



SILVERADO HOSPICE UPDATE

JUNE 23, 2021

Dear Silverado Extended Family,

The dedication and professionalism of our associates have made Silverado a premier memory care brand in the country and an industry leader in hospice care with a 20+ year track record of best-in-class, high-quality care. We take great pride in being one of the most innovative, collaborative, and successful healthcare companies in the country, and we wanted you to hear from us about some pending changes to our business.

Our hospice sites operate in a dynamic healthcare environment, and certain markets pose complicated and complex challenges unique to that region. Challenging market conditions from the federal reimbursement structure to increasing competition for a limited labor pool have put particular strain on smaller hospices in certain markets. We have tried for years to scale hospice operations in the San Francisco Bay Area while facing these challenging conditions. Even with the exceptional quality that our Bay Area Hospice team provides, we have concluded it would be necessary to acquire another hospice provider or sell this site to a larger hospice provider. After careful review, we have made the difficult decision to sell our hospice rather than buy another hospice.

We felt it was in the best interests of our patients, their families, and our associates to sell to a provider aligned with our vision. Mission Healthcare is that partner and will assume control of our hospice operations in the Bay Area effective July 1, 2021. Mission maintains a strong culture and a significant presence in the market. We are confident they will maintain the quality of care that our patients and families have come to expect. Mission also offers opportunities for career growth for our associates within their larger organization.

Silverado will focus our resources on growth in memory care, hospice, and palliative care in other markets across the country. Our memory care communities have experienced rapid census growth in a post-pandemic world. We recently opened Silverado Thousand Oaks, CA, and Silverado Bellevue, WA. In the Las Vegas market, Silverado Summerlin is expected to open this coming Winter, and we are also developing a new community in San Jose.



Silverado has a foundational commitment to hospice dating back to 2004. We recently opened our newest hospice site in Temecula, CA, which will reach from Northern San Diego County into Riverside County. We are expanding our Orange County service area into Riverside and San Bernardino Counties and investing in additional clinical teams to expand our capacity to care in Los Angeles County.

The comfort and care of your loved ones is our priority during this process, and we are committed to working diligently to meet the needs of all our families and our associates regardless of the actual transition date. Your trust in Silverado has been essential to our success in delivering industry-leading outcomes for the families we serve, and for that, we are grateful.

Sincerely,

Loren B. Shook
President, Chief Executive Officer & Chairman