

**KANSAS CITY UNITED METHODIST RETIREMENT COMMUNITY, INC., A
MISSOURI NOT-FOR-PROFIT CORPORATION D/B/A**

KINGSWOOD SENIOR LIVING COMMUNITY



Frequently Asked Questions

GENERAL:

1) Who is Kingswood Senior Living Community?

Kingswood Senior Living Community (“Kingswood” or the “Company”) owns and operates a continuing care retirement community situated on approximately xx acres of land located at 10000 Wornall Road Kansas City, Missouri (the “Community”). Kingswood provides a full continuum of care, including (a) independent living, (b) assisted living, (c) memory care and (d) skilled nursing residences in one centralized campus-style setting in the Kansas City, Missouri area.

2) What did the Company announce?

On Wednesday, August 18, 2021, Kingswood filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code to achieve a more sustainable financial structure and create a strong financial foundation for the community, its residents (the “Residents”), and its employees. Importantly, a primary goal of the Company’s bankruptcy restructuring is to ensure Residents receive their full Entrance Fee refund (the Refund”) provided for in their residence agreement (as and when each such Refund is due under the terms of each residence agreement) and that all of the Company’s vendors are paid all sums that are due the Company’s vendors. Under the plan of restructuring filed by the Company in the bankruptcy proceeding (the “Plan”), which Plan has been agreed upon (and is supported) by a majority of the holders of Kingswood’s current bond obligations (the “Bonds”), the only Company obligations that are intended to be restructured are the Bonds.

3) What is a Chapter 11 bankruptcy restructuring?

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 the process as healthier companies on the other side. Chapter 11 is a proven legal process that will allow Kingswood to work toward its financial goals while continuing uninterrupted operations and maintaining the health and lifestyle of the Residents.

4) Why did the Company need to enter file for bankruptcy?

Due to circumstances outside of its control, including occupancy challenges caused by the COVID-19 Pandemic, Kingswood has faced unforeseen financial difficulties making it difficult for the Company to satisfy certain of its financial obligations. Many other factors, including a significant influx of new competition have also led to the Company's inability to service its Bond and other debt obligations.

5) What purpose does the bankruptcy filing serve? What is being restructured?

Filing for bankruptcy will allow Kingswood to effect a restructuring of its Bond indebtedness (the "Restructuring") providing for, among other things, the repayment of its outstanding debt on a schedule which aligns with Kingswood's future projected cash flows, and payment in full of all obligations owing to Kingswood's Residents and vendors. In addition, under the Restructuring, the Debtor will receive a new investment of \$9.9 million to improve Kingswood's liquidity position and address numerous deferred capital needs. While in bankruptcy, Kingswood will continue to operate in the ordinary course of business and provide uninterrupted services to its Residents.

6) Where was the Chapter 11 petition filed?

The petition was filed on Wednesday, August 18, 2021 in the US Bankruptcy Court for the Western District of Missouri. Currently, no disruptions for employees, vendors, or residents are expected.

7) How long will Kingswood be in Chapter 11?

Having just commenced the Chapter 11 case, it is too early to know how long the process will take. Kingswood, however, will continue to work with its financial stakeholders on a consensual resolution as efficiently and expeditiously as possible. While the timing of the completion of the Restructuring and the bankruptcy is largely out of Kingswood's control, it is Kingswood's intent, and the intent of a majority of the holders of the Bonds (the "Majority Bond Holders"), to have the Restructuring and the bankruptcy completed in 2021.

8) Where can I get more information on the filing or the process?

Kingswood will continue to provide you with additional information as it develops. In addition, Kingswood has engaged Stretto to serve as its claims and noticing agent during the Bankruptcy and you will also be able find information related to the bankruptcy process on the claims and noticing agent's website for this bankruptcy at: <https://cases.stretto.com/Kingswood>.

Corporate and Community employees: If employees have specific questions or issues, they should continue to reach out to their supervisor or HR representative.

Vendors: Questions from vendors or business suppliers should be directed to Kingswood's Executive Director, Sergio del Pino, at 816-442-3223. In addition, vendors or business suppliers will also be able find information related to the bankruptcy process on the claims and noticing agent's website for this bankruptcy at: <https://cases.stretto.com/Kingswood>.

Residents: If Residents or patients have further questions, they can contact Kingswood's Executive Director, Sergio del Pino, at 816-442-3223 or in his office. In addition, Residents or patients may visit the claims and noticing agent's website for this bankruptcy at: <https://cases.stretto.com/Kingswood>, for additional information related to the bankruptcy.

Media: Any questions from the media should be directed to Kingswood's Executive Director, Sergio del Pino, at 816-442-3223.

EMPLOYEES:

9) How will the bankruptcy affect employees?

Kingswood does not expect employees to be affected during the bankruptcy process. Further, Kingswood is seeking Bankruptcy Court authority to continue to pay employee's paychecks, vacation time and benefits and currently does not anticipate they will be disrupted during the bankruptcy and Restructuring process.

10) Will the Community be closing?

Kingswood does not have plans to close the Community or change its services or ownership during the bankruptcy and Restructuring process.

11) Will there be any job losses as a result of the bankruptcy?

At this time, no job reductions are expected.

12) Will this transaction affect employees' pay or benefits?

Kingswood is seeking Bankruptcy Court authority to continue to pay Employee's paychecks, vacation time and benefits and currently does not anticipate they will be disrupted during the bankruptcy and Restructuring process.

13) Can I still take vacation as usual?

Currently, Kingswood does not anticipate any change in benefits to Employees. Employees can continue to follow the Company's vacation and holiday policies.

RESIDENTS:

14) I've heard that Kingswood is undergoing a bankruptcy. What does that mean?

The Company determined that a voluntary bankruptcy was necessary to restructure and right-size Kingswood's secured Bond obligations. Kingswood believes that the most effective way to protect the Residents and the most efficient way to restructure its Bond obligations is through a Chapter 11 bankruptcy process.

Chapter 11 is a form of bankruptcy that involves a reorganization of the business affairs and assets of an organization. It is generally filed by organization that require time to restructure their debts and that emerge from the process as financially healthier companies. During the course of a Chapter 11 bankruptcy case, the company remains in possession of all of its assets and is permitted to continue operating in the ordinary course of its business. Chapter 11 is a proven legal process that will allow Kingswood to work toward its financial goals while continuing uninterrupted operations and maintaining the health and lifestyle of its Residents.

Kingswood has worked with the Majority Bond Holders to reach an agreed upon Restructuring plan that will restructure Kingswood's existing Bond obligations, which Restructuring plan will (upon bankruptcy approval of this agreed upon Restructuring Plan and the implementation and closing of the Restructuring) provide for, among other things, the repayment of Kingswood's restructured bond indebtedness and its other outstanding debt on a schedule which aligns with Kingswood's future projected cash flows, and payment in full of all obligations owing to Kingswood's Residents and vendors. In addition, under the Restructuring, the Debtor will receive a new investment of \$9.9 million to improve Kingswood's liquidity position and address numerous deferred capital needs.

15) How does the Chapter 11 impact my experience at Kingswood?

Nothing about your experience is expected to change as a result of this process as Kingswood will continue to function normally at the community. Ensuring that its Residents continue to get the same caring, responsive, high-quality dedicated care and support they have come to expect from Kingswood is the most important priority.

16) Will any of Kingswood's facilities or services close due to the bankruptcy?

Currently, Kingswood does not intend to change its services or ownership during the bankruptcy and Restructuring process. Kingswood will make every effort to ensure that its Residents' rights under their residence agreements will not be impacted. Further, Kingswood does not expect that any independent living, assisted living, memory support, nursing or other services will be impacted during the bankruptcy and Restructuring process.

17) How will the restructuring affect my entrance deposit/fee?

Importantly, a primary goal of the Company's bankruptcy is to ensure Residents receive their full entrance fee Refund provided for in their residence agreement (as and when each such Refund is due under the terms of each Resident's residence agreement). As part of the bankruptcy process, Kingswood will do everything it can to protect Residents' rights under their residency agreements (including, when applicable, the Resident's right to receive an entrance fee Refund) so that Residents will receive their entrance fee Refund in its entirety (as and when each such Refund is due under the terms of each Resident's residence agreement). It should be noted that some Refund payments that become due during the bankruptcy process will likely be deferred until the bankruptcy and Restructuring process is completed; however, all Residents and former Residents will receive the entrance fee Refund due them in its entirety. Under the Restructuring Plan filed by the Company in the bankruptcy proceeding (which Plan has been agreed upon, and is supported, by the Majority Bond Holders), the only Company obligations that are intended to be restructured are the Bonds.

In addition, during the bankruptcy process, entry fees paid by new residents will be held in escrow, such that these new residents' may receive a refund of the refundable portion of their entrance fee, if the new resident terminates their residence agreement and moves out of Kingswood prior to the completion of the bankruptcy.

18) Will I continue to receive information about the bankruptcy?

Kingswood will keep Residents updated throughout the bankruptcy process. Residents may also visit the claims and noticing agent's website for this bankruptcy at: <https://cases.stretto.com/Kingswood>, for additional information related to the bankruptcy. In addition, copies of all documents filed with the Bankruptcy Court overseeing the bankruptcy will also be available on the claims and noticing agent's website for this bankruptcy.

19) What do I do if I'm approached by the media?

If you receive any inquiries from the media or other interested third parties, please refer them to Kingswood's Executive Director, Sergio del Pino, at 816-442-3223.

20) Who can I speak with if I still have questions?

If you have questions or concerns, please do not hesitate to contact Kingswood's Executive Director, Sergio del Pino. Additionally, you may visit the claims and noticing agent's website for this bankruptcy at: <https://cases.stretto.com/Kingswood>, for additional information related to the bankruptcy.

VENDORS:

21) Will vendors/suppliers be paid for goods and services provided after the Chapter 11 filing date and during your restructuring?

Yes. Generally speaking, all claims for goods and services provided after the filing date will be paid in full, under normal terms. Chapter 11 rules expressly permit this so that companies can continue normal business operations during the restructuring process.

22) Should vendors/suppliers continue to work with Kingswood, as usual?

Kingswood is unable to provide legal advice to you generally or on your specific situation. Vendors and suppliers, however, are generally paid under normal terms for goods and services provided to Kingswood during the Chapter 11 process. And preserving its business relationships is in Kingswood's best interest. In addition, if you have a contract with our company, you generally are required to continue to perform services or provide products.

23) When will vendors/suppliers be paid for goods and services provided before the filing date?

Kingswood is unable to provide legal advice to you generally or on your specific situation. However, goods and services that were received by the company before the Chapter 11 filing, but that have not yet been paid for, generally fall into a category referred to as "pre-petition claims."

If you have not received payment for services or goods Kingswood received before its Chapter 11 filing, federal law prohibits Kingswood from making those payments without Bankruptcy Court authority. Payments for these "pre-petition" amounts generally are determined at the conclusion of the Chapter 11 process.

Vendors should note that a primary goal of the Company's bankruptcy restructuring is to ensure that all of the Company's vendors are paid all sums that are due the Company's vendors and it is Kingswood's intent (subject to bankruptcy court approval) to pay all of its vendors all sums due its vendors, including "pre-petition" amounts due vendors; however the payment of these "pre-petition" amounts will likely be deferred until after the bankruptcy and Restructuring process is completed. Under the Restructuring Plan filed by the Company in the bankruptcy proceeding, which Plan has been agreed upon (and is supported) by the Majority Bond Holders, the only Company obligations that are intended to restructured are the Bonds.

Questions from vendors or business suppliers should be directed to Kingswood's Executive Director, Sergio del Pino, at 816-442-3223. In addition, vendors or business suppliers will also be able find information related to the bankruptcy and the bankruptcy claims process at: <https://cases.stretto.com/Kingswood>.

24) What is the status of existing vendor and supplier agreements?

During the bankruptcy case, Kingswood expects suppliers and vendors to continue to honor existing agreements. If you have a contract with Kingswood, bankruptcy law requires that you continue to perform services or provide products under that contract unless otherwise directed by the Court. Moreover, during a Chapter 11 process, companies are expressly permitted to continue conducting business, including paying vendors and suppliers for goods and services provided to the company after the commencement of the Chapter 11 process.

25) How do I know if I have a “pre-petition” or “post-petition” claim?

We are unable to provide legal advice to you generally or on your specific situation. With that said, “pre-petition” generally refers to those goods received or services provided before the Chapter 11 filing on Wednesday, August 18, 2021. Goods received or services provided on or after Kingswood’s Chapter 11 filing generally are considered “post-petition.” Further information relating to the bankruptcy and on the bankruptcy claims process is available at: <https://cases.stretto.com/Kingswood>.

26) Will there be a process for submitting claims for any unpaid invoices?

Yes. Information about the bankruptcy claims process is available at claims and noticing agent’s website for this bankruptcy at: <https://cases.stretto.com/Kingswood>.

27) What Court did Kingswood file in, and what is the docket number of the case?

Kingswood filed in the U.S. Bankruptcy Court for the Western District of Missouri. The case number is 21-41049-11-CAN.

28) Who should suppliers and vendors contact if they have additional questions?

Questions from vendors or business suppliers should be directed to Kingswood’s Executive Director, Sergio del Pino, at 816-442-3223. In addition, vendors or business suppliers will also be able find information related to the bankruptcy and the bankruptcy claims process at: <https://cases.stretto.com/Kingswood>.

29) Why should I continue to provide the company with goods and services if I have pre-petition claims?

While we are unable to provide legal advice to you generally or on your specific situation, there are really several reasons to maintain your business relationship with the Company:

- Priority status of post-petition claims - Amounts owed for goods or services delivered after a bankruptcy filing are generally classified as priority claims. Simply stated, the Company must generally pay for goods and services that it receives in the ordinary course of business after the filing. Also, understanding that pursuant to the United States Bankruptcy Code, suppliers are required to fulfill all contractual obligations to the Company is important.
- Maximizing the value of your pre-petition claim – The value of your pre-petition claim is closely tied with the success of the Company during the reorganization process. The success of the Company during this period is in large part due to the support of the vendor/supplier community.

30) What is my current balance? What is my pre-petition balance?

The Company cannot provide current balances outstanding at this point because it has not yet been invoiced for all services provided before the filing nor has it separated pre- and post-petition amounts from those invoices. However, the Company will be filing a “Schedule of Assets and Liabilities” in the bankruptcy and once so filed, it will be available at <https://cases.stretto.com/Kingswood>. In this document, the Company will list balances it believes are owed to its creditors.

31) Can't you just give me some idea of how much I will get paid on the past bills?

Not at this time. The Company's relationship with its vendors and suppliers is key to its future success, and it greatly appreciates your working relationship. While the Company cannot promise what the amount of payout will be on your claims, you can be sure that the Company will do everything it can to achieve the maximum recovery for all creditors. Vendors and suppliers should note that a primary goal of the Company's bankruptcy restructuring is to ensure that all of the Company's vendors and suppliers are paid all sums that are due the Company's vendors and suppliers and it is Kingswood's intent (subject to bankruptcy court approval) to pay all of its vendors all sums due its vendors, including “pre-petition” amounts due vendors; however the payment of these “pre-petition” amounts will likely be deferred until after the bankruptcy and Restructuring process is completed. Under the Restructuring Plan filed by the Company in the bankruptcy proceeding, which Plan has been agreed upon (and is supported) by the Majority Bond Holders, the only Company obligations that are intended to be restructured are the Bonds. The Company sincerely regrets the hardship or inconvenience that this may cause your company. Information regarding Kingswood's proposed bankruptcy treatment for claimants will be available at: <https://cases.stretto.com/Kingswood>.

32) Is it true that suppliers with outstanding pre-petition claims only get a few cents on the dollar for unpaid invoices?

While we are unable to provide legal advice to you generally or on your specific situation, Vendors should note that a primary goal of the Company's bankruptcy restructuring is to ensure that all of the Company's vendors are paid all sums that are due the Company's vendors and it is Kingswood's intent (subject to bankruptcy court approval) to pay all of its vendors all sums due its vendors, including "pre-petition" amounts due vendors; however the payment of these "pre-petition" amounts will likely be deferred until after the bankruptcy and Restructuring process is completed. Under the Restructuring Plan filed by the Company in the bankruptcy proceeding, which Plan has been agreed upon (and is supported) by the Majority Bond Holders, the only Company obligations that are intended to restructured are the Bonds.

It is possible that certain vendor contracts may not be assumed or that certain vendor claims may not be approved during the bankruptcy process but it is anticipated that most, if not all, vendors and suppliers will be paid in full in the bankruptcy process. For those contracts that are not assumed or those claims that are not approved to be paid in full, at this time we are not able to estimate what value a general unsecured claim will have in its Chapter 11 case. The Company sincerely regrets any hardship or inconvenience that this may cause you.

33) Will the Company attempt to negotiate new terms now that it has filed bankruptcy?

The Company will continue to review the benefits and opportunities it has to improve its overall supplier relationships in the normal course of business. Negotiations will depend on the goods or services individual suppliers provide and the terms in place at the time of filing. The Company would anticipate that all supplier terms will be at normal market levels.

34) Given the uncertainties of the situation, can I renegotiate my terms with the company?

At this time, the Company cannot pay more for goods and/or services. Its ability to purchase from you on favorable terms and at competitive prices is critical. We expect in the months and years ahead to remain a good customer to you.

35) Can I take back my goods?

A Chapter 11 filing automatically triggers a halt or "automatic stay," which generally prohibits, among other things, all such actions against the company related to pre-petition goods and services. The Company recommends that you consult with your legal counsel before taking any such action.

36) Can I raise my product prices?

A Chapter 11 filing generally does not excuse performance under a contractual obligation and Kingswood fully expects its vendors and suppliers to continue to honor their obligations during this process.

CLAIMS:

37) What is my claim in this case? Does the Company/Kingswood have a record of payments owed to vendors, creditors?

As part of the bankruptcy process, Kingswood will file a schedule of assets and liabilities with the Bankruptcy Court which will include an account of its books and records and prepetition payments that may be owed to third parties. Please continue to monitor the bankruptcy process on the claims and noticing agent's website at: <https://cases.stretto.com/Kingswood> for further information.

38) How do I file a proof of claim?

As part of the bankruptcy process, the Bankruptcy Court will set a date by which to file proofs of claim for prepetition claims. At that time, notice will be sent to each creditor concerning the proof of claim deadline, and stating that proof of claim forms are available on the claims and noticing agent's website at: <https://cases.stretto.com/Kingswood>, and upon request.

Should you choose to file a proof of claim form at this time, a proof of claim form may be obtained at www.uscourts.gov or any bankruptcy clerk's office. Completed proofs of claim may be submitted to Bankruptcy Management Solutions d/b/a Stretto, as the official claims agent for this case, at the following address –

Kingswood Claims Processing
c/o Stretto
410 Exchange, Suite 100
Irvine, CA 92602