

Prior Resident FAQs

1. What did Edgemere announce today?

Edgemere will be embarking on a comprehensive financial restructuring to achieve a more sustainable financial structure to position the community for long-term success. To achieve this goal, Edgemere has initiated a voluntary Chapter 11 process in the U.S. Bankruptcy Court for the Northern District of Texas. Simultaneously with the bankruptcy filing, Edgemere also filed a lawsuit against its landlord, Intercity Investments Inc., and its agent, Kong Capital, alleging claims for, among other things, breach of contract, promissory fraud, tortious interference with business and contractual obligations, civil conspiracy, and equitable subordination.

2. What is Chapter 11? Does this mean that Edgemere is going out of business?

Chapter 11 is a section of the U.S. Bankruptcy Code that allows organizations to operate as usual and maintain commitments to stakeholders while addressing financial challenges. Many well-known companies and senior living communities have filed for Chapter 11 protection and emerged as healthier companies on the other side.

This process is very different from what you might think of when you hear the word “bankruptcy” – *it does not mean that Edgemere is going out of business*. The legal process of Chapter 11 offers communities like Edgemere protection to operate without interruption as we work to resolve financial challenges. This means Edgemere can maintain our industry-leading health center, unique amenities, and beautiful campus.

3. How does Edgemere intend to complete the Chapter 11 process?

Edgemere is negotiating with its other stakeholders on a financial restructuring plan that will provide the community with a healthier, more sustainable financial future. Through this process, Edgemere is confident that it will gain long-term financial flexibility and stability by achieving a permanent resolution with its financial stakeholders regarding the future of its capital structure, allowing it to serve the best interests of current and future residents.

4. Why is Edgemere filing for Chapter 11 now? Was there anything else that could have been done?

We are not the only senior living community to run into financial hardships in the past few years. Like many others, we have taken significant strides to improve upon our financial structure to be in the place for our current and future residents to enjoy a long-term sustainable community and take part in life-enriching activities they love. In early 2021, we began discussions with our stakeholders intended to reach a consensual resolution among all parties to strengthen the community’s financial position and build a sustainable future.

Last year, we entered into substantive discussions with the intention of improving our financial position. These discussions resulted in an initial forbearance agreement late last year, and on March 7, 2022, we announced a new forbearance agreement with our bondholders. The forbearance gave us some much-needed breathing room—but, ultimately, was a temporary measure. We strongly believe that by filing for Chapter 11 now, we will holistically work to strengthen our financial structure and meet all go-forward commitments to all stakeholder groups throughout the process.

5. How are sales proceeding at Edgemere? Is Edgemere getting new residents to move in?

Given occupancy remains the most important factor to Edgemere’s financial health, we have revamped our marketing and sales processes to address the growing competitive market. We continue to put all of our support behind our sales team to grow our occupancy. Edgemere led Lifespace move-ins with 48 in 2021, which we expect to continue in 2022.

6. Have other senior living communities filed for Chapter 11?

The COVID-19 pandemic hit many senior living communities hard, and Edgemere is not the only senior living community to run into financial hardships in the past few years. In the senior living



space in particular, there are many communities that have filed for Chapter 11 protection recently, including Amsterdam House (New York), the Buckingham (Texas), California-Nevada Methodist Homes (California), Henry Ford Village (Michigan), Hillside Village (New Hampshire), Inverness Village (Oklahoma), Clare Oaks Senior Living (Illinois), the Barrington of Carmel (Indiana) and AltaVita (California). Throughout their processes, each has been able to continue its resident care and experience while addressing their financial challenges, which is our goal as well.

7. Is Lifespace Communities included in Edgemere's Chapter 11 filing?

No.

8. How long will this process take? When does Edgemere expect to complete the Chapter 11 process?

We are working collaboratively with all stakeholders in our Chapter 11 case with the goal of completing this process in a timely fashion, well-positioned for long-term success and a healthier financial future.

9. Will the existing leadership team stay in place?

Edgemere does not anticipate any leadership changes as a result of this announcement.

10. Why is Edgemere taking action against Intercity Investments Inc.?

Edgemere has filed a lawsuit against Intercity Investments Inc. and its agent, Kong Capital, alleging claims related to their actions over the last year. We believe this is in the best interest of the community and all stakeholders, and we intend to pursue it vigorously. While we can't discuss claims in active litigation, the complaint is filed publicly and you can find a copy of it on the KCC website, <http://www.kccllc.net/Edgemere>, which has all the bankruptcy filings related to Edgemere.

11. My family member's unit has been sold but we have not been paid our entrance fee refund. What will happen to our entrance fee refund?

We understand the importance of honoring the agreements with both prior residents as well as new residents. In an effort to encourage sales to new residents, Edgemere agreed to allow the deposits of all residents who moved in on or after September 27, 2021 to be held in an escrow account at an independent financial institution. If your unit was reoccupied on or after September 27, 2021 the deposit remains in escrow and will not be in Edgemere's possession until the resolution of the bankruptcy process. At the end of the process, if the new resident agrees to stay at Edgemere, the deposit will be converted to an entrance fee and paid to Edgemere, triggering your refund rights.

To the extent a unit was reoccupied prior to September 27, 2021 and the entrance fee refund has now been triggered (*meaning the unit has been sold, the new resident entrance fee was received by Edgemere, and a new resident has occupied the unit*), we are seeking court authority to make these payments in the ordinary course. We will be sure to update prior residents in a timely manner as there is news to share. You can also find information on Edgemere's dedicated microsite <https://www.edgemedallas.com/financial-restructuring/>.

12. I've seen media articles about Edgemere's outstanding entrance fee refund obligations. What will happen to my entrance fee refund?

We understand the importance of honoring the agreements with both prior residents as well as new residents. In an effort to encourage sales to new residents, Edgemere agreed to allow the deposits of all residents who moved in on or after September 27, 2021 to be held in an escrow account at an independent financial institution. If your unit was reoccupied on or after September 27, 2021 the deposit remains in escrow and will not be in Edgemere's possession until the resolution of the bankruptcy process. At the end of the process, if the new resident agrees to stay at Edgemere, the deposit will be converted to an entrance fee and paid to Edgemere, triggering your refund rights.

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13. My family member has left Edgemere and their unit has not been sold yet. What will happen to our entrance fee refund? Will we be reimbursed as normal once the unit is sold?

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14. What should I do if I believe Edgemere owes me or my family money?

If you believe you are owed payment for an unpaid entrance fee refund balance prior to our Chapter 11 filing on April 14, 2022, you may need to file a claim as part of the Chapter 11 case. Forms to file this claim, called "proof-of-claim forms," will be available online at <http://www.kccllc.net/Edgemere> and will be mailed to all parties who would potentially have a claim. Receiving this form does not necessarily mean you have a claim.

15. Can you guarantee reimbursement of unpaid entrance fee refunds through the Chapter 11 process?

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To the extent a unit was reoccupied prior to September 27, 2021 and the entrance fee refund has now been triggered (*meaning the unit has been sold, the new resident entrance fee was received by Edgemere, and a new resident has occupied the unit*) we are seeking court authority to make these payments in the ordinary course. Unpaid balances of entrance fee refunds owed by Edgemere prior to the date of our Chapter 11 filing, April 14, 2022, will be settled through the Chapter 11 process. This includes both triggered and untriggered (*if the unit has not been sold*). We will be sure to update prior residents in a timely manner as there is news to share. You can also find information on Edgemere's dedicated microsite <https://www.edgemeredallas.com/financial-restructuring/>.

16. Where can I go for advice about my claim?

We are unable to provide advice on this matter and recommend you contact your financial or legal counsel if you have additional questions.

17. How will I be kept informed of the process?

Information about Edgemere's Chapter 11 case and information on filing a claim can be found at <http://www.kccllc.net/Edgemere> or by calling 310-751-2669 for U.S. calls or 866-967-0269 for international calls. As holders of a previous contract with Edgemere, you will also likely receive communications about our restructuring throughout the process from our external claims agent, KCC. We plan to share additional information on some of these communications and you may always contact KCC or your usual Edgemere contact with any questions. You can also find information on Edgemere's dedicated microsite <https://www.edgemedallas.com/financial-restructuring/>.

18. Where can I find more information?

Information on Edgemere's Chapter 11 case and information on filing a claim can be found at <http://www.kccllc.net/Edgemere>. You can always contact KCC by emailing EdgemereInfo@kccllc.com or calling 310-751-2669 for U.S. calls or 866-967-0269 for international calls for support regarding any related Chapter 11 process questions. You can also find information on Edgemere's dedicated microsite <https://www.edgemedallas.com/financial-restructuring/>.