

MATERIAL CHANGE NOTICE SUBMISSION DETAILS

MCN Number	2025-10-13-1426
OHCA Review Start Date	10/31/2025
Anticipated date (unless tolled per regulation) by which OHCA could waive cost and market impact review	12/15/2025
Anticipated date (unless tolled per regulation) by which OHCA could determine cost and market impact review required	12/30/2025

SUBMITTER

HEALTH CARE ENTITY CONTACT FOR PUBLIC INQUIRY

Title	President
First Name	Gary
Last Name	Smith
Email Address	gsmith@viliving.com

GENERAL

Business Name	Classic Residence Management Limited Partnership
Website	https://www.viliving.com/locations/ca/palo-alto
Ownership Type	Other Ownership
Tax Status	For-profit
Federal Tax ID	36-3558465
Description of Submitting Organization	Classic Residence Management Limited Partnership ("Palo Alto") holds a license to operate a skilled nursing facility ("SNF") in California, which it has held since February 2006. Palo Alto is currently owned directly by CRMI, LLC and indirectly by CC-Development Group, Inc. Palo Alto is an Illinois Limited Partnership. The "Long-Term Care Facility Integrated Disclosure and Medi-Cal Cost Report" that Palo Alto provides annually to the California Department of Health Care Access and Administration shows more than \$25M in annual revenue for Palo Alto. However, that revenue figure is inclusive of the entire Continuing Care Retirement Community, not just within the SNF. We estimate that the annual SNF revenue for Vi at Palo Alto is \$9,506,956, which is based on a 3-year average.
Health Care Provider	Yes

For Providers: Desc. of Capacity or Patients served in California	Palo Alto is the licensed entity of a SNF in Palo Alto, California with 44 beds. It operates as part of the care center within Vi at Palo Alto, a Life Plan Community that opened in 2005. The SNF in Palo Alto served 338 individuals in 2024. The residents came from the following counties: Alameda (7); Amador (1); Butte (1); San Francisco (3); Humboldt (3); Marin (1); Monterey (3); Santa Clara (157); San Joaquin (2); San Mateo (146); Santa Cruz (7); Shasta (1); and Washoe (1). 5 individuals served were from outside of California. Palo Alto has 95 current SNF employees (inclusive of all departments, full-time, part-time, and on- call employees).
---	---

LOCATIONS

Counties	Alameda; Amador; Butte; Humboldt; Marin; Monterey; San Francisco; San Joaquin; San Mateo; Santa Clara; Santa Cruz; Shasta
California licenses and numbers	Palo Alto: RCFE: 435200930 CCRC Certificate of Authority: 213 Skilled Nursing: 550000146 CLIA Certificate of Waiver: 05D1052063 Clinical Lab Registration: CLR 00334408
Other States Served	NV
Other state(s) licenses and numbers	Palo Alto does not possess health care-related licenses outside of California.
Primary Languages used when providing services	English
Other language if not listed above	No Medi-Cal beneficiaries. Resident services are provided in English, with translation services.

MATERIAL CHANGE

ADDITIONAL ENTITIES

Business Name	Description of the Organization	Ownership Type	Additional MCN Submission
CCW La Jolla, L.L.C. ("La Jolla")	Please see below, as well as entity level and SNF-specific revenue for the last	Limited Liability Company	Yes

	three years here: Annual SNF Revenue: 2022: \$6,964,203 2023: \$6,864,752 2024: \$8,825,228 Annual Entity-level CCRC Revenue (from Audited Financials): 2022: \$52,343,106 2023: \$56,678,464 2024: \$61,053,763		
CC Living Holding Company, LLC	CC Living Holding Company, LLC is a newly formed entity created in order to purchase CC-Development Group, Inc. It does not have any operations or revenue, and it has not been involved in any other transactions.	Limited Liability Company	No
CC Merger Sub, LLC	CC Merger Sub, LLC was formed solely for the purpose of effectuating the merger described herein. It does not have any operations or revenue, and it has not been involved in any other transactions.	Limited Liability Company	No
CC-Development Group, Inc.	CC-Development Group, Inc., a Delaware Corporation, is the holding company that has an indirect ownership interest in the 10 Continuing Care Communities, which includes various direct and indirect subsidiaries, as identified in the organizational charts. CC-Development Group, Inc. is not a healthcare provider and does not directly own or operate any healthcare facilities, or provide direct patient care. CC-Development Group, Inc. has an indirect ownership interest in the 10 Continuing		No

Care Communities under the Vi brand throughout the United States, including Vi at Palo Alto and Vi at La Jolla Village, where the licensed SNFs sit.		
Annual Revenue for the three most recent fiscal years: 2022: \$342,059,000 2023: \$380,021,000 2024: \$412,165,000		

CRITERIA

A health care entity with annual revenue, as defined in section 97435(d) , of at least \$25 million or that owns or controls California assets of at least \$25 million, or;	Yes
--	-----

CIRCUMSTANCES FOR FILING

The proposed fair market value of the transaction is \$25 million or more and the transaction concerns the provision of health care services.	Yes
The transaction involves a transfer or change in control, responsibility or governance of the Submitter. A transaction will directly or indirectly transfer control, responsibility, or governance in whole or in part of a material amount of the assets or operations of a health care entity to one or more entities if: (1) The transaction would result in the transfer of 25% or more of the voting power of the members of the governing body of a health care entity, such as by adding one or more members, substituting one or more members, or through any other type of arrangement, written or oral; or (2) The transaction would vest voting rights significant enough to constitute a change in control such as supermajority rights, veto rights, and similar provisions even if ownership shares or representation on a governing body are less than 25%;	Yes

TRANSACTION DETAILS

Anticipated Date of Transaction Closure	1/31/2026
Description of the Transaction	Please refer to the transaction description submitted as an attachment within CCW La Jolla, L.L.C.'s material change notice.
Submitted to Other Agency?	Yes
Date of Submission	9/4/2025

To Whom Submitted	California Department of Public Health ("CDPH"); California Department of Social Services ("CDSS")
Description of Submission (Include Agency name(s) and State(s))	SNF: Palo Alto submitted two Change of Indirect Ownership applications to CDPH in connection with its SNF license based on the transaction, and also submitted notice of an Officer Change. (Submitted September 22, 2025). RCFE: Notice of the transaction was submitted to CDSS, which is determining whether it will treat the transaction as an internal reorganization or a change of ownership. (Submitted September 16, 2025). COA: An application to update the Certificate of Authority for Palo Alto has been submitted to CDSS. (Submitted September 5, 2025).
Description of current services provided and expected post-transaction impacts on health care services	Palo Alto's operations will not materially change following the proposed transaction, as its location and group of people served will not change post-transaction. Further, the level of care and types of services will also remain the same post-transaction. Palo Alto is not registered as a Medi-Cal provider and does not serve Medi-Cal beneficiaries. The facility does bill Medicare for services performed on its residents who are Medicare beneficiaries, and, as space allows, will admit patients, including Medicare beneficiaries, private and self-pay patients that are not residents of Vi at Palo Alto. In addition, as the number of SNF beds at Palo Alto will not change post-transaction, there will be no impact on the level of health care services available to California residents following the proposed transaction. Of the 338 patients currently served within the Palo Alto SNF, based on internal reports: - The average patient age is 86 years old. - 224 patients are female (66%), and 114 are male. - 302 patients are identified as White (89%), 25 patients are identified as of Asian heritage, 4 patients are identified as Black, 3 patients

	are identified as of Native heritage, 1 patient is identified as of Hispanic heritage, and with 3 patients having unknown or unlisted races.
Prior mergers or acquisitions that: (A) involved the same or related health care services; (B) involved at least one of the entities, or their parents, subsidiaries, predecessors, or successors, in the proposed transaction; and (C) were closed in the last ten years.	Palo Alto, and its ultimate parent, CC-Development Group, Inc., has not been a party to any prior mergers and acquisitions involving SNF services that were closed in the last 10 years. LCS has not completed any transactions in California during the previous 10 years. The majority of the transactions in other states involved recapitalizations in facilities where LCS already had an equity interest.
Description of Potential Post Transaction Changes	Following the transaction, Palo Alto will still be owned by the same parent entity (CRMI, LLC), but its grandparent owner will change due to the corporate restructuring that will occur immediately post-closing. As Palo Alto is also the management company for all Vi properties, it will move in the restructuring and will be indirectly owned by Life Care Services LLC post-transaction. Palo Alto does not contract with the city or county in which it sits for the provision of health care services. The transaction is not expected to have an impact on the day-to-day operations or services provided at La Jolla or Palo Alto. The transaction will not result in an impact to the number or type of residents serviced at La Jolla or Palo Alto. In addition, the community-level employees for both La Jolla and Palo Alto are being retained, including the executive leadership team and the corporate operations headquartered in Chicago. Finally, Vi's brand, community names, and websites will remain the same following the transaction. No post-transaction changes to comparable health care services offered by other health care entities within a 20-mile radius of Palo Alto are expected.
Description of the nature, scope, and dates of any pending or planned material changes occurring between the Submitter and any other entity, within the 12 months following the date of the notice	No material changes are expected to occur within the 12 months following the date of the notice, except for the closing of the transaction as detailed in this notice of a material change transaction.

Section 6.1. Description of the transaction. Please address all of the following:

6.1.a. The goals of the transaction;

The Proposed Transaction (as defined below) aims to enhance high-quality care at Vi at La Jolla Village and Vi at Palo Alto. Vi is re-organizing its upper tier ownership structure as a result of a Merger Agreement (as defined below) with Life Care Services affiliated entities (“LCS”). Once final, this change will have no impact on the day-to-day operations or the services provided to the residents of Vi at La Jolla Village and Vi at Palo Alto. This re-organization will strengthen operational stability, increase service offerings, and build upon the existing quality of services without materially affecting competition in California’s broader skilled nursing market, as the skilled nursing facilities are primarily resident-focused.

CC-Development Group, Inc. (“Vi”), one of the parties to the transaction, is the indirect owner of ten “Life Plan Communities” (aka Continuing Care Retirement Communities) across the United States, including two communities in California – one in San Diego, California (d/b/a Vi at La Jolla Village) and one in Palo Alto, California (d/b/a. Vi at Palo Alto) (collectively, the “California Communities”). The Continuing Care Retirement Communities provide residents with an independent retirement lifestyle that includes apartment living, dining, and lifestyle programming. In addition to these independent living services, the Continuing Care Retirement Communities provide their residents the added benefit of access to a continuum of care, including assisted living, skilled nursing, and memory care, as needed. To provide healthcare services to its residents that require them, Vi at La Jolla Village and Vi at Palo Alto possess the necessary California licenses and permits. This includes their respective skilled nursing facility (“SNF”) licenses. Skilled nursing represents only a small portion of the overall services provided at the communities, and the service is provided primarily to the continuing care residents that require it. However, since the SNF licensees qualify as health care entities and are in part the “subject of” this transaction, they are required to provide this notice of a “material change transaction” to the California Office of Health Care Affordability. CCW La Jolla, L.L.C. is the legal entity that holds the SNF license for Vi at La Jolla (the “La Jolla Licensee”), while Classic Residence Management Limited Partnership holds the SNF license for Vi at Palo Alto (the “Palo Alto Licensee”) (collectively, the “Licensee Entities”).

LCS is an operator and owner of senior living communities across the United States, and it has a long track record of excellence, with over 50 years of experience serving senior citizens. LCS possesses deep institutional knowledge of how to develop and operate senior living communities with a focus on customers, as evidenced by its consistent, award-winning customer satisfaction among independent living senior living communities.

The parties to the transaction believe that the Proposed Transaction will allow LCS to draw upon its expertise in operating and owning senior living facilities to continue to meet and exceed the needs of the residents of Vi at La Jolla Village and Vi at Palo Alto.

6.1.b. A summary of the terms of the transaction;

The Agreement and Plan of Merger (the “Merger Agreement”), dated August 26, 2025, is by and among CC Living Holding Company, LLC (as the “Purchaser”), CC Merger Sub, LLC (as “Merger Sub”), CC-Development Group, Inc. (as the target company, defined herein as “Vi Parent”) and John Kevin Poorman, Phil Calian and Lewis Linn (in their capacity as representatives of Vi Parent’s stockholders). Prior to the Merger (as defined below), Vi Parent is the ultimate parent or grandparent, respectively, of the Licensee Entities.

Pursuant to the Merger Agreement, Merger Sub will merge into Vi Parent, and Merger Sub will cease to exist, ultimately resulting in Vi Parent becoming a wholly owned subsidiary of the Purchaser (the “Merger”).

Following the consummation of the Merger, the Purchaser will immediately undergo an internal corporate restructuring, including (a) an indirect ownership change of the Licensee Entities and (b) the addition of certain indirect holding companies to the ownership structure as well as the conversion of certain entities from corporations to limited liability companies. This internal corporate restructuring will be finalized approximately ten (10) business days after the Merger (the “Closing”). As part of this corporate restructuring, Vi Parent will continue to be the grandparent entity of the La Jolla Licensee, however, the Palo Alto Licensee will no longer be indirectly held by Vi Parent, and will instead be ultimately indirectly held by investors in LCS, McCarthy Capital (a long-term shareholder of LCS) and Redwood, which became an investor in LCS during LCS’s January 2022 planned recapitalization. For the avoidance of doubt, post-Closing, the Palo Alto Licensee will remain as a limited partnership and the La Jolla Licensee will remain as a limited liability company. Collectively, the Merger and the Closing are referred to as the “Proposed Transaction.”

Please refer to the included structure charts for a depiction of the pre- and post-Proposed Transaction structure for the Licensee Entities.

6.1.c. A statement of why the transaction is necessary or desirable;

This transaction will directly benefit the Licensee Entities and their residents, who will now have access to LCS’s resources, including its proven operational expertise in owning and managing senior living communities. As it specifically relates to the Licensee Entities, LCS’s experience includes operation and management of licensed health care facilities, including SNFs in California and across the country. Because the Licensee Entities’ employees, names, locations, and operations will not change following the Proposed Transaction, there will be no loss of institutional knowledge across the combined 47 years that Vi has owned the California Communities, including at the SNFs at each community. The transaction is desirable because it will benefit the residents of each community, including those who require SNF services, by combining Vi’s longstanding presence in the Continuing Care Retirement Community space with

LCS's expanded resources and best practices. The Proposed Transaction will ensure the long-term sustainability and quality of care at the California Communities without disruption to residents by aligning them with LCS's national resources and operational expertise.

6.1.d. General public impact or benefits of the transaction, including quality and equity measures and impacts;

The transaction will have no adverse impact on the general public, given the nature of the Continuing Care Retirement Communities. The Continuing Care Retirement Communities are designed to serve a limited number of California residents, i.e., those who enter into a continuing care resident contract with a California Community. Within the SNF facilities during the calendar year of 2024, the La Jolla Licensee served 282 individuals, while the Palo Alto Licensee served 338 individuals. The staff at each California Community continually assess the care needs of their respective residents and coordinate to ensure they receive the appropriate level of care needed, whether that be skilled nursing, assisted living or memory care. Both California Communities possess an on-site care center that primarily provides SNF services to their residents. When current occupancy within the SNFs allows, Vi at Palo Alto and Vi at La Jolla Village will admit non-residents, though the care centers primarily serve California Community residents who have signed continuing care agreements. The La Jolla Licensee has 60 SNF beds, while the Palo Alto Licensee has 44 SNF beds.

Neither Vi at La Jolla Village nor Vi at Palo Alto is a Medi-Cal provider, and they do not bill Medi-Cal for any services provided within the SNFs. Both facilities bill Medicare on behalf of their residents and the general public that are Medicare beneficiaries for certain skilled nursing care and ancillary services including occupational therapy, pharmacy, physical therapy, and more. The services provided within the SNFs are provided primarily for existing residents – Vi at La Jolla Village and Vi at Palo Alto do not provide services in their care centers to persons that are not existing residents unless space allows.

The Proposed Transaction is not expected to affect the quality of care or equity of access at either facility. The facilities will continue to primarily accept continuing care residents in accordance with their continuing care contracts as well as residents from the community, subject to availability, regardless of their race, ethnicity, gender, age, or other protected classes. The facilities will maintain their existing participation in Medicare and managed care programs. The transaction will not change either facility's admission policies or payer mix.

Therefore, the Proposed Transaction is not expected to have a significant impact on the general public (nor on quality and equity measures), as the services provided within the Licensee Entities, and at the California Communities more broadly, are primarily available for community residents and the number of beds within the Licensee Entities will not change following the Proposed Transaction. LCS's ownership and operation of the California Communities is expected to benefit residents, given LCS's expertise in the senior living community industry earned through

decades of experience and its strong reputation earned through consistent dedication to resident satisfaction.

6.1.e. Narrative description of the expected competitive impacts of the transaction; and

The Proposed Transaction will not materially affect competition in the skilled nursing sector. There will be no changes to either Vi at La Jolla Village or Vi at Palo Alto's Licensee Entities, names, facilities, locations, number of beds, staff, level of clinical services, or day-to-day operations following the Proposed Transaction. The SNFs within Vi at Palo Alto and Via at La Jolla Village primarily serve existing continuing care residents of the Continuing Care Retirement Communities on an as-needed basis. The care centers within the facilities will remain open, and they will retain the number of SNF beds (60 for the La Jolla Licensee, 44 for the Palo Alto Licensee) that they currently have, with certain beds available to the general public solely as occupancy allows.

Accordingly, the Proposed Transaction will not meaningfully impact patient choice, the ability of Californians to access skilled nursing care within California, the competitive dynamics within the state, or the skilled nursing markets in which they operate.

6.1.f. Description of any actions or activities to mitigate any potential adverse impacts of the transaction on the public.

Given the Proposed Transaction will not alter services, staffing, or bed capacity, no mitigation measures are necessary. Further, the number of residents and the care that is available to such residents will not change following the Proposed Transaction. As detailed earlier, the Proposed Transaction is not expected to have any impact on the public's ability to access California's health care market.