

Prospective 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. Does this announcement impact my ability to join Edgemere?

No. As the original Life Care community in Dallas, Edgemere provides a true tradition of lifetime care. Infusing quality into everything we do is in our very foundation—from the work of our passionate team members to the carefully crafted programming of our five-star health services. Our Chapter 11 process will not change that. Whether you are searching for inspired independent living, uplifting assisted living, or compassionate memory care, we are here to serve you or your loved one.

12. Will this process impact the cost of living at Edgemere?

No. We do not anticipate the cost of residency to increase as a result of this process. Fees will continue to be evaluated and adjusted in the normal course of business.

13. What are you doing to protect new entrance fees that are paid to Edgemere?

Entrance fees paid by new residents on or after September 27, 2021 are being held in an escrow account by an independent financial institution to protect the funds throughout Edgemere's restructuring process. Those entrance fees are not comingled with our finances. We understand the importance of our agreements with residents and will be working to achieve their best interests throughout this process accordingly.

14. I've seen media articles about Edgemere's outstanding entrance fee refund obligations. If I come to Edgemere during the bankruptcy process, will I be able to receive my entrance fee refund as normal once I leave the community?

Edgemere is compliant with all its contractual obligations to residents. Entrance fees paid by new residents on or after September 27, 2021 are being held in an escrow account by an independent financial institution to protect the funds throughout Edgemere's restructuring process. Upon resolution from a successful restructuring, escrowed deposits will be released in accordance with the escrow agreement, and any refunds triggered (*meaning the unit has been sold, the new resident entrance fee was received by Edgemere, and a new resident has occupied the unit*) will be paid in accordance with resident agreements. New residents can rest assured knowing that

we recognize the trust and investment that they place in Edgemere, and we will be working to achieve their best interests throughout this process accordingly.

15. Will the amenities, activities, care, or other offerings be impacted by this process?

Our Chapter 11 process will not have an impact on our offerings for current and prospective residents. In fact, we anticipate that by building a stronger financial foundation, we will be able to make material improvements that will further enrich our community, amenities, and services.

16. I've been cautioned not to move into Edgemere because it is bankrupt. Why should I still consider living at Edgemere after this announcement?

As the original Life Care community in Dallas, Edgemere provides a true tradition of lifetime care. Here, you'll be respected, protected, and supported by the best-in-class benefits of Edgemere's Life Care services. The legal protections of Chapter 11 will allow us to continue infusing quality into everything we do—from the work of our passionate team members to the carefully crafted programming of our five-star health services. We expect that the Chapter 11 process will actually make us a stronger community with a healthier financial future, able to make capital improvements that will further enrich our campus and amenities for many years to come.

17. Will any residents be forced to leave their community? Is there a risk that I may have to find a new place to live after I move in?

No, living situations will not change as a result of this announcement.

18. Where can I go for more information?

We encourage you to reach out to our executive director with any outstanding questions. They will be able to provide you with active updates.