



North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section

2704 Mail Service Center • Raleigh, North Carolina 27699-2704
<http://www.ncdhhs.gov/dhsr/>

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief
Phone: (919) 855-3873
Fax: (919) 733-8139

March 8, 2012

Ann Wood, Care Services Leader
Kisco Senior Living
5790 Fleet St, Suite 300
Carlsbad CA 92008

RE: No Review/Magnolia Glen/Sale leaseback transaction between Health Care REIT, Inc. and Kisco Senior Living with no change in ownership of the facility/Wake County
FID #: 010198

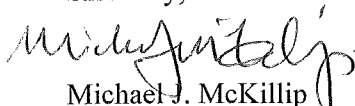
Dear Ms. Wood:


The Certificate of Need (CON) Section received your letter of March 1, 2012 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Certificate of Need Section. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

In addition, you should contact the Adult Care Licensure Section to determine if they have any requirements for development of the proposed project. Please contact the CON Section if you have any questions.

Sincerely,

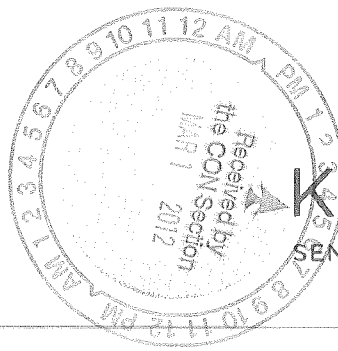

Michael J. McKillip
Project Analyst


Craig R. Smith, Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR



5720 Hight Street, Suite 300, Concord, NC 27008
PHONE: 760.804.5900 FAX: 760.804.0793
www.kiscoseniorliving.com



March 1, 2012

NC Division of Health Service Regulation
Mr. Mike McKillip, Project Analyst
Division of Certificate of Need
805 Ruggles Drive
Raleigh, NC 27603

Reference: Magnolia Glen
License Number: HAL-092-087

Dear Mike,

In follow up to our call on February 9th, we would like to make you aware of an ownership change regarding Magnolia Glen located at 5301 Creedmoor Road, Raleigh, NC 27612. The community currently has 66 beds and will not be changing the licensed capacity. As discussed, the community falls under an exemption status and no further action will be necessary. To summarize the Change of Ownership please see below.

Magnolia Glen opened our doors in 2002 as an affiliate entity of Kisco Senior Living. The proposed change in the financial ownership of Magnolia Glen is intended to occur during March 2012. This proposed transaction will be with an entity affiliated with Health Care REIT, Inc. (HCN). HCN and Kisco will enter into a sale leaseback arrangement.

It is essentially a financing strategy with Kisco maintaining ownership of the operations. Kisco will continue to own and manage the community operations plus will be an owner with HCN on the real estate/building/land associated with Magnolia Glen.

If you have any questions regarding this change or require further details, please do not hesitate to contact me.

Sincerely,

Ann Wood
Care Services Leader
Kisco Senior Living