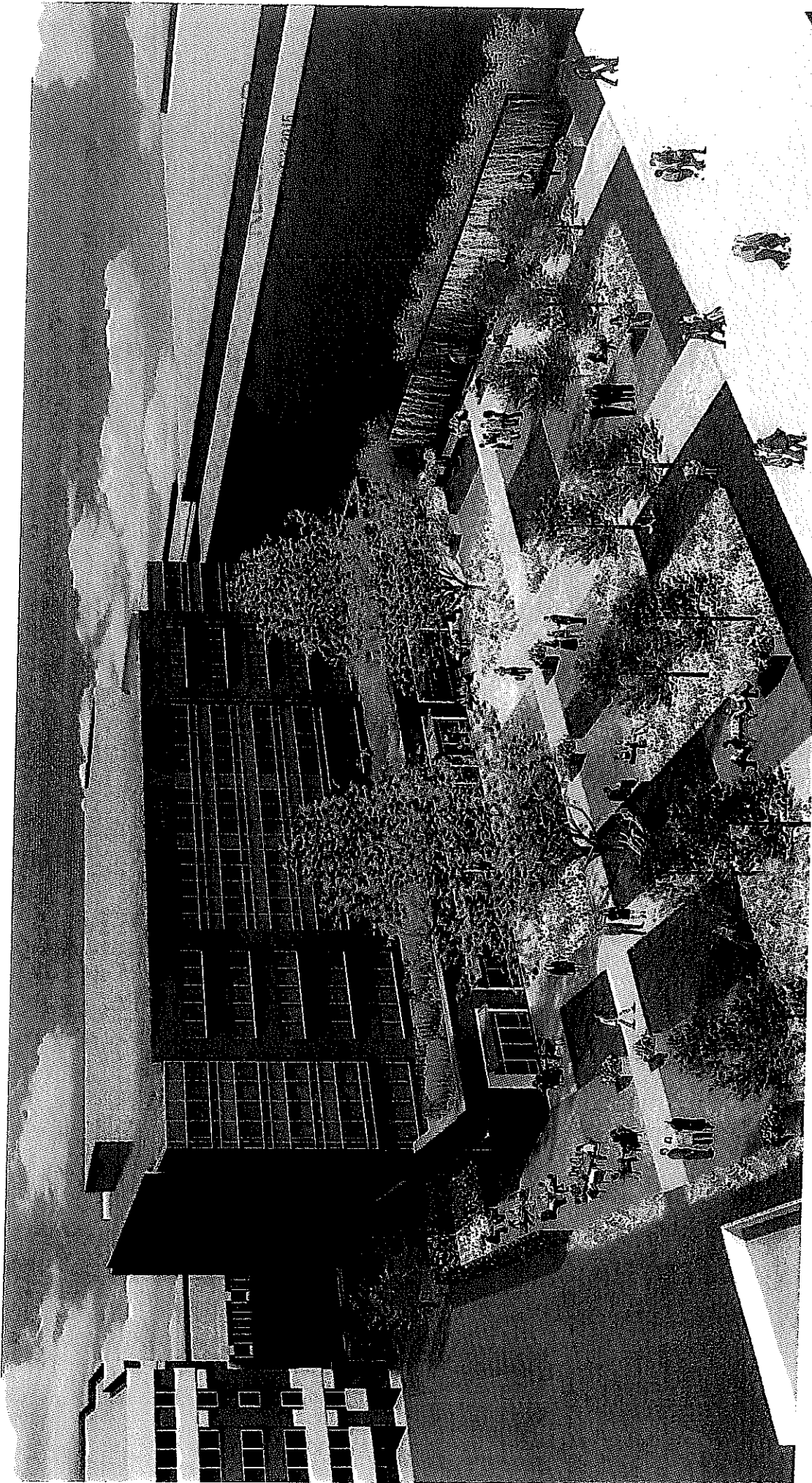
KINDRED HEALTHCARE OPERATING, INC.

By: 
CRISTINA E. O'BRIEN
Title: VICE PRESIDENT & REAL ESTATE COUNSEL

Date: May 6, 2015



PROPOSED PARCEL EXCHANGE



KBA
K NORMAN BERRY
ASSOCIATES
ARCHITECTS

New Building Aerial View
December 11, 2014

Kindred
EXHIBIT 15000001