



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

Pat McCrory
Governor

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Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

December 10, 2014

J. Gregory Giffen
333 Commerce Street, Suite 1500
Nashville, Tennessee 37201

Exempt from Review – Acquisition of Facility

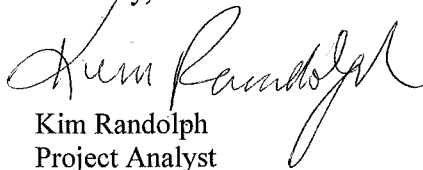
Facility: Ridge Crest Retirement
Type of Facility: Adult Care Home
Acquisition by: NHI-REIT of Seaside, LLC
County: Surry
FID #: 971016

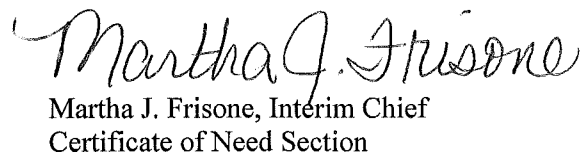
Dear Mr. Giffen:

In response to your letter of December 2, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, NHI-REIT of Seaside, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact Adult Care Licensure Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. Note that pursuant to G.S. 131E-181(b): *“A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need.”*

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,


Kim Randolph
Project Analyst


Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Medical Facilities Planning Branch, DHSR
Adult Care Licensure Section, DHSR



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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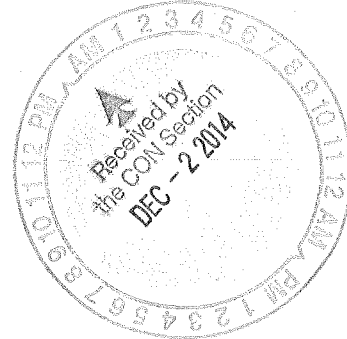




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J. GREGORY GIFFEN
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EMAIL JGG@H3GM.COM

December 2, 2014



VIA E-MAIL

Ms. Kim Randolph
Certificate of Need Section
Division of Health Service Regulation
North Carolina Department of Health and Human Services
2704 Mail Service Center (27699-2704)
809 Ruggles Drive
Raleigh, North Carolina 27603
E-mail: kimberly.randolph@dhhs.nc.gov

Re: Request for Exemption Pursuant to N.C.G.S. § 131E-184(a)(8) - Acquisition of Existing Health Service Facilities (RidgeCrest - Facility I.D. No. 971016)

Dear Ms. Randolph:

We represent NHI-REIT of Seaside, LLC (the "Buyer"), which is a wholly owned subsidiary of National Health Investors, Inc., a real estate investment trust (NYSE: NHI). The Buyer has entered into an Asset Purchase Agreement dated December 1, 2014 with Senior Living Communities, LLC ("SLC") and certain of its wholly owned subsidiaries, including Ridgecrest Retirement, LLC ("Ridgecrest LLC"), pursuant to which the Buyer will acquire, among other things, the land, buildings and fixed assets (excluding vehicles and leased equipment) (the "Real Estate") relating to an existing health service facility: a 28-bed adult care home known as "RidgeCrest Retirement" (License No. HAL-086-010) located at 1000 Ridgecrest Lane in Mount Airy, North Carolina. The closing of this acquisition is expected to occur on December 19, 2014, or as soon as possible thereafter, but in no event later than December 31, 2014.

Ridgecrest LLC is the licensed operator of the adult care home, which Ridgecrest LLC operates pursuant to a sublease of the Real Estate from its parent, SLC. SLC leases the Real Estate from Health Care REIT, Inc. (NYSE: HCN), a real estate investment trust, and its subsidiary, HCRI North Carolina Properties III, Limited Partnership (collectively, the "Existing Landlord"). Upon the closing of the acquisition, the Existing Landlord will convey the Real Estate to the Buyer, the Buyer will lease the Real Estate to SLC, SLC will sublease the Real Estate to Ridgecrest LLC and Ridgecrest LLC will continue to be the licensed operator of the adult care home.

Ms. Kim Randolph
December 2, 2014
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The adult care home is a "health service facility" as defined in N.C.G.S. § 131E-176(9b). N.C.G.S. § 131E-184(a)(8) provides that, upon receiving prior written notice, the Certificate of Need Section shall exempt from certificate of need review the acquisition of "an existing health service facility, including equipment owned by the health service facility at the time of acquisition."

The purpose of this letter is to provide the prior written notice of the acquisition of the Ridgecrest adult care home required under N.C.G.S. § 131E-184(a)(8). On behalf of the Buyer, we hereby request that you issue a letter confirming that the acquisition of this existing health service facility by the Buyer is exempt from certificate of need review pursuant to N.C.G.S. § 131E-184(a)(8).

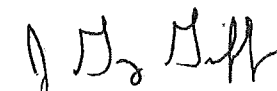
Thank you in advance for your prompt consideration of this request. As indicated above, the parties intend to close the acquisition on December 19, 2014, and we request a response from you before that date, if possible.

Please contact me if you have any questions or need any additional information.

Best regards

Sincerely,

HARWELL HOWARD HYNE
GABBERT & MANNER, P.C.



J. Gregory Giffen

JGG/dcp