

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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

April 20, 2016

Wayne Kaplan
Premier Senior Living
299 Park Avenue, 6th Floor
New York, New York 10171

Exempt from Review – Acquisition of Facility

Record #: 1925
Facility Name: Croatan Village
Type of Facility: Adult Care Home
FID #: 971021
Acquisition by: CareTrust, REIT, Inc.
Business #: 2379
County: Craven

Exempt from Review – Acquisition of Facility

Record #: 1926
Facility Name: Countryside Village
Type of Facility: Adult Care Home
FID #: 970521
Acquisition by: CareTrust, REIT, Inc.
Business #: 2379
County: Wayne

Dear Mr. Kaplan:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of April 5, 2016, the above referenced proposals are exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, CareTrust, REIT, Inc. ("CareTrust") may proceed to acquire the above referenced health service facilities without first obtaining a certificate of need. However, you need to contact the Agency's Adult Care Licensure Section to obtain instructions for changing ownership of the existing facilities. 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."*



Healthcare Planning and Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-715-4413

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

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

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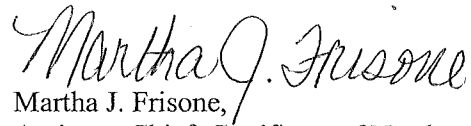


Wayne Kaplan
April 20, 2016
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It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,


Jane Rhoe-Jones
Project Analyst


Martha J. Frisone,
Assistant Chief, Certificate of Need

cc: Adult Care Licensure Section, DHSR
Construction Section, DHSR
Kelli Fisk, Program Assistant, Healthcare Planning, DHSR

Premier Senior Living
299 Park Avenue, 6th Floor
New York, NY 10171



April 5, 2016

Healthcare Planning and Certificate of Need Section / DHSR / DHHS
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Notice of Exempt Acquisition of Existing Health Service Facilities

Facility:	Croatan Village
Type of Facility:	Adult Care Home and Special Care Unit
Facility Address:	4522 Old Cherry Point Road New Bern, NC 28560
Facility License #:	HAL-025-020
County:	Craven
Acquisition by:	CareTrust REIT, Inc.

Facility:	Countryside Village
Type of Facility:	Adult Care Home and Special Care Unit
Facility Address:	383 US Highway 117 N Pikeville, NC 27863
Facility License #:	HAL-096-041
County:	Wayne
Acquisition by:	CareTrust REIT, Inc.

Dear Sir or Madam

Premier Senior Living Group, LLC (“Premier”) is the parent company of Premier Operating Croatan, LLC (“Premier Croatan”) and Premier Operating Countryside Village, LLC (“Premier Countryside Village”). We are providing this letter pursuant to N.C. Gen. Stat. § 131E-184(a)(8) to inform the Certificate of Need Section (“CON Section”) of the following:

1. CareTrust REIT, Inc. (“CareTrust”) proposes to acquire ownership of substantially all of the assets of Croatan Village (“Croatan”)(License No. HAL-025020) an Adult Care Home and Special Care Unit located at 4522 Old Cherry Point Road, New Bern, North Carolina 28560, with Premier Croatan acquiring control of substantially all of the assets of Croatan; and
2. CareTrust proposes to acquire ownership of substantially all of the assets of Countryside Village (“Countryside”)(License No. HAL-096-041), with Premier Countryside Village acquiring control of substantially all of the assets of Countryside Village.

April 5, 2016

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Croatan is owned by Senior Management Solutions, Inc. ("SOS"), and has 72 licensed beds. Countryside Village is owned by Countryside Village, LLC ("CV LLC"), and has 40 licensed beds.

CareTrust is an independent publicly traded, self-administered, self-managed real estate investment trust ("REIT") primarily engaged in the ownership, acquisition and leasing of healthcare-related properties. Premier is a privately held limited liability company engaged in acquiring and operating assisted living communities. Wayne Kaplan and Robert Borsody own Premier equally and are its Managing Members. Mr. Kaplan has been in the assisted living and memory care business for over 30 years and Mr. Borsody has over 40 years of experience in both the assisted living/memory care business and as a healthcare attorney. Premier currently owns and operates 11 assisted living facilities including 10 facilities that provide memory care. A summary of Premier's facilities is attached for reference.

CareTrust is entering into a purchase agreement with each of SOS and CV LLC pursuant to which it will acquire substantially all the assets that are used in the operation of Croatan and Countryside Village. CareTrust will lease Croatan to Premier Croatan under a long-term, triple-net lease, pursuant to which Premier Croatan will be responsible for all facility maintenance and repair, insurance required in connection with Croatan and the business conducted on Croatan, taxes levied on or with respect to Croatan and all utilities and other services necessary or appropriate for Croatan and the business conducted on Croatan. CareTrust will lease Country Living to Premier Country Living under a long-term, triple-net lease, pursuant to which Premier Country Living will be responsible for all facility maintenance and repair, insurance required in connection with Country Living and the business conducted on Country Living, taxes levied on or with respect to Country Living and all utilities and other services necessary or appropriate for Country Living and the business conducted on Country Living.

The parties currently plan to close the transactions on May 1, 2016. We respectfully request written confirmation of the availability of the exemption for these transactions at your earliest convenience.

Very truly yours,



Wayne Kaplan
Managing Member

cc: Robert Borsody