



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

December 16, 2013

Neil W. Hoffman
Arnall Golden Gregory LLP
171 17th Street NW, Suite 2100
Atlanta, GA 30363-1031

No Review – Indirect Interest Transfer

Facility or Business: See Attachment A

Project Description: Change in indirect investor entities and shareholders

County and FID#: See Attachment A

Dear Mr. Hoffman:

The Certificate of Need Section (CON Section) received your letter of December 6, 2013 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.

Moreover, you need to contact the Nursing Home Licensure and Certification Section and the Adult Care Licensure Section of the Division of Health Service Regulation to determine if they have any requirements for development of the above referenced proposal.

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.



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704


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Mr. Hoffman
December 16, 2013
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Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,



Celia C. Inman
Project Analyst



Craig R. Smith, Chief
Certificate of Need Section

cc: Nursing Home Licensure and Certification Section, DHSR
cc: Adult Care Licensure Section, DHSR

**Attachment A
Genesis HealthCare LLC
Indirect Interest Transfers**

<u>Facility Name</u>	<u>FID #</u>	<u>Facility Operator</u>	<u>Facility Type</u>	<u>County</u>
Abbotts Creek Center	923045	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility	Davidson
Alleghany Center	923249	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility / Adult Care Home	Alleghany
Mooresville Center	923353	550 Glenwood Operations LLC	Skilled Nursing Facility / Adult Care Home	Wake
Mount Olive Center	923344	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility	Wayne
Pembroke Center	923393	SunBridge Retirement Care Associates, LLC	Skilled Nursing Facility	Robeson
Poplar Heights Center	943301	SunBridge Retirement Care Associates, LLC	Skilled Nursing Facility / Adult Care Home	Bladen
Salisbury Center	923354	710 Julian Road Operations LLC	Skilled Nursing Facility / Adult Care Home	Rowan
Siler City Center	923120	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility	Chatham
Triad Center	923288	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility	Guilford
Woodland Hill Center	923365	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility	Randolph

Neil

December 6, 2013

VIA FEDERAL EXPRESS

Mr. Craig Smith
State of North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
809 Ruggles Drive
Raleigh, North Carolina 27603

Received by
the CON Section
DEC 9 2013

Re: North Carolina Facilities / Proposed Indirect Interest Transfers

Dear Mr. Smith:

This letter is to inform you of a series of proposed indirect interest transfers involving the nursing facilities and adult care homes listed in Exhibit A (the "Facilities"), which will result in certain new indirect investor entities and shareholders above the operators for the Facilities (the "Interest Transfers"). The Interest Transfers will occur in multiple stages over a period of time with the initial interest transfer to take place in connection with a public offering on the Toronto Stock Exchange. We expect that the initial stage of the Interest Transfers will result in a change of approximately 30 to 42 percent of the current indirect investors and shareholders. Following the initial stage, there will likely be subsequent stages, which will result in a change of greater than 50 percent of the indirect investors. The Interest Transfers are scheduled to begin on or about March 1, 2014.

As reflected in the enclosed diagram, Exhibit B, there will be no change to the operators as the licensees and no change to the intermediate entities. The Interest Transfers will take place multiple levels above the operators in the corporate structure. The operators' federal tax identification number will not change. In addition, there will be no change to the Facilities' day-to-day operations as a result of the Interest Transfers.

It is our understanding that the proposed changes described above and reflected in the diagram would not constitute a change of ownership that would require the operators to obtain new certificates of need or certificate of need approval, that no additional filings are required prior to these changes taking place, that the existing certificates of need as currently held will not be impacted, and that we may proceed with consummating the proposed changes. We will provide notice to your office once the Interest Transfers have begun. **We respectfully request a letter or email acknowledgment from your office confirming our understanding.**

For your convenience, I have enclosed a stamped, self-addressed envelope and a copy of this letter for your signature in the space provided below indicating confirmation of our understanding as provided above.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

ARNALL GOLDEN GREGORY LLP



Neil W. Hoffman

Enclosures

cc: Teresa Salamon, Esq.
Hedy S. Rubinger, Esq.

STATE OF NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

Signature: _____

Printed Name: _____

Title: _____

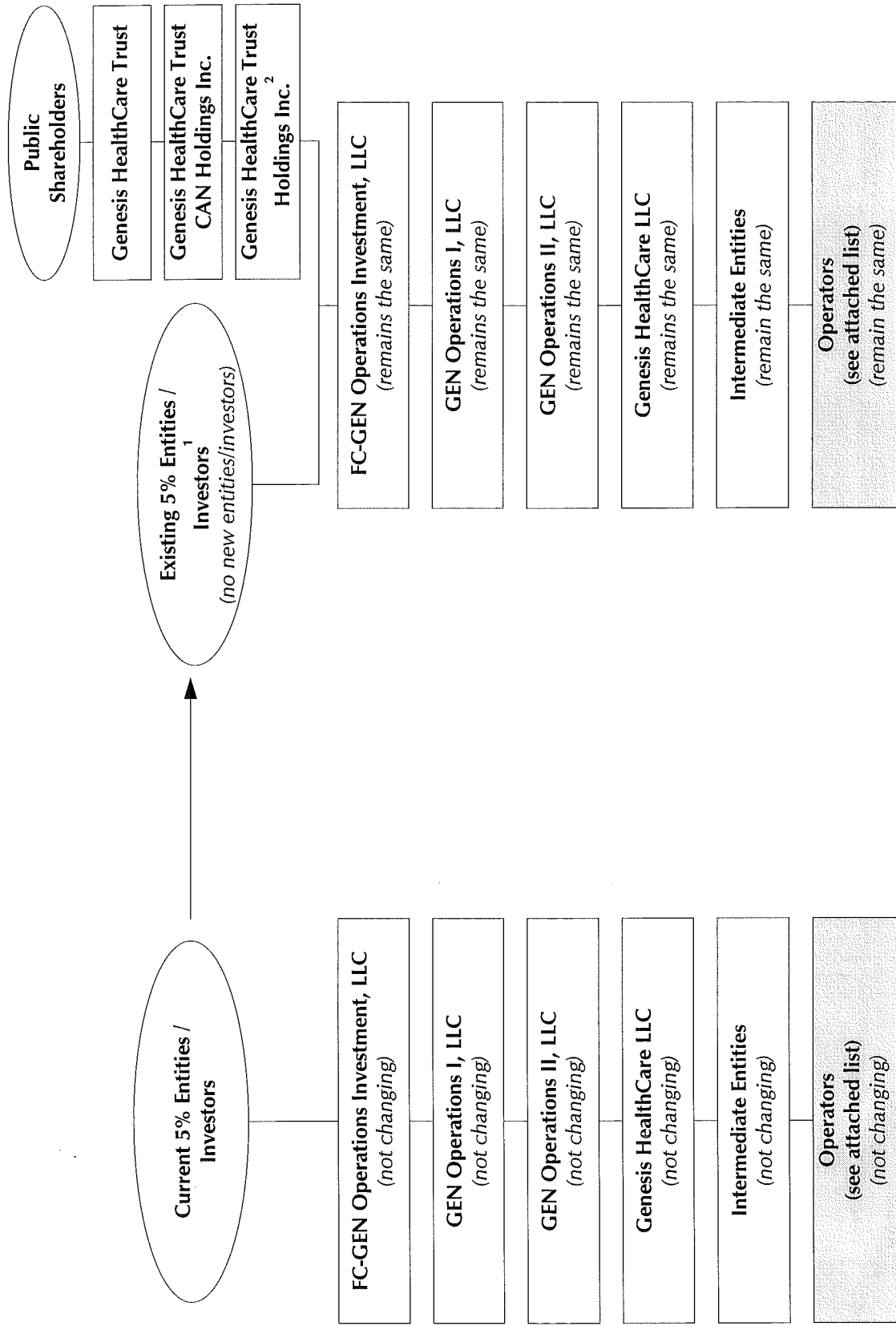
Date: _____

EXHIBIT A

Facility Name and Address	Facility Operator	Facility Type
Abbotts Creek Center 877 Hill Everhart Rd. Lexington, NC 27295	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility
Alleghany Center 179 Combs St. Sparta, NC 28675	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility/Adult Care Home
Mooresville Center 550 Glenwood Drive Mooresville, NC 28115- 2876	550 Glenwood Operations LLC	Skilled Nursing Facility/Adult Care Home
Mount Olive Center 228 Smith Chapel Rd. Mount Olive, NC 28365	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility
Pembroke Center 310 East Wardell Dr. Pembroke, NC 28372	SunBridge Retirement Care Associates, LLC	Skilled Nursing Facility
Poplar Heights Center 804 S. Poplar St. Elizabethtown, NC 28337	SunBridge Retirement Care Associates, LLC	Skilled Nursing Facility/Adult Care Home
Salisbury Center 710 Julian Road Salisbury, NC 28147- 9079	710 Julian Road Operations LLC	Skilled Nursing Facility/Adult Care Home
Siler City Center 900 West Dolphin St. Siler City, NC 27344	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility

Facility Name and Address	Facility Operator	Facility Type
Triad Center 707 North Elm St. High Point, NC 27262	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility
Woodland Hill Center 400 Vision Dr. Asheboro, NC 27203	SunBridge Regency – North Carolina, Inc.	Skilled Nursing Facility

EXHIBIT B



1 - These entities and investors will have an approximate 58% to 70% indirect ownership interest after the initial stage. This ownership interest will decrease with subsequent stages and these entities and investors will cease to be part of the structure when Genesis HealthCare Trust Holdings Inc. obtains a 100% indirect interest.
 2 - This entity will hold an approximate 30% to 42% indirect ownership interest after the initial stage. This interest will likely increase with subsequent stages and this entity will ultimately have a greater than 50% and up to 100% indirect ownership interest.

This diagram presents the Interest Transfers in generalized terms. Please let us know if you would like additional information regarding the Interest Transfers.