

General Q&A

1. What did Henry Ford Village (HFV) announce on October 28?

Henry Ford Village will be completing a comprehensive financial reorganization to achieve a more sustainable financial structure and create a strong financial foundation. To achieve these goals, HFV voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

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

Chapter 11 is a section of the U.S. Bankruptcy Code that allows organizations to operate in the ordinary course of business while addressing financial challenges. Many well-known companies have filed for Chapter 11 protection and emerged through a sale process as “new” healthier companies on the other side, including both General Motors and Chrysler. The Chapter 11 process is different from what you might think of when you hear the word “bankruptcy.” Chapter 11 is a proven legal process that will allow us to work toward our financial goals while continuing our operations uninterrupted and maintaining the health and lifestyle of our residents.

3. What are HFV's goals through this process?

Our goal, as always and above all else, is the preservation of the health and lifestyle of our residents, but we must work to resolve our financial challenges. Through the proven legal process of Chapter 11 protection, HFV hopes to achieve a more sustainable debt structure and build a strong financial foundation, while continuing to serve our residents with the highest quality of care and lifestyle.

4. How does HFV plan to complete the Chapter 11 process?

HFV has officially commenced a sale process through Chapter 11 of the U.S. Bankruptcy Code. At this time, the auction held as a part of HFV's court-supervised sale process has concluded with HFV OPCO, LLC, a newly-formed affiliate of Sage Healthcare Partners (“Sage”) deemed as the highest or best offer. The transaction is subject to Bankruptcy Court approval at a hearing scheduled for May 24, 2021, as well as regulatory approvals and customary closing conditions.

5. How long do you think this sale process will take? When does HFV expect to complete the Chapter 11 process?

At this time, we are currently scheduled to have a sale hearing before the Bankruptcy Court on May 24, 2021, though this is subject to change with a closing occurring approximately 90-120 days thereafter. The timing of closing of a transaction will depend on the regulatory approval processes HFV and the buyer may need to complete.

6. What are the benefits of selling HFV?

Executing a sale through the Chapter 11 process is unique in that it allows a buyer to acquire our community free of debt and certain other liabilities. It essentially creates a fresh start for new owners, and in turn, a positive outcome for many of our stakeholders, especially our residents. We believe that this process will allow us to attain our goal of achieving an HFV with a stronger financial foundation, while continuing to serve our residents with the highest quality of care.

7. What made Sage Healthcare Partners' (Sage) offer successful over the other qualified bid?

In addition to the increased purchase price over the stalking horse offer, following a thorough vetting and negotiation process, HFV's leadership team, Board of Directors and advisors determined that the proposal submitted by HFV OPCO, LLC, a newly-formed affiliate of Sage Healthcare Partners (“Sage”) would best allow us to improve our financial structure while also

enhancing the lifestyle and care of our residents and employees. Sage has a successful track record in the senior living space, and owns, operates, manages and consults a host of continuing care retirement facilities.

8. What were the other qualified bids?

HFV received one other qualified bid. That was the original stalking horse bid accepted that you were previously made aware of, proposed by HFV SENIOR LIVING, LLC, a subsidiary of MED Healthcare Partners (“MED”) through a newly formed affiliate entity. That stalking horse bid now becomes the backup bid, should there be a problem for any reason in closing a transaction with Sage.

9. What are the terms of the agreement with Sage?

In accordance with the terms outlined in the asset purchase agreement presented during the auction, Sage will acquire all HFV’s assets for \$76.3 million, while also integrating Henry Ford Village into its expansive network of senior living communities. Additionally, Sage plans to increase programmatic activities, and invest in improving HFV’s campus. Sage has also pledged to uphold HFV’s current commitments to maintain the health, safety and lifestyle of its residents, and has stated that the most important consideration is maintaining the existing quality of life for Henry Ford Village residents.

10. Does this mean Henry Ford Village has emerged from bankruptcy?

No, though this announcement brings us one step closer to emerging from Chapter 11 with a stronger financial structure, free and clear of debt, positioning us to better serve our residents for years to come.

11. Is Sage our official new owner?

Sage is anticipated to be the new owner of HFV. The transaction is subject to Bankruptcy Court approval at a hearing scheduled for May 24, 2021, as well as regulatory approvals and customary closing conditions. Objections to the sale are due on May 21, 2021.

12. Will there be a transition period after Court approval on May 24, 2021?

There will be preparations for a transition to occur upon closing the transaction. We anticipate 90-120 days for regulatory approval and transition preparation will be occurring during that time and possibly continue for a short time after closing. We do not expect this transition to affect any of our day-to-day operations. We will continue in the ordinary course for our community during that time, upholding our commitments to the health and safety to all of our residents.

13. Does Sage intend to change the name of HFV?

We do not know at this time whether the name will be continued. The name is subject to a license and assuming Sage does desire to carry on the name, it would still be subject to an agreement by the licensor. Hence, more specifics regarding that question are yet to come.