

Team Member 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. What does this announcement mean for me? Will there be any changes to my work or responsibilities?

No. You should see no change in your work or responsibilities as a result of today's announcement. Please continue reporting to work and performing your role as usual.

12. Will my pay or pay schedule change as a result of Edgemere's Chapter 11 filing? Does this impact my hours or how shifts are scheduled? What about my benefits, including my retirement plan and PTO?

You should continue reporting to work as usual, and you will be paid on your regular pay schedule. Your hours and shift-scheduling processes should not change as a result of our Chapter 11 filing.

We have filed certain motions with the Bankruptcy Court that will enable us to continue to pay wages, provide health insurance, and honor other team member benefits, including PTO and retirement plans, as usual. These motions are typical in the Chapter 11 process, and we fully expect they will be heard and approved at our first hearing in the next few days. If you are planning to take time off in the coming months, you should follow the normal procedures.

13. Will this process impact day-to-day operations?

No. Edgemere will remain fully operational during this process. The most important thing you can do is to remain focused on providing our residents high-quality care and services you have always delivered.

14. Will there be any layoffs as a result of this announcement?

We do not anticipate any layoffs as a result of this announcement, and we are continuing to hire for open positions as usual. Nothing that we do would be possible without you. You are the reason our residents feel cared for and engaged, and the work you do is critical to enriching their lives and improving their wellness.

15. What should we tell residents or their families when they ask us questions about the announcement?

The most important thing for residents to know is that our number one priority is providing them high-quality care and services, and this announcement will not change that. We believe the Chapter 11 process will position us for long-term financial health and success, allowing us to continue to be the pinnacle of senior living for many years to come.

Team members who work directly with residents should have received a set of materials to be used in response to basic inquiries about our announcement. If you have any additional questions, or receive a question from a resident or family member that you do not feel equipped to answer, please direct them to your supervisor or a member of our leadership team – they are always here to help. In addition, please direct all media inquiries to EdgemereCommunications@fticonsulting.com.

16. Will there be any changes to Edgemere’s leadership structure? Will my reporting structure change?

We do not anticipate any changes to the leadership structure as a result of our Chapter 11 process. Your reporting structure should remain unchanged.

17. Where can I find more information? How will I be kept informed of the process?

The long-term success of Edgemere and the best interests of our residents and team members remain our highest priority throughout this process, and we are committed to keeping you updated as there is news to share. In the meantime, please feel free to direct any additional questions you may have to supervisor or a member of our leadership team – they are always here to help. You can also find information on our dedicated microsite at <https://www.edgemeredallas.com/financial-restructuring/>.

Additionally, as a team member in our community, you will likely receive mailed legal notices from KCC, a third-party partner supporting the more administrative elements of our Chapter 11 process. We plan to share further information on some of these notices, and more information 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.