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July 31, 2018

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

VIA FEDEX AND VIA EMAIL

Ms. Jeannie Mitchell
General Counsel and Ethics Officer
Illinois Health Facilities and Services Review Board
69 West Washington Street, Suite 3501
Chicago, Illinois 60602

**Re: Transitional Care of Lake County (Project No. 16-012)
Notice of Change of Ownership**

Dear Jeannie:

I am writing on behalf of Transitional Care of Lake County, LLC; Innovative Health, LLC; and IH Mundelein Owner, LLC (the "Permit Holders") to notify the Illinois Health Facilities and Services Review Board ("HFSRB") of the substitution of an investor in Transitional Care of Lake County, LLC and IH Mundelein Owner, LLC. The management and control of the permit holder for Transitional Care of Lake County Project No. 16-012 will remain the same. Additionally, Transitional Care of Lake County, Project No. 16-012 was financially committed on July 27, 2018 through the execution of the construction contract to build the skilled nursing facility.

Pursuant to your email exchange with Anne Cooper from Polsinelli, on December 14, 2017, we are providing the following information related to the transaction: (1) the names of the parties, (2) a description of the transaction, (3) pre-closing and post-closing organizational charts, and (4) notice of Project No. 16-012 permit obligation.

1. Names of the Parties

The parties involved in the proposed transaction are as follows:

- OnPointe Health Development
- Innovative Health, LLC ("IH")
- KCB Real Estate Fund Management VI, LLC

After giving effect to the change in ownership described below, IH shall remain in control of the management of Transitional Care of Lake County and Propco and Opco (as defined below).

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2. Description of the Transaction

IH is the indirect 10% owner of both the operating company Transitional Care of Lake County, LLC ("Opco") and the IH Mundelein Owner, LLC ("Propco"). OnPointe Health Development, LLC ("OHD") is the existing 90% indirect owner of each Propco and Opco. In turn, IH and OHD are parties to joint venture agreements that directly own 95% of each Propco and Opco. Lockwood Investments LLC ("Lockwood") owns the remaining 5% direct interest in each of Propco and Opco. As stated earlier the management of Transitional Care of Lake County is vested in IH (and in turn, Brad Haber and Brian Cloch as managing principals thereof). See Exhibit 1.

OHD desires to transfer all of its ownership in Transitional Care of Lake County and Transitional Care of Lake County desires to effectuate such transfer to its new majority equity investor, KCB Real Estate Fund Management VI, LLC (together with its affiliates with an ownership interest in Transitional Care of Lake County, "KCB").

Under the proposed form of corporate reorganization ("Reorganization") KCB will become the indirect 80% owner of each Propco and Opco at Transitional Care of Lake County as follows:

- OHD's equity interests in the existing joint venture entities that own 95% of Propco and Opco will be redeemed in their entirety.
- Through a series of subsequent transfers, a new joint venture entity will be formed to own 100% of the direct interests in Propco and Opco. In turn, the joint venture entity will be owned (i) 80% by KCB; (ii) 15% by IH; and (iii) 5% by Lockwood.
- Importantly, there will be no change in the permit holder and the licensee.
- Management of Transitional Care of Lake County (Propco and Opco) will remain with IH (and in turn, Brad Haber and Brian Cloch as managing principals thereof).

For the avoidance of doubt, the change in ownership described above will be at the indirect ownership level. Attached as Exhibit 2 is the organizational chart after giving effect to the change in ownership detailed herein.

3. Pre-Closing and Post-Closing Organization Charts

Attached at Exhibits 1 and 2 are the pre-closing organizational charts.

4. Notice of Permit Obligation

In accordance with Ill. Admin. Code 1130.720, please accept this letter as notice that the permit for Project No. 16-012 was financially committed on July 27, 2018 through the execution of the construction contract to build the skilled nursing facility.

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We thank you for your time and attention to this matter. If you have any questions or need any additional information regarding the proposed transaction, please do not hesitate to contact me at 312-212-4967 or via email at JMorado@beneschlaw.com.

Very truly yours,

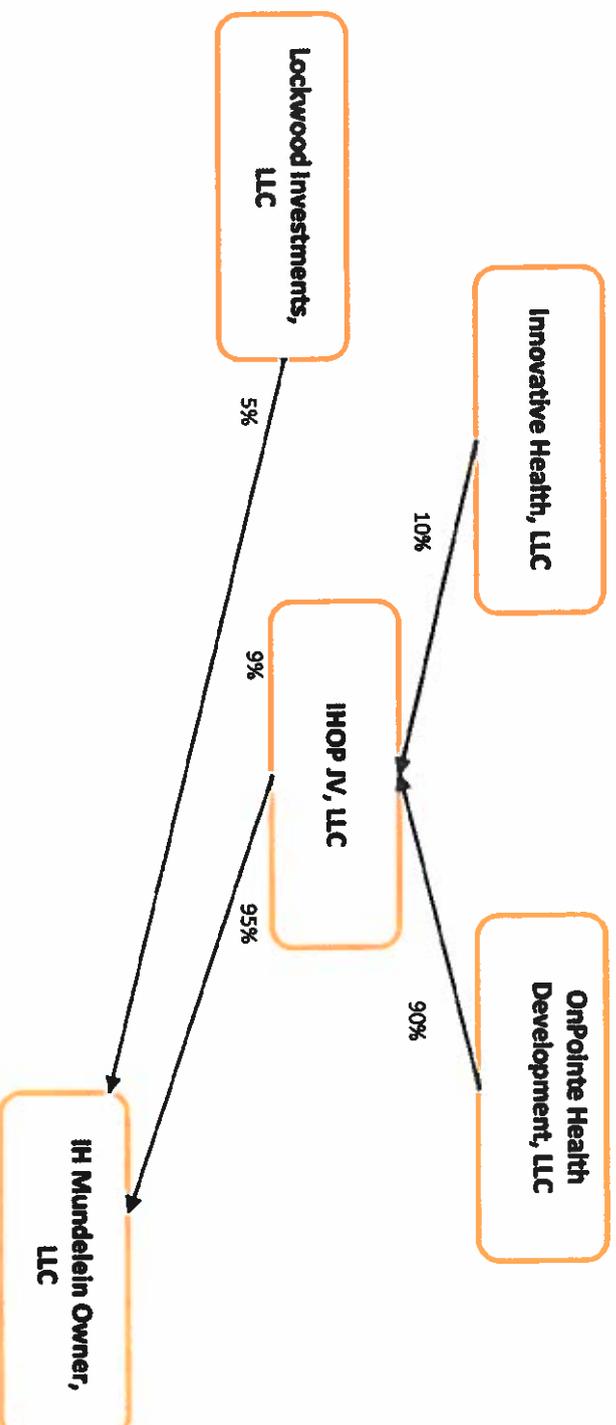
BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP



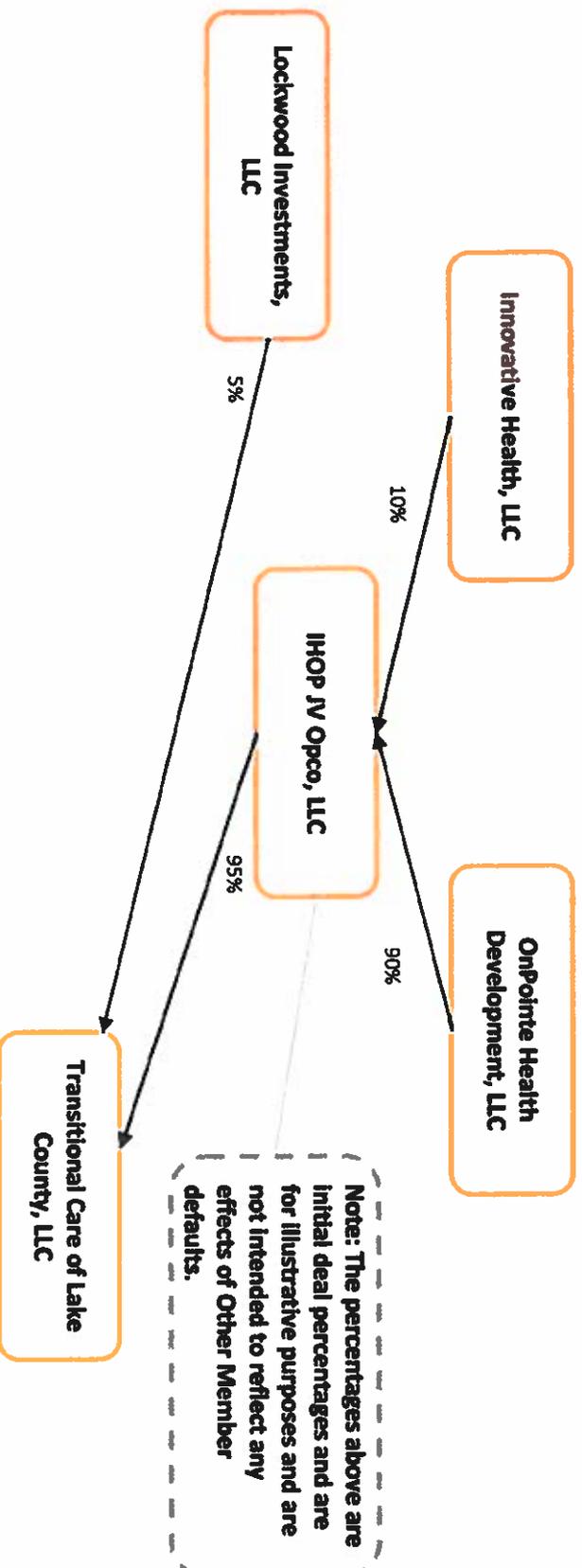
Juan Morado, Jr.

JM:
Attachment

IHOP JV, LLC - Current



IHOP JV Opcco, LLC - Current



Mundelein – Final Structure

