

**VK Health Facilities, LLC
C/O National Health Care Associates, Inc.
46 Stauderman Avenue
Lynbrook, NY 11563**

Via Email and US Mail

January 25, 2013

Kenneth Albert, Esq., Director
Phyllis Powell, Assistant Director
Division of Licensing and Regulatory Services
Certificate of Need Unit
Department of Health and Human Services
State House Station #11
Augusta, Maine 04333-0011

Re: VK Health Facilities, LLC, Kindred and Ventas
Transfer of Operational Control of Seven Nursing Facilities
Letter of Intent

Dear Mr. Albert and Ms. Powell:

Pursuant to 22 M.R.S.A. §337, and pertinent provisions Section 71 of the DLRS and Office of Aging and Disability Services Regulations governing Certificate of Need for Nursing Facility Level of Care Projects, we respectfully submit this letter of intent to the Maine Department of Health and Human Services, Division of Licensing and Regulatory Services and request a ruling regarding the applicability of Certificate of Need ("CON") review based on the detail provided herein. Assuming you determine this is subject to CON review, we request that a Technical Assistance Meeting ("TAM") be scheduled in the near term in order better understand how the CON review process will be applied to this matter and what you will require in the CON application.

VK Health Facilities, LLC is a Delaware limited liability company that has been formed by Marvin Ostreicher, as its manager and President of National Health Care Associates, Inc. ("NHCA"), with offices in Lynbrook, New York and East Hartford, Connecticut. VK Health Facilities, LLC is the sole member (parent) of seven recently formed limited liability companies that propose to lease seven skilled nursing facilities now being leased from Ventas Realty by Kindred in each of the following locations: VK Augusta, LLC; VK Bangor, LLC; VK Bath, LLC; VK Brewer, LLC; VK Kennebunk, LLC; VK Norway, LLC; and VK Yarmouth

(collectively the "VK LLCs"). The VK LLCs will undertake operations in place of Kindred at these seven locations upon receipt of CON and other approvals authorizing the change, and receipt of corresponding approvals related to Kindred facilities in New Hampshire and Massachusetts.

NHCA will provide management support to the VK LLCs. NHCA was founded by Mr. Ostreicher in 1984, and has grown into a network of 24 affiliated Skilled Nursing and Rehabilitation centers located throughout the Northeast, including Connecticut, New Jersey, New York and Vermont. NHCA manages the care of thousands of patients in these geographic areas and employs more than 5,500 professional caregivers and related staff. NHCA affiliated facilities utilize over 250 physicians in specialty areas including gerontology, internal medicine, family practice, psychiatry, pulmonology, orthopedics, rehabilitative medicine, neurology, podiatry and surgery.

Ventas, Inc., one of the nation's leading healthcare real estate investment trusts ("Ventas"), through its subsidiary Ventas Realty, Limited Partnership, owns the land and buildings used to operate the following seven skilled nursing Facilities in Maine:

Kindred Transitional Care and Rehab-Augusta, 188 Eastern Avenue, Augusta, ME 04330
Brentwood Rehab & Nursing Center, 370 Portland Street, Yarmouth, ME 04096
Kindred Transitional Care and Rehab-Brewer, 74 Parkway South, Brewer, ME 04412
Eastside Rehab & Living Center, 516 Mount Hope Avenue, Bangor, ME 04401
Kindred Transitional Care and Rehab-Kennebunk, 158 Ross Road, Kennebunk, ME 04043
Norway Rehab & Living Center, 24 Marion Avenue, Norway, ME 04268
Winship Green Nursing Center, 51 Winship Street, Bath, ME 04530

The seven Facilities are currently leased and operated by Kindred Nursing Centers West, LLC ("Kindred"). The lease agreements now in place are currently set to expire in April 2013. Kindred's operation of these facilities may be extended briefly, if needed to complete required approval processes.

Kindred is entering into Operations Transfer Agreements, and Ventas is entering into Lease Agreements, with the VK LLCs through which they will become the new tenant operators and licensees of the Facilities. Ventas Realty, Limited Partnership will continue to own the land and buildings used to operate the Facilities. There will be no additional costs associated with the new tenant operators entering into the Lease Agreements, other than the lease payments under the new Lease Agreements. NHCA seeks to work with DHHS and the CONU to better understand how the operative Principles of Reimbursement and so-called MaineCare Neutrality requirements will be applied to this transaction and the Lease Agreements.

There will be no change in the type or location of licensed beds at any Facility, and the services provided to the Facilities' residents will not be adversely affected as a result of the transaction. Facility administrators and other staff who meet NHCA review standards will be

requested to continue as employees of the VK LLCs. Residents will continue to receive, and Facilities' employees will continue to provide, industry-leading programs and services.

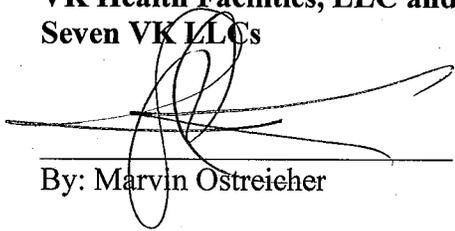
If it is determined that a Certificate of Need application is required, the VK LLCs will submit the application as soon as practicable following the TAM at which we will look forward to receiving further information and background on the CON process as applied to this transaction, and what you will require in the application.

The change of lease arrangements and operational control of these seven nursing Facilities is anticipated to occur promptly after issuance of the CON and other regulatory approvals and licensure from the Maine Department of Health and Human Services, Division of Licensing and Regulatory Services.

VK Health Facilities and NHCA respectfully request a ruling regarding the applicability of Certificate of Need review based on the detail provided herein.

John Doyle, our Maine counsel, will be contacting you shortly to confirm your receipt of this filing, and to schedule the TAM at an earlier date, should you determine CON review is required. We look forward to working with your staff on a timely and efficient review process.

**National Health Care Associates, Inc.,
VK Health Facilities, LLC and
Seven VK LLCs**



By: Marvin Ostreicher

Cc. John P. Doyle, Jr., Esq., Maine Counsel to VK LLCs and NHCA
Lee Barkan, Esq., Transaction Counsel to VK LLCs and NHCA
Stephanie Rice, CPA, BerryDunn